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The politics of participative management in South Africa: a case study of PG Bison Limited, 1986 to 1996

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until June 30 1998, included a new wage model involving a steady reduction in the wide spread of wages within job grades and between companies, which Numsa president Enoch Godongwana said guaranteed "that enormous strides will be made in closing the apartheid wage gap"[203]; the establishment of funds for the provision of education and training and for an Auto Manufacturers Education and Training Board; the establishment of a joint forum to liase with the government; a comprehensive peace obligation restraining parties from involvement in any industrial action conflicting with the provisions of the agreement and the establishment of an autonomous mediation and arbitration process.[204]

The improvement in VWSA's industrial relations coincided with a gradual improvement in its overall performance which was not impressive prior to 1993. As Maller noted in 1992, "productivity levels have not been improved, despite the increase in market share that VWSA has enjoyed"[205]. She added that relations between management and labour at VWSA were "still rooted in the traditional conflict model of industrial relations", adding that the resulting loss of worker motivation "had a depressive effect on productivity levels ...".[206] In fact for several years - until the 1993/4 financial year - the company operated at a loss - in part because of the lack of demand in South Africa, in part because of the company's policy on saving jobs but also because of the on-going conflict on the shop floor and lack of trust between the union and management. However, as a result of decisions taken by its German principle, VWSA resolved to avoid a shut down, or even large-scale retrenchments and redundancies, although in 1992 it offered a voluntary retrenchment package to salaried staff, in what was then seen as a possible first step towards retrenchments of wage earning staff (though this was later reversed as a result of large-scale orders for left hand drive Jettas from China[207]). Nevertheless, as mentioned above, the company cut its workforce by over 25

percent in the six years after 1990 (including over 9 percent between 1994 and 1996), but, according to management, it was able to do this through "natural attrition" and voluntary retrenchment packages, rather than through layoffs.[208] In the 1993/4 financial year VWSA began to reverse the negative trend by making a small profit[209]. In January 1994 VWSA had toppled Toyota from the top spot in the passenger car market, claiming 22.7 percent of all sales[210], though the company admitted its performance was still hampered by the effects of industrial action.[211] One reason for the overall improvement in the company's sales was its export contract with China. But the attainment of relative industrial peace from late 1994 also contributed, not only because it ensured that the Chinese deal could be fulfilled[212], but also because it allowed an overall improvement in performance.[213]

Some unionists and industrial sociologists hailed the VW model as an ideal form of worker participation. Maller described it as an "exceptional example of worker participation in a country which is characterised by an authoritarian style of management and an adversarial style of industrial relations."[214] Elsewhere she added that it was a "pioneering a third route which combines participation with independent worker representation in an attempt to shift permanently the frontier of control and ensure that workers' interests are represented in the formation of company policy.[215]" One question she does not answer, however, is the extent to which the confrontational approach adopted by the trade union at VW prior to the December 1994 agreement, effected the company's performance. As Freund pointed out in 1993, at VW, "conflictual relations are still heavily dominant and attempts to imitate the smooth flow of goods and people which has given the Japanese car industry such an international edge have not amounted to much."[216] Also underplayed by Maller was the extent to which the company's continued presence in Uitenhage had much to do with the policy of

the German parent company, which, for reasons benevolent or otherwise, took a firm policy not to withdraw from South Africa, despite its losses.

The overwhelming impression when looking at the history of participative management at VWSA is that of its failure to secure a lasting industrial peace or reduce suspicions and antagonisms between management and the main trade union. The reasons for this are worth reiterating: the militantly adversarial stance taken by Numsa and its predecessors, marked in particular by its willingness to use the strike weapon as something other than a last resort; the continued racism of many managers and supervisors when combined with the lack of a major black presence among salaried staff until the early 1990s and the failure to introduce forums to combat racism such as value-sharing workshops; and the formulaic programme for participation taken in their own ways by both management and by Numsa, which, until November 1994, made little attempt to change the work culture or to make participation in decision making an aspect of the day to day functioning of the firm. But despite these shortcomings, the VWSA programme, when viewed historically, has much to recommend it - not least the fact that it has survived without interruption for over 15 years. Throughout this period there was a gradual increase in the scope of worker participation, with new developments sometimes spurred on by fresh waves of industrial action (though at others held back by union caution). The 1994 agreement, which was among the most far-reaching in South Africa, was a culmination of this uneven process, and represented a more promising model than those which had preceded it.

5.3.3. Conclusion

When comparing the experience of participation at Cashbuild with that at Volkswagen, it might be observed from a management viewpoint that until recently the high paying multi-national VWSA was a strike-infested loss maker with a dissatisfied workforce, whereas the relatively low-paying Cashbuild, a company with far more limited resources, had a satisfied workforce, and was strike free. Certainly it could be argued that the embrace of the VW model by unionists and union-backing academics led to too rigid a rejection of the Cashbuild model which was successful in its own terms. But counterpoising these experiences in this non-contextual way provides too glib a comparison. VW's journey into workers participation began with the reality of a militant union and angry workforce while Cashbuild's began with a predominantly unorganised and passive workforce, therefore allowing management greater leeway. Also, VW workers were concentrated on one site in an urban area with a strong tradition of political and worker militancy. Furthermore one cannot look at the situation at VWSA in isolation from that pertaining to the motor industry as a whole. For example, if one was to draw a direct comparison with the recent industrial relations history at Toyota[217] - a company which has perhaps been even more severely hampered by labour unrest than VW, and was hit by a three week strike in 1996 over profit bonuses (which Von Holdt described as "a strike for co-determination"[218]) - then the overall picture at VW appears less damning than at first blush. In contrast, Cashbuild was far less effected by developments within Ccawusa, or within the building wholesale sector as a whole. Cashbuild workers were spread over a number of small outlets, most in semi-rural areas. What this suggests is that the VW management may have had little option but to take a path similar to the one they followed, whereas Cashbuild's management had many options available to them.

Finally it is worth examining the impact of these two models on other South African companies. The Cashbuild experience had a significant influence on the participative management in the country as a whole, and probably had more impact on PG Bison than that at any other South African organisation, particularly during the early stages of PG's TPQ process, with the main reason for this being the close personal and professional relationship between Christo Nel and Albert Koopman.[219] While there are clear similarities between the programmes at Cashbuild and PG Bison, the distinctions are probably more relevant. Aside from the differences in the nature of the businesses (Cashbuild being rurally based, small-store wholesale company, and PG Bison a far larger, urban-based company with four large factories as well as wholesale and retail outlets throughout the country), there are important differences in the way they handled their participative processes. Most significant is that Cashbuild accepted but certainly did not encourage a union presence, while PG Bison saw the presence of a strong union as a bonus, from the outset. The potential problems for a large company in the non-union approach of Cashbuild, were recognised at an early stage by Nel.[220]

More generally, the difficulty in viewing the Cashbuild participative management programme as an easy model for other companies to follow is that its conditions of operation are hardly comparable to most South African companies contemplating this option. Douwes Dekker noted its wide spread of small operating units, flat hierarchical structure and "lack of industrial relations dynamic".[221] To take an extreme example, giving workers the potential power to fire managers might be a theoretical option in a wholesale outlet with 20 employees, but would be viewed as a rather more risky venture within the more complex managerial and industrial relations system of a large factory. Similarly, as subsequent

experience has shown, the relative ease with which Koopman was able to introduce the CARE groups, Venturecomms and Great Indaba, would not be reproduced in a company with a strong union presence, though aspects of these structures found their way into the participative management programmes at several other companies, including PG Bison, Premier, SA Breweries and Nampak.[222]

The programme at VWSA had a considerable impact on labour relations at other motor manufacturers. To take one example, in the early 1990s, Mercedes in East London adopted the VW approach of channelling its participative programme through its industrial relations machinery, consciously rejecting what its IR legal advisor, Louis Vermaak, called "stand-along gimmicks" (a reference to participative innovations outside of the IR agreement) and instead focussing on "nurturing the collective bargaining unit in order to make it work".[223] The emphasis, as at VW, was on strengthening the "partnership" with shop stewards in order to pursue "business viability", in contrast to the "destructive anarchy" that had prevailed in the 1980s, at the same time as increasing the company's commitment to education, training and social responsibility. The result, the company claimed, was an improved relationship which has "legitimised the existence and roles of both company and union".[224] They said that this cooperation extended into areas traditionally seen as the province of management, such as quality control, to which workers became "intensely committed".[225]

The VWSA experience had less direct impact on firms outside of the motor industry, although from 1990 it did receive enthusiastic coverage in the press and in business publications[226], as well as through the company's central involvement in the CBM[227]. It also made a considerable impact on the thinking on worker participation within several of the

Cosatu unions - both directly through Numsa and through the influence of various union-supporting academics. While VW's influence on events at PG Bison was more limited than that at Cashbuild[228], there have been certain similarities. Both companies recognised their unions from the beginning and recognised them as being integral to their participatory processes, though as Maxine Hart of PG Bison noted: "a key difference is that Volkswagen's agreements have come through recognition agreements, whereas we took a different approach - negotiating the innovations alongside the collective bargaining structures".[229] PG Bison and VW also have very different structures (VW has one large factory with one union, while PG Bison has had five factories and up to 70 stores). It also bears mention that while PG Bison has been strike-free for a decade, VW has faced several strikes since it first recognised its unions. A key difference is that the VW experience emerged from conflict with a strong union, whereas the PG Bison experience involved (at the outset) far weaker unions without major conflict with management. Also while PG Bison was run at a profit during its participative programme, VW was a loss-maker for several years but was bailed out by its parent company.

5.4 NAMPAK, PREMIER and SOUTH AFRICAN BREWERIES

Among the major South African industrial corporations which launched stakeholder programmes at the turn of the decade were the packaging group Nampak, the food and retail group Premier and the SAB's Beer Division. While in terms of scale and involvement in the manufacturing sector there are similarities between the three groups, these should not be overstated. Nampak's operations were concentrated within a single industry - packaging, while Premier's were more diverse with a variety of major retail interests in addition to its

involvement in the manufacture of food and chemicals and SAB's were based in the beverages sector, but also with major retail interests. One implication of this was that there were significant differences in the managerial structures, both before and after they introduced their participative programmes, with Nampak and SAB's Beer Division having more centralised organisations than Premier. The nature of the relationship between management and workers was also different prior to the implementation of their change programmes, with Premier enjoying a union reputation as being a "relatively enlightened" employer[230], and its CEO known for his anti- apartheid stance, while Nampak had a reputation for union bashing and a rigid approach to its workforce, while, like Nampak, SAB had emerged from a violent and bitter strike. The result was that the change at Nampak and SAB had, out of necessity, a more dramatic impact on labour relations than at Premier. The value of a comparison between these groups comes primarily from the similarity in the nature of the change programmes they adopted and the differences in the political aspect of their origins.

5.4.1 Nampak

Prior to 1990 Nampak gave the appearance of being among the least likely candidates for a comprehensive programme of in-house change. It had earned a reputation within Cosatu as an anti-union firm - a negative impression exacerbated by a bitter, violent and highly politicised nine week strike that year which saw production closing down at 32 plants[231]. Among other incidents, Nampak was exposed for illegally 'bugging' its union, Fpwawu, during the strike - a practice later acknowledged by the company (with the cessation of this practice being one of the demands of the strikers)[232]. It further sullied its reputation through

being exposed for using an outfit headed by a self-confessed former CCB agent[233], to investigate a former senior executive who had set up a rival company and had leaked the information about the 'bugging' to Ppwawu[234]. The group's lengthy post-strike re-assessment began soon after Brian Connellan took over as chairman in 1990. He came to the conclusion that Nampak's conflictual and highly politicised industrial relations and managerial systems, which had contributed to the acrimony of the strike, were not conducive to the long term well-being of the organisation, and began a process of shifting the workplace culture towards a more cooperative mode. As he put it: "We realised that nobody wins in a strike situation and we set about changing our attitudes towards labour relations."[235]

The initial change came in the top management structure of this rapidly expanding group. By 1995 Nampak had 19 businesses, 120 plants, 15 product divisions, 17 500 employees, and assets listed in 1994 at R2.5 billion with a market capitalisation of 4.3 billion. It was ranked 22nd among the country's top industrial companies, 13th by market capitalisation and was the 12th largest packaging company in the world.[236] Among the problems it faced was that its management structure was too rigid and centralised for a corporation of its size. The pre-1990 structure had the MDs of all the business units reporting directly to the group MD, but under the new group MD, Trevor Evans, a less rigid hierarchy was introduced and an attempt was made to introduce an "open and participative" managerial style.[237] The new structure was headed by a three-man executive, comprising the chairman, MD and his deputy, with six executive directors below them accountable for the companies in the seven packaging areas where the company was involved (board, plastic, glass, flexible packaging, printing, paper and metals).[238] There was further restructuring in late 1993, when the

corrugated division was merged with the paper division, contributing to the retrenchments which saw the company shedding over 4 000 employees in three years.[239]

Soon after the 1990 strike was settled Conellan initiated an overhaul of the company's HR management programme and put in place a new approach, premised on four "pillars": social investment, black advancement, training and development and in-house change. "We had to take the conflict of out the management-labour interaction, start valuing more highly the contribution of the individual and do more listening and less telling," he said.[240] They retained the services of Itisa, the consultancy headed by the Nel brothers and Koopman, and under their guidance began to introduce their change programme.[241] The intention was to develop what they called a "people driven process" through which workers were gradually "empowered" to make decisions and share responsibility for running aspects of the organisation, rather than being viewed as mere units of production, as was the tendency previously. A related aim was to develop a programme through which management was sensitised to the needs of workers and weaned from racist attitudes and practices of the past.[242]

This Itisa-driven approach - pioneered at PG Bison after initial experimentation at Cashbuild - was formulated in 1991 at a senior managerial strategy workshop. A five phase process was initiated: 1. An "awareness phase" involving workshops with management, shop stewards and "informal leadership" to win acceptance for the changes being proposed; 2. A "vision and value sharing process" involving senior management and the worker leadership. This was followed by value-sharing workshops throughout the group to ensure that all Nampak employees participated in developing a "shared vision" and "common values"; 3. The

formation of a steering committee whose roles included monitoring the extent to which the "shared values" were being applied and maintained, developing new participative structures to manage literacy training ("supported and driven by our trades unions"[243]), skills training, productivity and quality enhancement; 4. The establishment of various participatory sub-structures - including multi-skilled, joint management-worker task cells (later known as Continuous Improvement Teams), with the goal of "empowering" employees to become part of the process; 5. The further expansion of the continuous improvement process through the development of reward structures linked to increased wealth generation.[244]

Nampak also took what Conellan called a "conscious decision to make the company reflect more closely the demographics of South Africa".[245] An affirmative action drive targeting the promotion and appointment of blacks in management was introduced, and by 1994 Nampak boasted of having more blacks in senior managerial positions than most other South African manufacturers. Conellan said the affirmative action programme met with more success than initially anticipated. "There was no paternalism in this, we merely thought it would be good for business. As it happens, it has been successful beyond our wildest dreams. It's really become a catalyst for changing attitudes within the group".[246]

At the same time, the company increased its corporate social responsibility commitment, mainly within the black educational domain[247], and played a central role within CBM, being represented on its national decision making structure.[248] Partly as a result of its affirmative action programme and its external political and social responsibility profile, in 1992 it was voted the "most progressive company" by the Black Management Forum - a mere two years after it had been widely castigated for its union-busting activities - and in 1993 Trevor Evans

was voted by the BMF as the country's "most progressive CEO"[249]. Senior management claimed the change process resulted in a marked reduction in racism and racial conflict, an improvement in industrial relations and an increase in productivity and that even in its early stages it had been welcomed with "enormous enthusiasm and commitment to common goals", although it had been "painful" because it involved "undoing locked-in prejudices, structures, the 'baggage' of apartheid, etc."[250]

However, the response from Ppwawu[251] was by no means unambiguously enthusiastic. Organisers and officials likened Nampak's participative process to that at PG Bison, criticising it for its assumption of a common set of values intended to form the basis of the company's daily activity, and arguing that the reality of joint decision making amounted to rather less than the promise[252]. According to Ppwawu assistant general secretary, Themba Mfeka, the changes introduced were premised on strains to two of the pillars which had previously been supporting companies like Nampak: low wages and high tariff barriers. "The first pillar was broken because of Cosatu's Living Wage campaign and it was also becoming clear that the second pillar was shaky because sanctions would be removed and tariffs would go. It was important for the company to increase productivity and they therefore had to change the culture of industrial relations. This is where their 'vision' emerged from."[253] Senior managers were not aware of the extent of the suspicion from both black and white employees about the programme. "The workers were hesitant about something being imposed on them and felt that the commitments implied in the company's vision were not being realised, which is one of the reasons why the process was not really acceptable. At the same time the line management and the supervisors were generally skeptical. They felt they would lose their jobs because part of the vision was to flatten managerial structures. Our general

impression was that senior management were trying to rush this thing at plant level, and this was leading to resistance from both line and plant management on the one hand, and from workers on the other."[254]

Together with the impact of the post-1993 retrenchments, these objections helped fuel work stoppages and other forms of industrial action (described by a company spokesman as "very few minor strikes"[255]). As a result the process was renegotiated from late 1993 with the union demanding more direct and active involvement in the programme[256]. As Mfeka put it: "The strikes and union actions in 1993 helped to bring the problems in the process to the front of their minds."[257] A deal was finally concluded in March 1994. The first step was a seven month joint union-management research process, leading to a report in October that year, on "Negotiating Co-Determinism". According Mfeka, who assisted in drawing up the report, the agreement included a moratorium on retrenchments and the formation of a permanent union-management committee to examine issues relating to industrial relations and productivity. Nampak also agreed to consider having a union representative on its board of directors[258] (though by late 1995 this had not yet been settled[259]). It is worth noting that unlike most other companies of its size involved in participative management, by late 1995 Nampak had no Esop scheme in place though as a result of these negotiations Nampak and Ppwawu reached agreements relating to productivity and performance, while joint union-management co-operation in participative structures was re-established at national and plant levels, as well as through the literacy and other educational programmes.[260]

Despite the temporary breakdown in the process, and its reassessment by the union (which paralleled a similar development with the same union at PG Bison in 1991/2), the change

programme at Nampak appears to have met with considerable success in its own terms. In a relatively short period of time, it helped turn a company with highly antagonistic labour relations into one where cooperative relations, while still fragile, started to take root, and where there was a marked reduction in overt racism and racial conflict. It has also been accompanied by generally impressive performance from the group as a whole.[261]

5.4.2 Premier

The Premier Group had a tradition of what in South African terms would be categrorised as progressive senior management, though it was only from 1990 that this was consciously and ambitiously extended into the realm of stakeholdership for employees. The tone was set from the late 1970s and expanded on during the 1980s under Tony Bloom's long tenure as company chairman. Bloom was one of the most outspoken and consistent opponents of the NP among the country's business leaders, frequently speaking on the platforms of the DP and taking strong stands against policies like political detentions and forced removals[262]. He was also one of the businessmen involved in the first talks between business and the ANC in Lusaka in 1985 and Premier itself was represented at the formation of the CBM in 1988[263]. This liberal tradition was not confined to Bloom himself during this period, and particularly within Premier Foods, there were attempts to foster an anti-apartheid ethos among senior management. In addition, the group began to introduce tentative moves in the direction of a limited form of stakeholdership. Considerable stress was placed upon a substantial training programme in most of its expanding stable of companies (which, in addition to Premier Foods, and Premier Pharmaceuticals, included CNA Gallo, Metro Cash and Carry, Bonnita, Clicks, Teltron and United Pharmaceutical Distributors[264]). Some of the Premier-owned

companies also introduced performance bonus schemes as a means of encouraging an improvement in the group's sluggish performance.[265] More significantly, from 1987 senior management within Premier Foods began to adopt what it regarded as a fresh approach to labour relations, attempting to reduce conflict with its main union, Fawu, and to ensure that industrial relations decisions were consistent with the company's value system, and by offering workers more substantial benefits through the provident fund and housing programme.[266]

When Bloom emigrated to Britain in 1989[267], the new chairman and CEO (and former group financial director), Peter Wrighton (who held these positions until 1994 when Douglas Band took over), maintained the external and internal political profile and direction set by Bloom and at the same time initiated a shift towards a far more vigorous participative programme, particularly within the group's food division. This does not appear to have been influenced by Premier's shareholdership, which was ultimately controlled through Johnnic by Anglo American (and since 1996, by the National Empowerment Consortium - NEC[268]). One reason for the decision to expand the basis of participation within the company related to the political and cultural perceptions of the group's senior management. Dimensions of this included the recognition of a need for "Africanisation" among management (with Wrighton refering to himself as an "Africentric manager"[269]), a growing awareness of the gap between white managers and black workers, particularly regarding literacy and education generally, ongoing tensions with Fawu and other unions operating within the group, and the sense that the primary markets of most of the subsidiaries were increasingly to be found in the country's black communities - a factor which helped prompt the various internal and external political gestures made by the group as well as its corporate social responsibility programme.

But there were also 'bottom line' influences and pressures contributing to the decision to deepen the stakeholder dimension. Despite the reforms instituted by Bloom, Premier's performance remained sluggish. As Wrighton put it, "productivity deteriorated because we needed something completely different."[270] Here, Wrighton's own enthusiasm for Japanese managerial approaches, and his belief in their applicability under South African conditions, was an important catalyst. As he explained it, the "revolution" in his approach to management was sparked by reading a book by Sony CEO Akita Morita in 1989, which, "explained the Japanese miracle and how he had introduced shared values and common beliefs into his company."[271] Another influence contributing to the plan was the impact of the experience of other South African companies, such as PG Bison[272].

The programme, devised in 1990, involved shifting the attitudes of line management and white employees generally, towards embracing a non-racial future, and attempting to increase the participation of black workers in their own self-management. It began with the reformulation of the group's value system through its mission statement, which was written up in standard four English (the literacy level of the average worker).[273] This was followed by the production of a video on "Premier in the new South Africa" and the training of 80 group facilitators to begin a series of joint management-worker value sharing workshops.[274] In addition managers and executives were encouraged to go on "walk abouts" with the aim of getting first-hand experience of workers views, and, as Wrighton put it, "to explain philosophies and to tap their fears and aspirations."[275]

However, from the start there was some resistance from workers who tended to view these innovations as a new means of co-option, and from managers who were accustomed to a

command-oriented style and unaccustomed to the practice of worker participation within what they regarded as their realm. In 1992 Wrighton acknowledged that despite considerable progress in this area there was still a need to "train workers to accept responsibility and to condition managers for workers's participation."[276] There was also more focussed resistance from Fawu which complained that the initial consultation was insufficient and that it had not been fully included in the process from the outset. As a result, two years after its initial conception, the programme was temporarily suspended, pending renegotiation with the union - as had happened at several other companies with similar programmes.[277]

"Phase Two" was launched after further negotiations between the Fawu leadership and the group's senior executives (with the proceedings video taped for the benefit of the subsidiary's managements), which led to a more direct role for the union in planning and implementing the company's participative programmes. Following this, a renewed effort was made to send out facilitators to explain to managers and workers the company's revised value system.[278] After further negotiations with Fawu, working committees, comprising equal numbers of worker and employer representatives, were established with joint control over housing, safety, social investment, job creation, drought relief, school feeding schemes, bursaries and the company's provident fund. In addition an ambitious literacy programme, known as 'Jolt' (Joint Literacy Training) was set up under joint management-worker jurisdiction[279], as was the Joint Training Committee, set up to coordinate training programmes for employees. Furthermore, in 1992 a union-management team was sent to Germany to examine the structures and operation of the system of co-determination there, and specifically to study employee share ownership (Esop) schemes for workers, with the aim of implementing them at Premier.[280] Premier Food executive Corrie Cloete said these structures, and particularly

the Joint Training Committee worked "more effectively than the old management controlled scheme, despite dire predictions of failure ... (and) solved many shop floor implementation difficulties."[281]

While some companies within the Premier Group have experienced strikes since 1990, there appears to have been an improvement in industrial relations since the programme was first implemented, though in November 1992 Wrighton conceded there were still old-style industrial relations at some of the subsidiaries[282]. After that, monthly meetings of a National Coordinating Committee brought together management and worker representatives from the group's divisions, to iron out industrial relations problems, including issues such as redundancies and retrenchments[283]. Fawu's attitude to the company's labour relations record was summed up in the comment of a national organiser in 1992. He described Premier Foods as "one of the most progressive companies we deal with", though he was quick to add: "but that's not saying very much - they've still got a long way to go in our terms because there is still a big gap between their claimed values and the reality our members experience on the shopfloor."[284]

A major dimension of the company's change process has been the self-conscious vigour with which it implemented its affirmative action programme. By late 1992 it had three black men on its group board, which, it boasted, was the highest number in any major South African corporation, and was planning to make provision for worker representation on the board.[285] It has also been one of the more 'generous' companies when it comes to donations to corporate social responsibility schemes[286], a factor which may well have contributed to the Black Management Forum's decision to name Wrighton as the "progressive employer of the

year" in 1992. Throughout the period of Wrighton's chairmanship, Premier retained its political focus. Its in-house newspaper gave extensive coverage to national politics, as part of senior management's effort to shift white managerial perceptions and soon after taking over in 1989, Wrighton initiated a visit by company directors to Lusaka to meet with the ANC, again incurring the displeasure of the government, and made regular statements criticising apartheid and aspects of government policy, and later played a prominent role in the "yes" vote campaign in the 1991 white referendum. He also sat on the national coordinating structure of the CBM[287].

Despite the impressive performance of some subsidiaries[288], the group's performance after the implementation of its change programme was not particularly impressive, though there is no evidence to suggest that these programmes were responsible for this. In April 1996 the group chairman, Doug Band, conceded that over the previous "18 months or so" Premier had been forced to confront "some major problem areas in ou. businesses"[289]. There was a gradual but long-term decline in the profits of Premier Foods[290], leading, in May 1996 to the departure of this subsidiary's chairman and CEO, Gordon Utian[291]. One reason for this, according to Band, was "a transformation project in our food business which went awry and had to be aborted"[292] - a reference to an attempt to re-organise aspects of the business (away from the previous system of strategic business units and towards one based on a centralised management system) initiated in 1994 in response to deregulation[293]. Utian himself also blamed the losses on the failure of this centralised restructuring, arguing that the cause was inappropriate advice from a leading US management consulting firm, Gemini.[294] At the same time, mainly as a result of what Band called "substantial fraud in our pharmaceutical wholesaling business"[295] (United Pharmaceutical Distributors), this subsidiary experienced

continued losses, including a net loss of R35.9 million in 1994[296]. As a consequence, Band said the company had no option but to further trim the group's senior management, particularly within its head office[297] and the food division[298].

5.4.3 SA Breweries

The beer division of SA Breweries (which accounts for around 60 percent of its attributable income[299] and in 1996 had 8040 employees[300]) was one of the more enthusiastic late entrants into the stakeholder terrain following a substantial review of its managerial structures in 1990. As with Nampak, the impetus for the changes which were to follow was a prolonged strike by the division's major union (Fawu) in 1989. By the conclusion of the strike in early 1990, 11 workers were dead, there had been several attacks on 'scabs', beer trucks had been hijacked, there was consumer boycott of SAB products, and production had been seriously disrupted. Fawu accused management of union bashing and allowing the involvement of the security police and other state agencies[301], while management accused the union of losing control over its members and engaging in a test of strength.[302] However, according to the division's Industrial Relations Manager, Kobus Berger, "by the end of this power struggle both parties acknowledged they were losers" and agreed that a "painful strike of this nature must not again happen."[303]

As a result the company reviewed its mission statement and its underlying values, and recognised the need for fundamental changes in its approach to employee relations. After an initial process of consultation with Fawu, a joint management-union body was established to "fix relationship, develop trust and credibility"[304]. Management was particularly enthusiastic

about this structure and the process it prompted. As Berger put it: "Openness characterised our discussions and we spoke about everything. Eventually we decided to tackle social problems using joint problem-solving and consensus, rather than negotiating techniques. ... Our forum grew from strength to strength. We didn't foresee the degree to which workers would participate, nor eventually, the degree to which management sought their views before doing things."[305] These discussions prompted the introduction of a Provident Fund, a housing scheme, an Aids awareness programme, and a policy on affirmative action.[306] SAB subsequently expanded its corporate social responsibility commitment, focussing particularly on sponsoring health, education and religious community projects, and programmes aimed at "black economic empowerment"[307], and also joined CBM.[308]

In 1991 SAB HR managers met with their counterparts at PG Bison to discuss the participative management process there, and later that year the management consultancy, Itisa, was retained to assist with implementing a far reaching stakeholder programme, with Christo Nel, who had by then left PG Bison, coordinating the process.[309] SAB HR manager, Penny Hyde, said in April 1994 that the Itisa proposals were received with considerable enthusiasm by senior management. "Christo came along with a very detailed programme - a thick dossier, full of diagrams and illustrations - and began presenting this to us, and it went down well. The company agreed to retain Christo to see through this process. Much of it based on what was developed at PG Bison in the 1980s, but it was more detailed with some of the elements having been expanded on and with various new dimensions, and I would say we implemented this programme with considerable success".[310]

In addition to the value-sharing component, elements of the programme included implementation of joint management-worker task groups in some areas, the use of performance management techniques and the introduction of participative forums, between the union and management, at factory level. At the national level the joint union-management consultative structure introduced after the resolution of the strike was upgraded into a national forum, where management and Fawu representatives negotiated, along lines similar to that of the National Forum introduced two years earlier at PG Bison.[311] Regional participative structures and temporary project teams, involving management and shop stewards, were also introduced.[312] The Beer Division placed increased emphasis on literacy, adult education and training. With the support of Fawu, the division introduced voluntary Adult Basic Education training programmes as well as compulsory programmes for workers applying to advance as artisans or technical operators, as part of their skilling requirements.[313]

Management's conception of these innovations was to create, as Berger put it, "a company wide participative environment for change ... (and) to introduce, discuss and gain agreement for the concept of world class manufacturing."[314] Once the value sharing process was completed, Itisa was retained, with union backing, to provide certain training programmes for the company's shopstewards[315], and in 1996 was still involved in this respect.[316] According to management, this cooperation on performance-related issues extended to pilot projects within the division's "World Class Manufacturing" programme.[317] However, at the time of writing there were no employee representatives on the divisional or group boards and the division's Esop scheme was restricted to executive level employees.[318] The affirmative action programme, which management representatives say has been "fairly successful" but

has involved "some implementation problems", has led to a gradual increase in black representation at all levels. In 1996, two of the Beer Division's 16 directors and two of the group's 21 directors, were African.[319]

Management at SAB have argued that the achievement of a state of relative industrial peace and the more cooperative union-management relations which they say have resulted from participative management have contributed to the company's business successes, and point, for example, to 64 percent increase in output achieved in the initial three years of the programme[320] at SAB's Alrode plant, which was one of the factories where the programme was first implemented. Berger argued that the participative management programme "undoubtedly contributed to this triumph"[321] while divisional personnel manager Velaphi Ratshefola, said the "good, participative industrial relations climate has definitely contributed to the Beer Division's successful financial performance."[322]

The changes in industrial relations and in the management culture at the SAB Beer Division happened relatively quickly and, in most areas, without the level of conflict and the stop-start process associated with many other companies. As a result, according to management, there have been no strikes within the Beer Division since 1990, though they acknowledge that there have been disputes about aspects of the programme, most of which have been resolved through negotiations with Fawu, with the result that the pace of implementation has varied from time to time.[323] A 1994 Markinor survey of the top 10 companies in each industry cited above, gave SAB the highest scores within the beverage sector in each of the areas associated with participative practices: labour relations, quality management, and social responsibility.[324]

The group's strong performance and improved industrial relations and public image meant that there was little temptation on the part of the group's shareholders (ultimately controlled by Anglo American - and more recently the NEC - through Johnnic[325]) to short circuit the process. Instead SAB began to apply aspects of this process in some of the other divisions of the company[326]. The relationship with PG Bison, in which SAB acquired a controlling interest in 1992 (as a result of acquiring PGSI), has been significant for the participative management programmes of both companies. As mentioned above, the SAB Beer Division was influenced by the PG Bison experience both directly, and, more significantly, indirectly through Itisa. As is discussed in more detail in chapter seven below, after the takeover, there was some concern within PG Bison that SAB would intervene to limit or change their own programme, but, according to PG Bison's management, this never happened - partly because of its impressive results at the time but also because, by then, SAB was in the midst of its own, similar, change programme.[327] PG Bison TPQ staff and strategic planners began to examine aspects of the SAB experience, particularly regarding the way they integrated their participative structures with their training process and with their business goals more generally, which SAB planners had developed after a six month international study programme in 1993.[328] At the same time, PG Bison's sister company, PG Glass, began implementing a less ambitious participative programme soon after the SAB takeover of PGSI.[329]

5.4.4 Conclusion

In drawing a comparison between the change programmes at Nampak, Premier and SAB, it is worth noting that in each case an early priority was reformulating the 'values' of the

organisation followed by reducing the attitudinal gap between white managers and black workers through exposure to each others perceptions and through anti-racist educational programmes. After this, participative programmes involving variations on the quality circle idea adapted to South African conditions, were introduced, along with a hybrid of other innovations of Japanese, German and American origin, as well as a greater commitment to literacy, training and other internal social responsibility programmes. Furthermore, in each example, the programmes were initiated at the executive level of the company, with initial union compliance, but, as was typical of many companies embarking on this root at this time, at both Nampak and Premier (though not at SAB) this was followed by a period of suspension and reformulation after union objections to aspects of the process.

The most significant difference between the experiences of these three companies relates to their managerial and political histories. In Nampak's case, and to a lesser extent SAB's, the change was sudden and dramatic - from a hardline industrial relations approach with active assistance from state-linked agencies to a participative programme with active union involvement, combined with an assertive, anti-apartheid political stance. With Premier on the other hand, the changes introduced by Wrighton came as a natural extension of the programmes already adopted under Bloom. In each case, however, the political dimension had a major impact on the decision to introduce participative processes. With Nampak and SAB this came through the politically-related fall-out from their turn of the decade strikes as well as from the perception of a need to reduce the levels of racial suspicion between managers and workers, which was also one of the prime reasons for Premier's programme.

5.5 NEDCOR AND THE FINANCIAL SECTOR

When speaking about participative management in the financial sector, one is referring to a very different kind of animal from that in the industrial, commercial and mining sectors. While many of the companies which introduced participative programmes in South Africa in the late 1980s and early 1990s did so partly as a response to pressure from their trades unions, or from the potential threat of such pressure, this was not the case with the major banks because their workforces were not well organised, nor particularly militant in their demands and aspirations. Furthermore, the politically related pressures these institutions faced from within was less acute than in industry, though certainly not altogether absent. This, however, does not imply that the change programmes that were initiated in some of the banking groups necessarily fell outside of the broad definition of participative management offered in the introduction to this study (though in some cases the link might seem tenuous). In particular, three of South Africa's leading banks, Nedcor, First National and Standard, were enthusiastic entrants into the stakeholder realm, despite all having relatively weak unions or staff associations and experiencing little in the way of meaningful worker pressure. It is significant, however, that the programmes they introduced focussed more on the customer as the primary stakeholder, rather than the employee, and that the prime motivation involved making themselves more attractive customers and potential customers, partly through improving the morale of employees. The content of their programmes therefore tended to focus less on permanent participative structures and more on eliminating aspects of their internal operations which could affect their ability to compete - with racial tensions and the racial structuring of their workforces being the most pertinent.

The end to sanctions and the entry or re-entry into South Africa of several international players within the banking sector, as well as the marketing challenges prompted by the ending of apartheid, meant that competition for existing and new markets from other banks and building societies was far more intense in the early 1990s than in the 1980s. As one banking consultant involved in implementing change processes put it: "All the banks are worried about the implications of competition, from local banks and from abroad, particularly from Japan. There are many more opportunities but far more competition too and the main motivation in changing their employee relations was to assist them in becoming more competitive."[330] This in turn, required improvements in their employee relations, both in order to attract and maintain customers and to attract and maintain staff. These considerations influenced the decisions to implement change programmes aimed at improving working relations, by, for example, reducing racism among white employees, securing black advancement and, more generally, improving the image of the banks within the wider community, and particularly within the black market.

5.5.1 First National

The first of the major banks to follow this path was Barclays (which later, as a result of disinvestment, was reformed and renamed as First National). It began introducing an "equal opportunities" programme in 1983 - a decision prompting a spate of resignations from white staff, particularly outside the major urban centres.[331] For different reasons, relations between management and staff further deteriorated as a result of the 1985 decision of Barclays and Standard to end the 50 year tradition of half-day Wednesdays. Barclays became the first South African bank in several decades to experience anything close to a substantial industrial

dispute when the South African Society of Bank Officials (SASBO) vigorously opposed this decision and called for a Conciliation Board hearing, while organising protest meetings around the country.[332] Though the protests eventually petered out and the new policy was successfully implemented, tensions between management and staff at Barclays persisted, and this contributed to a decision by Barclays MD, Chris Ball, to review the tone of the company's managerial practices. In 1986 Ball introduced value-sharing workshops within the bank, aimed at discussing employee perceptions of each other and at combating racism. Two years later, however, Ball, who had been one of the most active of the anti-government business leaders, resigned as MD and left the country, following a series of verbal attacks by then State President PW Botha for his role in funding a UDF advertisement, which were followed by death threats to his family and various other forms of harassment.[333]

After this, the bank (by then FNB) adopted lower a political profile under new MD Barry Swart[334], but internally its change programme continued, and in some areas its ambit was increased. One Johannesburg branch manager commented: "The value sharing groups took a while to get off the ground, but gradually began to work fairly well. After Chris Ball left the system was applied within the whole company. Managers, tellers and cleaners were mixed up together to share their own values and those of the company - anybody could challenge anybody else and raise problems about their superiors or day to day things like in getting to work, and these were then passed on to senior management to deal with, and from what I've seen, the effect on employee relations has been very positive."[335] Three years later, however, he said there had been "a gradual reduction in the emphasis placed on participative processes."[336] While some programmes continued they were no longer being emphasised to the extent they were previously. Swart did not enjoy the support of Sasbo, and in September

1996, after he was censured by the bank for awarding a multi million Rand contract to his daughter, the union called for his resignation. At the behest of the chairman Basil Hersov, he resigned and his successor, Viv Bartlett acknowledged he would "have to look at the culture of the organisation."[337] Soon after former ANC secretary general and NUM general secretary Cyril Ramaphosa was appointed to the FNB board.[338]

5.5.2 Nedcor

While both First National and Standard Bank[339] made significant changes to their systems of employee relations, particularly with regard to combating managerial racism and affirmative action, within the financial sector the group with the most ambitious change programme, at least in the 1990s, was Nedcor (which included Nedbank, Cape of Good Hope Bank, People's Bank, Permanent Bank, Syfrets, UAL Merchant bank, Nedbank Investment Bank, NedTravel and others and in 1995 had assets over R57 billion making it one of the country's top four financial services institutions[340]). After a process of review in 1991, it launched its "Gateway" programme, with the aim of "revealing and if possible altering" racist attitudes among employees[341], along with a vigorous affirmative action drive, a large-scale training programme for staff and, most particularly, a major corporate social responsibility thrust, aimed at improving its image in the external community and among potential customers for its franchise ventures, township housing programmes and other schemes aimed at deepening its base within the black market. Driven by its long-term marketing strategy (aimed at increasing its 14 percent share of the market), this required a stable, contented and racially harmonious workforce, and the Nedcor board began discussing how to shift the ethos of the company along post-apartheid lines. In 1992 it formalised a policy commitment to building

a culture throughout the organisation, that was, as group public affairs manager Claire Densham put it, "non-racist and non-sexist, where diversity is valued and respect for individual dignity is a non-negotiable."[342]

A major aspect of this commitment was an affirmative action drive which arose out of the recognition that "Nedcor had some way to go before its staff reflected the diversity of the markets it serves."[343] The result was a targeted approach aimed at achieving a more representative racial and gender mix within management, with new targets being set each year. This drive included the external recruitment of black managers, of which the highest profile and most senior was Lot Ndlovu of the Black Management Forum, recruited in early 1994 as executive director of Nedcor's Reconstruction and Corporate Affairs division.[344] The company, however, stressed that it regarded affirmative action not only as involving the appointment of blacks to managerial positions, but rather, "as an holistic process, which flows from its business strategy and is aligned with markets, leading to the proper development of people."[345] The marketing aspect involved a preference for a staff composition which reflected the racial mix of the particular community served, while the 'people development' dimension focussed in particular on training and development programmes, aimed, among other things, at 'upgrading' black employees's skills. To this end, in 1993 the Nedcor Bank College was established in Johannesburg (with a second branch opened in Cape Town in 1994).[346]

The practical dimension of the group's commitment to changing its internal ethos came through its Gateway programme. This was based upon the board's recognition that, particularly among white employees, its formal commitment to non-racism was not being

matched at branch level. As Densham expressed it: "Many negative attitudes became entrenched in South Africans during the apartheid years, and Nedcor recognised that it would be futile to undertake an affirmative action programme that did not address the often unconscious prejudice and discrimination that potentially existed in our organisation."[347] The result was a programme of workshops which, by November 1994, had involved over 10 000 of the group's almost 15 000 employees. As had happened at several other South Africans companies (and on a lower key scale at Barclays/First National in the late 1980s), these value sharing workshops involved a mix of white and black employees, including managers, tellers and cleaners.[348] However, beyond this dimension of challenging managerial racism, employee participation at Nedcor was not deeply entrenched, and there did not appear to be a strong demand for it from employees. In 1993 Nedcor representatives consulted with PG Bison TPQ team leaders with a view towards introducing a participative programme within the group and in May 1994, Maxine Hart, PG Bison's former Organisation Development coordinator, was recruited by Nedcor.

What Hart found was that the climate within the group was not conducive to introducing ambitious participative programmes. As she put it in 1995: "I was brought in to introduce participative structures and processes, and I tried some pilot programmes. But although they accepted my ideas, it soon became clear this was not what people wanted - neither management nor staff. There was no real desire for it, and the priority of management seemed to be to attract and keep employees in a highly competitive environment as a means towards protecting and increasing market share, so I re-oriented my focus towards making the branches more customer focussed, which obviously impacts indirectly on working relations. The difference with a company like PG Bison is that here the immediate aim is to

become more competitive rather than more participative. Overall, I have found that the culture at most banks is still very 'white'. By that I don't mean that everyone is white - that is changing very quickly because of necessity and because of affirmative action policy - but rather that the ethos within the branches and people's aspirations, is more individualistic than collective. This is because they don't have the shopfloor relations which tend to emerge from working together in factories, they have no tradition of strong unions, and, of course, because a minority of employees are African"[349] She said the priorities in Nedcor's change programme related to the affirmative action and Gateway programmes and its external community involvement, though there was also a more gradual and less focussed attempt to reduce the gap between managers and staff, and improve employer-employee relations, and in some of branches and divisions consideration was being given to more permanent participative structures.[350]

In all this the role played by Nedcor's unions, was a minor one, particularly in the initial stages. By 1995 the group had two representative employee forums - the old, in-house staff association (Nedstaff) and SASBO, which, according to management, was growing steadily (but by 1995 did not have a recognition agreement[351]). According to Hart, the unions were compliant in the company's change process. "They tend to go along with what we suggest, and have never been confrontational, and this makes things much easier for management because they don't face the kind of pressures and conflicts you get in industry and this gives more leeway to move quickly and creatively."[352] However, since then SASBO has affiliated to Cosatu and moved away from its previously cautious and largely compliant stance. Cosatu-aligned labour analyst Jeremy Baskin summarised this trend as follows: "Previously a

conservative staff association, SASBO has grown, deracialised and become more militant. It's joining Cosatu signifies a new direction for white-collar employees."[353]

The internal change programme introduced at Nedcor should not be divorced from the shifts in the focus of the business more generally, and particularly its marketing drive within black communities and its accompanying corporate social responsibility programmes, because the internal changes regarding affirmative action and confronting racist attitudes, were aimed largely to secure the kind of stable workforce, with the appropriate public image, that would help secure the group's drive within the new markets it was courting, and particularly for an increased share of the black-led business as well as individual black customers - a process likely to be encouraged by the group's impressive results in recent years.[354] A major thrust of Nedcor's orientation towards building this reputation came through its programmes for funding franchise ventures aimed at the black communities. In October 1994 Nedbank Investment Bank and the International Finance Corporation, a member of the World Bank Group, announced that in January 1995 they would be launching a R50-million Franchise Equity Fund[355] with the aim of making capital available "mainly to previously disadvantaged people wishing to participate in franchise ventures".[356] The basic idea was to offer a quick and relatively risk-free way for a would-be entrepreneur to set up his or her own enterprise and sustain it, through using the services of an established company.[357] Bronwyn Allen, NedEnterprise's senior equity fund manager, said this would "contribute significantly to the economic advancement of previously disadvantaged groups".[358] The spin-off for Nedcor was that it would promote a sense of goodwill within its potential market, and more specifically create thousands of new customers. Complementing this strategy, the group made policy in 1994 to increase the proportion of purchases from small and medium sized enterprises, while

one of its subsidiaries, UAL, was involved in setting up a development capital fund to provide finance and expertise to "disadvantaged communities".[359] And in April 1995 SA Perm was divided into two personal retail banks, the Permanent Bank and the People's Bank, with the latter being aimed primarily at black customers who had previously had no access to banking services.[360] The impetus for Nedcor's assertive external community drive in the 1990s came in part from the 1991 merger with SA Perm, which had pioneered much of the financing of housing in the black townships 10 years earlier. In 1980 the Nedcor/Old Mutual 'future scenarios', coordinated by the then CEO of the Perm, Bob Tucker, emphasised the need for business to become far more active in social responsibility projects, with housing, education, health, electrification and job creation being singled out for urgent attention.[361] This focus was prioritised after the merger, most particularly with respect to housing where there was a direct link between community support and marketing considerations[362]. After the 1994 general election the government's Reconstruction and Development programme provided a unifying focus for the group's corporate responsibility programmes, with a new Reconstruction and Corporate Affairs division being created. Much of this effort was channelled through the Nedcor Community Development Fund, which provided financial assistance to housing, health, welfare, cultural, educational, and small business projects[363], while it also established a Sports Trust, with the aim of "uplifting disadvantaged areas"[364], an Arts and Culture Trust and a Green Trust (environmental fund)[365], winning considerable external kudos for this commitment.[366] Allied to these developments, it also began to take a more 'pro-active' political stance after 1991, being represented on the governing structure of the CBM, and with its CEO, Chris Liebenberg, leaving the group to take up the post Minister of Finance in Nelson Mandela's government - and unlike his predecessor Derek Keys, doing so in a non-party rather than NP capacity.[367]

5.5.4 Conclusion

When examined together, the change processes of Nedcor and First National (as well as Standard[368]) had in common the concern to eliminate racism in employment structure and employee relations for reasons primarily related to marketing considerations and competition, though in the case of First National, tensions with staff and the presence of an MD strongly wedded to non-racialism were important independent variables. With Nedbank and, earlier, First National, the process went beyond the levels of policy and recruitment levels, by involving managers and staff in value-sharing-type workshops, which, in addition to challenging racially-tainted perceptions, had the effect - at least in some branches - of building a better understanding between employees at different levels within the hierarchies, and of giving staff a voice which was otherwise seldom heard. In this sense it is appropriate to consider their programmes as part of a significant dimension of South African participative management.

5.6 FURTHER EXAMPLES

During the 1980s and early 1990s numerous other South African companies introduced elements of stakeholder systems into their management practice with varying degrees of commitment and success. Among those not specifically discussed above were Eskom, Gencor, Iscor, Toyota SA, Nissan SA, Mercedes, BMW SA, AECI, Iscor, Murray and Roberts, Lever Brothers, the McCarthy Group, Gabriel Shocks, Electrocal, Transnet, Samancor and many others. While each of these programmes contains interesting dimensions, perhaps the two most significant were those adopted at Gencor - because it is the only mining

group to embark along the stakeholder path in a coherant and directed way, and Iscor, because of size and previous existence as a parastatal.

5.6.1 Gencor

In stark contrast with some of the other mining groups - and Goldfields in particular[369] - from the late 1980s Gencor began to move away from an adversarial approach to industrial relations and to position itself as a "progressive" company in political terms, being centrally involved in the 1988 formation and subsequent leadership of the CBM for instance[370], and subsequently recruiting several individuals prominent within the ANC, Cosatu and UDF into its managerial ranks.[371] From 1991 HR managers at one of its subsidiaries, Trans Natal Coal, began holding discussions with counterparts at PG Bison and other companies to discuss possible models for participation (and soon after related discussions were held between Gencor's senior management and PG Bison CEO Leon Cohen)[372]. Participative programmes were eventually adopted in most divisions of the group (again, first within Trans Natal and later within the group generally). In partial contrast to the PG Bison approach, this was approached along the VWSA lines, through the mechanism of the recognition agreements and collective bargaining structures, rather than though parallel processes).[373] These changes were accompanied by shifts in the methods and organisation of management at the group, with attempts being made to flatten out the managerial structure, leading to significant redundancies and retrenchments of managerial employees.[374]

In addition to establishing joint management-union forums, and various other participative structures at mine and group level, Gencor implemented a comprehensive adult literacy

programme for workers throughout the group - again after consultation with literacy coordinators at PG Bison and other companies (though Gencor staff felt their programme was significantly more advanced than that at PG[375]). Furthermore, together with Anglo American (and, again, in contrast to Gold Fields), Gengold was one of the mining companies to go along with a Chamber of Mines-NUM profit sharing agreement on the mines in 1992, aimed at enabling workers to benefit directly from increases in profits of individual mines.[376] NUM was particularly pleased with this aspect of Gencor's participative programme, with the head of the union's collective bargaining department, Martin Nicol, arguing that the schemes "have the potential to create a basis for extending, first participation and then control within the work environment."[377] More generally, however, Cosatu has criticised Gencor for "exporting" jobs and competitive advantage through "billion dollar investments" overseas.[378]

5.6.2 Eskom

In 1992 the Electricity Supply Commission (Eskom), a privatised former parastatal which for several years had been moving away from its commitment to 'old-style' management practices (and had also been centrally involved in developing a relation between black extra-parliamentary political organisations and business, particularly through the role by some of its executives in the formation of the CBM[379]), began to initiate its own union-centred participative process which became one of the most far reaching in the country. Its senior management started by negotiating with its 10 unions with the aim of establishing what the company's senior general manager, Human Resources, Riaan Neethling, called a "mutually beneficial relationship", and to involve them in "strategic decision-making processes".[380] At that stage Eskom had 42 000 workers, approximately 70 percent of whom were union

members.[381] The company took the approach of viewing the unions as "business partners" and shifting their managerial style towards one involving more "open and honest communication", "maximum consensus seeking" and "extensive information sharing", in return for a commitment to meeting the company's business objectives.[382]

The programme, which began with joint management-union task groups working on various areas of interest, led to the appointment of union representatives on the company's governing body, the Electricity Council, the establishment of participative forums throughout the company as well as nationally, the implementation of new dispute resolution mechanisms, the appointment of full-time shop stewards, and agreements on the organisation of this process of organisational change as well as on "handling surplus employees".[383] This was subsequently expanded to include a NUM representative on the Eskom board.[384] According to Neethling the process resulted in a successf ' move away from "traditional management practices" and led to "growing tolerance and trust."[385] NUM, the main union at Eskom, showed considerable enthusiasm in this regard, with its assistant genera. secretary, Gwede Mantashe (also a member of the Electricity Council), recommending the Eskom example as an appropriate model to follow, noting that NUM had approached the company with its proposal for representation on the board, and this had been accepted.[386] He argued the presence of unionists on the company's highest structures provided unions with a better informed basis from which to argue and negotiate. "You cannot influence decision making over the negotiating table," he was quoted as saying. "You need to be part of the structure of decision making. The company must have an obligation to share its strategic vision with trade unionists." This he characterised as a valuable form of "low-level co-determination", but suggested that all-embracing forms of co-determination involved the risk of diluting

worker militancy and blurring distinctions between labour and capital.[387] Elsewhere he reiterated, however, that, "if we are going to talk about controlling institutions, we must get access to decision making structures."[388] But early in 1997 strains in this process became evident when NUM and Numsa (the other Cosatu union with a large presence at Eskom) temporarily withdrew from the company's Reconstruction and Transformation Committee (established a year earlier as a joint management-union project), because decisions were being made without the participation of union representatives, and "did not take the work of the RTC seriously".[389] Mantashe made it clear this was a "protest" action, and a week later, following further talks the parties resumed their relations.[390]

5.7 CONCLUSION

When considering the general picture regarding the implementation of participative managerial strategies in South Africa during the 1980s and early 1990s, it becomes apparent that there has been a considerable variation in the reasons for the introduction of such programmes. Put differently, one would be hardpressed to elucidate a general hierarchy of causation; nor for that matter can one easily rank the implications of such programmes. At the same time there are several factors worth highlighting when discussing these programmes. In particular, with each of the examples discussed above, it is apparent how politicised the process of embarking along the path of participation was - both in terms of the managerial motivation for such strategies, and in terms of the aims and content of the programmes implemented. In most cases participative management was part of an attempt to counter the effects of apartheid on workplace relations and on the skills and welfare of employees and to narrow the cultural gulf between white managers and black workers,

usually with the longer term aim of improving company performance. In order to achieve this end goal it was necessary to overcome a range of obstacles whose origins lay deep within the country's political past. Cooperation and the reduction of apartheid's inequities was seen as a key root towards improved performance.

This political dimension, however, took on different forms. In some companies there were strong, overt political pressures which required a response. With Nampak and SAB, for example, the politicisation of violent strikes forced management to review its entire modus operandi along with their underlying managerial 'philosophies'. But in the majority of companies considered, the political pressures were less acute, and related to the need to narrow the cultural and political gap between black and white employees, particularly in terms of communication, individual and group aspirations and education, as well as to reduce eliminate managerial racism and reduce the racial nature of the mental-manual divide within the workforce. These factors can be said to have been primary motivating considerations influencing the decisions to introduce stakeholder programmes at Cashbuild, Premier and Gencor (and as discussed in the chapters below, PG Bison), while they were important secondary considerations in others such as VWSA and Iscor. In the banking sector the political pressures related more to marketing considerations - to create the kind of deracialised work environment that would help attract black customers and retain staff.

The implications of the political dimension to participative management emerge not only through the statements made by executive directors and others involved in motivating such strategies, but also in the kinds of programmes adopted. Most examples cited above involved strong initial emphases on value sharing forums as part of the attempt to reduce racial

hostility in the workplace and also to minimise the cultural gap between white and black employees. In some cases provision was made for this dimension to be maintained in more permanent workteams and in most cases the joint worker-management participative structures introduced at both unit and company level contained provision for the sharing of 'values', discussing perceptions of each other and resolving problems of a political nature. Most of the companies also included education and training schemes as part of their change programmes, with the aim of countering the illiteracy, innumeracy and training backlogs that were the legacy of apartheid education, along with other welfare-oriented programmes. Furthermore, most companies discussed (with the exception of Cashbuild) increased their political profile and corporate social responsibility commitment at the same time as introducing participative programmes - partly because of pressure from their unions, partly as a result of marketing considerations and partly due to the individual beliefs of their CEOs. Within several of the companies considered, pressures from trades unions, or the fear of management of the potential threat of union pressure, helped motivate the decision to introduce stakeholder programmes, and also influenced the direction which they took. Certainly this could be said to be a prime reason behind the participative processes introduced at Volkswagen, Mercedes, Nampak, SA Breweries, Gencor and Eskom and was an important secondary consideration at several other companies.

At the same time, however, it would be wrong to make too generalised an assumption about the relation between participative management and the reality or fear of union power. Tending strongly in this direction, for example, Maller wrote of the "project" of participative management being one motivated by the desire to "undermine unions", by attempting to "alter the balance of power to retain managerial prerogative under the guise of

participation."[391] This emphasis suggests an inevitability about the union consideration in initiating participative management which did not apply in several of the companies which introduced participative programmes, including Cashbuild, Nedcor and, as is discussed below, PG Bison. It also makes a unilinear assumption about management's motives in this regard, which is not born out in the examples cited above, including those focussed on by Maller (VWSA and Cashbuild). In most cases in South Africa (in contrast to some examples in the US and Britain), participative management has had the effect of shifting the balance of power away from a rigid notion of the managerial prerogative and has been motivated partially by an attempt to build more cooperative relations with unions, which is not necessarily the same thing as undermining them.

Finally, it is worth noting the impact of international and South African precedent. The direct influence of the experience with participative management in the US, Japan, Germany, Britain and Brazil, and the ways in which this was channeled, has been discussed in chapter four. More directly important though was the role played by local agencies which absorbed these ideas and spread them locally. Three related sources of influence are worth highlighting here: Project Free Enterprise, which formulated some of the early notions of participative management; the Itisa consultancy which played a crucial role in implementing them, first at PG Bison, and later at others discussed above like Nampak and SA Breweries; and CBM - specifically its Role of Business in Transition sub-structure which played a significant role in publicising the "success stories" of participative management and putting business decision makers in contact with one another. These dimensions are all considered in more detail with reference to the PG Bison experience in the chapters below.

NOTES

1. According to the 1991 population census, there were 1.417 million people employed in manufacturing, representing 12.2 percent of the total economically active population outside of the TBVC states. (Central Statistical Services figures, cited in, Anton Harber and Barbara Ludman (eds), Weekly Mail & Guardian A-Z of South African Politics, Penguin, Johannesburg, 1994, p 292).

2. See Graeme Simpson, "The politics and economics of the armaments industry in South Africa," in Jacklyn Cock and Laurie Nathan (eds), War and Society: The Militarisation of South Africa, David Philip, 1989, pp 217 - 231.

3. Figures in SA Times, April 9 1995.

4. According to Sanlam insurance group chairman, Marinus Daling: "The stock exchange figures that are normally quoted - that the big five control 85 percent or so of the JSE - are misleading because of the double counting of pyramid companies, and the fact that many organisations are not listed, such as some very big foreign companies. ... Whereas the figures normally quoted would say that Anglo American controls 45 percent of the JSE, its control of economic assets in South Africa is 7 percent. Although one can argue that this is still a very high figure, it is not nearly as scary as 45 percent". (Howard Preece, "Interview: Marinus Daling", Southern African Decisions, November 1995, p 24). Reinforcing this argument, Anglo American director Michael Spicer says that the figure of 85 percent is a "superficial manifestation" He goes on to argue: "Because of exchange control, apartheid distortions, sanctions, disinvestment and our closed economy, large companies had no alternative but to diversify and hold large numbers of shares on the JSE." (Ciaran Ryan, "Moving In", Southern African Decisions, November 1995, p 35).

5. Figures cited in, Ryan, "Legalities", Southern African Decisions, November 1995, pp 43 - 44.

6. According to Ryan, the combined assets of life assurers in 1990 exceeded R132 billion, a ten-fold increase from 1980. (Ciaran Ryan, "Driving Forces", South Africa's New World, Leadership Publications, Johannesburg, 1991, p 86).

7. In 1990 this represented six percent of total capitalisation, compared with over 50 percent in most major markets. (Ibid)

8. In 1990, according to Unisa's Bureau of Market Research, the household income of whites in metropolitan areas averaged R71 598 a year, Asian (Indian) households, R26 916, coloured households R22 642 and black (African) households R11 682. (Figures cited in Business Day, January 24 1995).

9. This differential was further reduced by income tax, with the share of whites in total personal disposable income falling to 47.6 percent in 1994. (Cited in The Citizen, June 30 1995).

10. Development Bank of Southern Africa figures, based on a 1991 estimate of a total population of 38.9 million. (Quoted in Anton Harber and Barbara Ludman (eds), Weekly Mail and Guardian A-Z of South African Politics, Penguin Books, Johannesburg, 1994, pp 282 - 283). Subsequent figures produced by the Central Statistical Services suggest this was an underestimate, and that the proportion of Africans was higher, and of whites, lower.

11. The corporate tax rate of 50 percent (falling to 48 percent in 1991) was among the highest in the world. The average for most industrialised nations was between 25 and 38 percent.

12. GDP per capita (at 1985 Rand values) declined by over 15 percent between 1980 and 1992, according to figures produced by the South African Reserve Bank. (Preece, "The economics of apartheid", in Joseph Harker (ed), The Legacy of Apartheid, The Guardian Newspapers Limited, 1994, p 29).

13. The GDP grew at an average annual rate of 5 percent per annum between 1920 and 1970, 3.3 percent in the 1970s, 2.2 percent in the 1980s and from 1990 to 1992 there was an absolute decline of three percent, falling by 0.3 percent in 1990, 1.0 percent in 1991 and 2.2 percent in 1992. (Preece, Ibid,; Nedcor Bank statistics, quoted by Ryan, "In the Balance", Southern African Decisions, Harrington Kilbride, London, 1995, p 15).

14. In 1990 R5.7 billion in new capital was raised on the JSE, a decline from R12.9 billion in 1989 and R14.5 billion in 1987. (Ibid, p 86)

15. Personal savings accounted for 25 percent of gross domestic savings in 1985, but fell to five percent by 1990, while company savings as a proportion of gross domestic savings fell from 30 percent in late 1986 to under 20 percent in 1990, and in 1990 alone the ratio of gross domestic savings to GDP fell from 22.5 percent to 21.5 percent. (Ibid, p 91)

16. The inflation rate was 13.8 percent in 1980 and 14.4 percent in 1990 (with a peak of 18.6 percent in 1986 and a trough of 11.5 percent in 1984). It was 15.3 percent in 1991, 13.9 percent in 1992, 9.7 percent in 1993, 9 percent in 1994 and 10.1 percent in 1995. (SAIRR figures cited in Preece, 1994, op cit, p 29 and Nedcor statistics, cited by Ryan, 1995, op cit, p 15).

17. Ryan, 1991, op cit, pp 92 - 93.

18. According to the 1991 census (which excluded the TBVC states) 23.3 percent of economically active Africans were unemployed, compared with 16.9 percent of coloureds, 12.7 percent of Indians and four percent of whites. But according to the National Manpower Commission's 1992 Annual Report, the real proportion of unemployment (TBVC and all population groups included) was 39 percent. (Cited in Harber and Ludman, op cit, pp 292 - 293). And according to a March 1995 report by the Central Statistical Services, by 1994 41 percent of Africans and 6.7 percent of whites were unemployed. The higher figures have been disputed by several economists. (Cited in The Guardian, March 30 1995).

19. Harber and Ludman (eds), Ibid.

20. Or at least in the other countries discussed in chapter four.

21.M G Lynas and Deirdre O'Neill, "The Context of Participation: Constraints and possibilities," in W Bendix (ed), SA Industrial Relations of the Eighties, IR Journal of SA, Johannesburg, 1988, p 482.

22. In the 1986 trial of four SAAWU leaders, the defence demonstrated that former Manpower mi[illegible]er, Fanie Botha and East London security policemen had worked closely with various factory managers in East London in an attempt to smash the union. The defence noted that this came at a time when the government was proclaiming its labour policy involved freedom of association, autonomy for trade unions and minimum state interference with labour relations. (Financial Mail, June 27 1986)

23. The Project Free Enterprise Final Report on "Economic Participation in South Africa" (School of Business Leadership, UNISA, 1986) notes a prevalence of covert sabotage and lists a repertoire of problems linked to the lack of identity felt by workers with their companies, including the failure to report mechanical problems, go-slows, destruction and loss of company property, and material

shrinkages. The underlying attitude, the report argues, is one of "why bother about organisational efficiency when there is no perceived possibility of benefit."

24. Loet Douwes Dekker, "Workers' Participation in South Africa: Some Suggestions," IR Journal, 4th Quarter 1987, p 9.

25. One study on black worker attitudes in Natal in the early 1980s, found that 80 percent of workers did not identify with the organisation and felt bullied and treated like children, and therefore showed little loyalty and were inclined towards industrial sabotage. (Blade Nzimande, An Investigation into the Experience of being a Black Factory Worker in South Africa, unpublished masters dissertation, University of Natal, 1983)

26. The gap in per capita expenditure between African and white schools narrowed from 18:1 in 1969 to 4:1 in 1989, while by 1991/2 the African education budget constituted 48 percent of the total education budget compared with 16 percent in 1971/2 (Race Relations Survey 1991/2, SAIRR, Johannesburg, 1992, pp 183 - 193). However, despite this narrowing of expenditure, black schools remained severely underfunded, overcrowded and staffed by underqualified teachers. And the problems went far deeper than that, extending to pre-nursery education, books in the homes, educational toys, parental priorities, and, of course language.

27. For example, by the end of 1995 there were only 419 black chartered accountants in South Africa, according to figures cited in The Star & SA Times, February 28 1996.

28. According to a March 1994 speech by Dr Jan Visser, executive director of the National Productivity Institute, in South Africa, companies spent an average of under 0.5 percent of their budgets on training and development, compared to an average of 4 percent in "winning" companies and nations. (SA Times, March 9 1994)

29. For example, according to statistics cited by The Observer (May 21 1995), in 1995 12 million black South Africans were without running water, 21 million without proper sanitation and between seven and nine million were living in squatter camps.

30. According to Unisa's Bureau of Market Research, in 1990 the average white income was 8.2 times that of the average African income. The household income of whites in metropolitan areas averaged R71 598 a year, compared with R11 642 for African households, R22 642 for coloured households and R26 916 for Indian households. (Quoted in Business Day, January 24 1995).

31. Of the 168 hours in a week, for adults, an average of around 120 are spent awake, of which 40 are spent at work.

32. Particularly the use of sangomas and other traditional healers as an adjunct or alternative to western medicine, and usually as part of a belief system based on respect for the power of the spirits of ancestors as part of spirit world, both good and evil, which intervenes directly in the physical world - a belief system which frequently co-exists with a Christian-centred faith in a single, omnipotent, omniscient deity.

33. For whom any notion of the afterlife outside the dimensions of heaven and hell is contrary to the central tenets of a Christian faith rooted in the concept of predestination. In Calvinism and in fact all branches of evangelical Protestantism, including Pentecostalism, the idea of ancestors wielding a power over the physical or even spiritual worlds, is heretical.

34. In addition to the example of Koopman at Cashbuild mentioned below, this consideration was referred to by both Christo Nel and Leon Cohen at PG Bison and Peter Wrighton at Premier.

35. Quoted in "Cashbuild Induction Programme", Cashbuild company document, 1993, p 3.

36. Interview, Maxine Hart, January 28 1994.

37. J Viljoen, "Worker Participation in a South African Context," South African Journal of Labour Relations 10 (1) 1986, p 53.

38. Including the reports on Project Free Enterprise, the role played by the managerial consultancy Itisa, and, from 1988 aspects of the work of the Consultative Business Movement.

39. Project Free Enterprise Final Report, "Economic Participation in South Africa", School of Business Leadership, UNISA, 1986.

40. Ibid, p 67.

41. Lynas and O'Neil carried out a survey in 1988 with several major South African corporations which, they said, indicated that the Project Free Enterprise report, "has not as yet received more than passing attention from specialists and has been given minimum consideration at 'board room' level." (op cit, p 482)

42. In particular it was crucial in the formulation of the participative programmes advanced by Itisa, and by Christo Nel at PG Bison (and later at several other companies).

43. Quoted in Financial Mail, August 29 1986.

44. Judy Maller, Participative Management: A New South African Corporate Strategy?, Masters dissertation, University of the Witwatersrand, 1989, p 19.

45. John Viljoen, "Worker Participation in a South African Context," South African Journal of Labour Relations, vol 10, no 1, March 1986, p 55.

46. Ibid, pp 55 - 56.

47. Ibid, p 55.

48. Judy Maller, "Esop's Fables", Labour and Economic Research Centre paper, Johannesburg, 1988, Table 1.

49. Judy Maller, "Employee Share Ownership - Co-option or Co-operation," in G Moss and I Obery (eds), South African Review 5, Ravan, Johannesburg, 1989, p 351.

50. For example, in 1988 an organisation with the unwieldy acronym of NAPROQCSA - "the National Association for Productivity and Quality Circles in South Africa - was established as a consultancy with the aim of promoting "participative processes" "quality improvement" and " people development" in South African companies. The National Productivity Institute also promoted quality circles enthusiastically, while a more directed drive in this direction came from Itisa, the managerial consultancy headed by Christo and Johann Nel, which initially promoted the "in-a-group" idea through PG Bison and later through several other companies including SA Breweries and Nampak. (See Douwes-Dekker, op cit, p 13; advertisment in IPM Journal, July 1989, p 14.)

51. Douwes-Dekker, ibid.

52. See Welcome Ntshangase and Apollis Solomons, "Adverarial participation: a union response to participatory management", SA Labour Bulletin, vol 17 no 4, July/August 1993, p 32.

53. Judy Maller, 1988, op cit, Table 2.

54. Ibid.

55. Maller, "Employee share-ownership - South Africa's new capitalists?", SALB, vol 12, no 8, October 1987, p 55.

56. Maller, SA Review 5, op cit, pp 351 and 352.

57. The De Beers scheme was introduced at the same time as the Anglo scheme, and on a similar basis, with every employee who had been a member of the group for two years or more qualifying for 10 free shares, to be held in trust for four years. (Michael Mann, The Politics and Ideology of White Business in Contemporary South Africa, unpublished masters dissertation, University of the Witwatersrand, Johannesburg, 1989, p 132).

58. Ibid, pp 131 - 132.

59. Quoted in Weekly Mail, November 27 1987.

60. Jeremy Daphne, "Worker ownership of shares at Pick 'n Pay - union comment," SALB, vol 12, no 8, October 1987, pp 2-3.

61. The Star, February 3 1989.

62. Maller, South African Review 5, 1989, op cit, pp 348, 349.

63. Ibid, p 353.

64. Cited in the Sunday Times, July 17 1988.

65. Quoted in Maller, 1987, op cit, p 57.

66. Response to questions in business seminar during Five Freedoms Forum-ANC conference on "Whites in a Changing South
Africa", Lusaka, July 1 1989 and interview, July 2 1989.

67. Martin Nicol, "Profit-sharing schemes: a look at the gold mines," SALB, vol 17, no 4, July/August 1993, pp 37 - 45.

68. That of direct, but not power-centred employee participation.

69. This is discussed in more detail in relation to the subsidiary case studies in 5.3 below, and in relation to PG Bison's value sharing programme, in chapters seven and eight.

70. Itisa was a consultancy formed by Christo Nel and his brother Johann, who was a co-author with Cashbuild's MD, Albert Koopman, of the book The Corporate Crusaders (Lexicon Publishers, Johannesburg, 1988) which focussed on the Cashbuild experience. Koopman later joined the Nel brothers as a director of Itisa.

71. Christo Nel, interview, July 1990.

72. This is discussed in 5.3 below.

73. This impression is drawn from discussions with several business leaders during this period and from attending several conferences and forums between business leaders and the ANC, UDF and Cosatu organised by the CBM, Idasa and Five Freedoms Forum.

74. Maller, dissertation, op cit, p 14.

75. Ibid, pp 14 - 15.

76. Cohen said he had received invitations to address the boards of directors of several companies on TPQ. Maxine Hart, said that among the companies which had, in the previous two years, asked PG Bison for input on TPQ were Nampak, Randfontein Estates, Trans-Natal-Gencor, Murray and Roberts, Old Mutual, Pick 'n Pay, Duluxe, SA Breweries, Barlow Rand, Macro, Rand Mines, Lever Brothers and several smaller companies (Interviews: Leon Cohen, November 1 1991; Maxine Hart, July 30 1992).

77. Interview, Leon Cohen, November 1 1991.

78. Interview, Colin Coleman, August 25 1992.

79. Interview, Welcome Ntshangase, April 19 1993.

80. Apollis Solomons and Welcome Ntshangase, "Worker Participative Schemes: A Trade Union Response," Ppwawu position paper, published by Sociology of Work Programme, Wits University, November 1992. This paper is summarised in detail in chapter 11.

81. Welcome Ntshangase, op cit.

82. Solomons and Ntshangase, op cit, pp 18 - 19.

83. Viljoen, op cit, p 57.

84. Petrie Schutte, "Don't involve me, I only work here," Productivity SA, vol 19 no 3, May/June 1993, pp 22 - 25.

85. Ibid, p 22.

86. Ibid.

87. According to Mann, Anglo American and De Beers spent at least R282 million on social responsibility programmes between 1978 and 1989, with education being their main focus. (op cit, pp 79)

88. Ibid, pp 110 - 118.

89. Clem Sunter, The World and South Africa in the 2990s, Human and Rousseau, Cape Town, 1990.

90. As one senior Anglo American director, quoted by Cosatu secretary general Sam Shilowa, is said to have put it: "Political democracy is fine but we don't believe in democracy in the workplace." (Sunday Times, May 7 1995)

91. Anglo American Industrial chairman, Leslie Boyd, argued there was a worldwide trend away from union membership because of high wages, adding that "there was no such thing as a high-wage, high-growth strategy". He said assets would have to be "made to sweat" and this required the absolute cooperation of labour, and called for lower wages and higher productivity. (Quoted in The Star & SA Times Business Report, February 28 1996)

92. Interview, Leon Cohen, February 26 1992.

93. Ibid.

94. Most notably the 1995 Labour Relations Act.

95. Example Samancor, Transnet and Eskom.

96. In terms of regional breakdown of its 80 stores in 1993 (according to the division of the country at the time), there were 27 stores in the Transvaal, 7 in the Orange Free State, 7 in Botswana, 7 in Bophuthatswana, 6 in the Cape Province, 6 In Natal, 6 in Lesotho, 6 In the Transkei, 2 in Venda, 2 in Swaziland, 2 In Namibia, 1 and 1 in the Ciskei. (Annual Report 1993: Cashbuild Limited, p 3).

97. The Cashbuild experience is the subject of the book The Corporate Crusaders (op cit) and a chapter in Maller's book Conflict and Co-operation: case studies in worker participation (op cit), as well as her 189 masters dissertation (op cit) and has been discussed in several newspaper, magazine and journal articles by various writers and promoted as a positive example of participative management by the management consultancy Itisa and by CBM. The VW experience, which has been championed by Maller and other union-sympathetic academics and unions, has been the subject of chapters in Maller's book and dissertation (op cit) and of several journal, magazine and newspaper articles by Maller and others, some of which are cited below.

98. See chapter 1.1 for a discussion on this distinction.

99. Casbuild's pre-tax profits grew from R3,8 million in 1986 (when it opted for a stock exchange listing within the wholesaling and retailing sector) to R14,1 million in 1990 (Finance Week, August 27 1992). In 1992, for the first time in 10 years, its earning dropped (by 9,5 percent), prompting a 10 percent dividend cut. (Ibid) Its earnings fell a further 25 percent to R 3 million in the eight months to February 1993, compared with the eight months to February 1992 - losses its MD attributed to the increase in the number of stores from 72 to 80. (These included 69 Cashbuild stores, nine Buy 'n Build stores and two U-Build stores, Annual Report 1993: Cashbuild Limited", p 3). He also attributed the losses to the company's expansion which led to a reduction in cash resources and an increase in borrowing, as well as to tax increases, and depressed building industry conditions. (Quoted in The Star, April 29 1993.) But by 1993 the company was back on a sound financial footing, with a 48 percent earnings growth in the six months prior to August that year, with earnings per share increasing by 70 percent between February 1993 and February 1994, while the company's turnover increased by 18 percent to R546 million in this period. (The Star, April 22 1994). By March 1994 Cashbuild had cornered over 40 percent of the cash and carry building materials market. (Questionnaire, Kevin Lowe, March 15, 1994)

100. They wrote: "We find it out of keeping with an understanding of **'participation'** that this highly authoritarian approach to management is enshrined in a possible model." (op cit, p 488)

101. "Cashbuild Induction Programme", internal company document, 1993, p 2.

102. "Realizing Optimum Empowerment Through Participative Management: The Cashbuild Approach," internal company document, 1993, p 1.

103. Bill Freund, "Worker Participation", Transformation, 20, 1992, pp 100 - 101.

104. Ibid, p 4.

105. "Realizing Optimum Empowerment Through Participative Management: The Cashbuild Approach," internal company document, 1993, p 1.

106. Max du Preez, Gavin Evans and Rosemary Grealy (eds), The Broederstroom Encounter, CBM, Johannesburg, 1988, p 7.

107."Cashbuild Induction Programme", op cit, p 4.

108. Quoted in Embark, December 1992, p 4.

109. "Cashbuild Induction Programme", op cit, p 3.

110. Quoted in, ibid, p 5.

111. Ibid, pp 23 - 24.

112. "Cashbuild Induction Programme", op cit, p 5.

113. Ibid, p 7.

114. "Cashbuild - Building a better future for all", company brochure, 1993, p 4.

115. Finance Week, August 27 1992.

116. "Cashbuild Induction Programme", op cit, p 8.

117. "Building a better future for all," op cit, p 4.

118. "Realising Optimum Empowerment Through Participative Management: The Cashbuild Approach," op cit, p 4.

119. "Cashbuild Induction Programme," op cit, p 6.

120. Koopman et al, op cit, p 66.

121. Quoted in Embark, December 1992, p 4.

122. Lowe, op cit.

123. "Assistance With Housing", company brochure, 1994.

124. By the Springs Training Centre.

125. This was during 1993. ("Annual Report 1993," op cit, p 6.)

126. Lowe, op cit.

127. Quoted in Financial Mail supplement, May 16 1989.

128. Muller, dissertation, 1989, op cit, p 135.

129. Ibid, p 144.

130. 23 percent ranked their managers' communication with workers as very good, 39 percent as good, 23 percent as okay, 13 percent as bad and two percent as very bad. (Ibid, p 145)

131. Quoted in Embark, December 1992, p 4.

132. Lowe, op cit.

133. In March 1994.

134. The following racial breakdown of management positions existed in March 1994: Operations managers (company board) - 3 (2 white, 1 Indian); Branch managers - 82 (46 white, 30 African, 5 coloured and 3 Indian); Regional managers - 18 (15 white, 2 African, 1 coloured); Human Resources managers - 3 (2 white, 1 African); Training officers - 3 (2 African, 1 white). (Ibid)

135. Ibid.

136. Finance Week, op cit.

137. Quoted in Weekly Mail, August 17 1990.

138. Judy Maller, Conflict and Co-operation: case studies in worker participation, Ravan, Johannesburg, 1992, pp 86 - 87.

139. In 1990, when Koopman was MD of Trador, a strike was settled after two days. The union, Saccawu, afterwards praised Trador's "non-hostile" approach to its 1 600 striking workers. Trador closed its 30 stores to prevent conflict and allowed workers to sleep in company canteens where they were catered for. It also allowed them to move freely in and out of the company premises. The company also opted not to use the courts. The union settled for the company's final wage offer, but won a no-retrenchments for 18 months agreement. (Weekly Mail, July 13 1990). In 1991 Koopman began working full-time for Itisa, the management consultancy he helped to find. Itisa approach, developed through the Cashbuild and PG Bison experiences, stressed a need for a strong relation with trades unions, both through the shop stewards and through the national and regional offices.

140. Maller, dissertation, 1989, op cit, p 105.

141. Finance Week, op cit.

142. According to Lowe, in 1994 the union had approximately 65 paid up members out of a total workforce of 1104. (op cit)

143. 80 stores with 1104 employees.

144. Maller, dissertation, 1989, op cit, p 135.

145. Lowe, op cit.

146. Ibid, p 109.

147. The company's 1992/3 monthly minimum wage was R780 which increased to R905 after a year's service, while the average wage for semi-skilled workers was R1 037. In addition 31 of the 72 stores qualified for bonuses, with the result that 458 employees received an average of R1 596, with the

highest being R 3 441 in 1992.Finance Week, op cit. By 1993/4 the minimum wage had increased to R 1 000 a month. (Lowe, op cit)

148. Maller, dissertation, 1989, op cit, p 111.

149. Ibid.

150. As published in Conflict and Co-operation: case studies in worker participation, op cit. This was based on research on the company conducted for her masters dissertation in 1989 (op cit).

151. Maller, dissertation, 1989, op cit, p 159.

152. Ibid, p 160.

153. Bill Freund, "Worker Participation - review of 'Conflict and Co-operation: case studies in worker participation," Transformation, 20 1992, p 100 - 101.

154. Maller, dissertation, 1989, op cit, p 117.

155. Responses to questionnaire, Judy Parfitt, August 14 1994.

156. Judy Parfitt, op cit; Judy Maller, 1992, op cit.

157. Maller, 1989, op cit, pp 173 - 181.

158. Weekly Mail, August 17 1990.

159. Maller, 1989, op cit, p 241, 1992, op cit, p 147 and interview, Ken Pinchuck, January 5 1992.

160. Business Day, May 30 1994.

161. Quoted in EP Herald, May 28 1994.

162. Figure cited in Business Report, June 30 1995.

163. Judy Parfitt, op cit.

164. Volkswagen workers returned to their jobs on September 12 1994, over after workers at other motor manufacturers. (Business Day, September 13 1994).

165. Figure cited in Business Report, June 30 1995.

166. VWSA MD Peter Searle, said in August 1994, shortly before the settlement of the dispute, that "unless the strike ends soon the motor industry will be most seriously damaged", while VWSA financial director Bertie Barker said there was a danger that the company's exports to China of 1 000 left hand drive Jettas would be endangered. (Quoted in Evening Post, August 13 1994).

167. Business Day, November 21 1989.

168. Weekly Mail, August 17 1990.

169. As is discussed in 2.3, this influence was drawn from a number of sources, including training offered by the TUC to South African unionists, the impact of British university departments on

unionists and union-supporting academics, the influence on South African unions of South African industrial sociology and other departments and of academics within them, who had been trained within the British trade union tradition, and the impact of academic and other literature within this tradition.

170. The reference here is to ANC-supporting organisations, particularly those within the fold of the UDF.

171. Maller, 1992, op cit.

172. Judy Parfitt, op cit.

173. Ibid.

174. Ibid and Maller, 1989, op cit, pp 243 - 253.

175. Judy Parfitt, op cit.

176. This was the KVP2 programme.

177. Ken Pinchuck, op cit.

178. Maller, 1989, op cit, pp 193 - 195 and 252 - 253. By 1994, its minimum wage was R9.35 per hour, its average wage was R11.07 an hour and its top wage R17.16 per hour. (Parfitt, op cit)

179. According to Maller, workers surveyed said their white counterparts had become openly racist after the 1989 CP general election victory in Uitenhage, while shop stewards identified the shop floor racial tensions as being a result of the attitudes of conservative white employees. (Maller, 1989, op cit, p 236).

180. In the August 1994 strike the main demands of the union included a 12 percent earnings increase and a minimum of three year time frame for correcting apartheid anomalies in wages.

181. As of January 1996 VWSA had 6 559 employees compared with 8 840 in 1990 (when 29 percent where white, 46 percent African and 25 percent coloured). (Figures from VWSA corporate affairs spokesman Raymond Hartle, quoted in The Star and SA Times, October 23 1996. Also Weekly Mail, August 17 1990).

182. Parfitt, op cit.

183. Ibid.

184. For example, in 1993 Percy Smith, a former member of the Eastern Cape UDF executive committee became a company spokesman while Mkhuseli Jack, the former Port Elizabeth Youth Congress president, consumer boycott leader and UDF Eastern Cape and national executive committee member was employed by the company in 1993 and after training was appointed as a marketing manager.

185. Interview with Mkhuseli Jack, February 12 1995.

186. Quoted in EP Herald, December 29 1994.

187. Parfitt, op cit.

188. EP Herald, December 29 1994; Sunday Times, February 26 1995.

189. Weekly Mail, August 17 1990.

190. Parfitt, op cit.

191. According to the company, it committed R13 million to adult basic education, bursaries, scholarships and the training of unemployed workers for 1994. (SA Times, August 10 1994)

192. Each house cost R18 720 at the time the scheme was announced in May 1995. (The Citizen, May 15 1996)

193. Numsa regional secretary, Bimba Manggabashe a was quoted as saying the union accepted the offer, "but we are not happy as yet". The complaint was that the five roomed houses were too small. (Quoted in EP Herald, May 16 1996) The prefabricated "people's houses", which were made of 7cm thick plastic and had two bedrooms, a living room, a kitchen and a bathroom, could be built in three days. (The Citizen, May 15 1996).

194. SA Times, August 10 1994.

195. These included teacher training and upgrading, rural schooling, early childhood education and curriculum development rebuilding schools, supplying school books and supporting the schooling of handicapped children. (VW Community Trust, Annual Reviews, 1989/90, 1990/91 and 1992/3).

196. Between February 1989 and October 1993 a total of R 4 325 in donations was approved. In year one (March 1 1989 to February 28 1990) R921 849 was spent; year two - R1 014 974; year three - R758 894; year four - R806 904 and year five (from March 1 until October 31) - R 822 648. The proportion spent on education was 64 percent in 1989/90; 71.5 percent in 1991/2 and 60 percent in 1992/3. (VW Community Trust, Annual Reviews, 1989-90, 1991-92, and 1992-93 and VW Community Trust Fact Sheet, January 1994).

197. Ibid.

198. Duncan Innes, "Building a great divide", Mail and Guardian, November 25 1994.

199. For 14 months.

200. Provided there were no unprocedural action by the union in this time or that VWs market share did not fall below 10 percent.

201. Mail and Guardian, November 11 1994.

202. Innes, op cit.

203. Business Report, June 30 1995.

204. Ibid.

205. Maller, 1992, op cit, p 147.

206. Maller, 1989, op cit, p 275.

207. Pinchuck, op cit.

208. Raymond Hartle, op cit.

209. Parfitt, op cit.

210. Up from 19.3 in December 1993 (SA Times, February 16 1994), though in 1993 as a whole VW was the second biggest car manufacturer in South Africa with a local turnover of a little over R2.7 billion for the year. (SA Times, August 10 1994)

211. VWSA Marketing Director Graham Hardy quoted in SA Times, February 16 1994.

212. By July 1995 27 000 Jettas had been exported, boosting VWSA's earnings by R 750 million over a three year period, according to MD Henrich Holtmann. (Quoted in Business Report, July 3 1995.)

213. By August 1995 the company had set a new record for the number of cars sold to dealers in a single month. (Business Report, September 5 1995).

214. Weekly Mail, op cit.

215. Maller, 1989, op cit, p 276.

216. Freund, op cit, p 101.

217. Toyota's historical record on participative programmes appears from most accounts to have been more patchy and less consistent than that at VWSA, despite its long-term verbal commitment in this direction.

218. Karl von Holdt, "Striking for co-determination", SALB, vol 20 no 4, August 1996, p 81. See also, Ashwin Desai and Heinrich Bohmke, "Everything keeps going wrong ... Toyota," SALB, vol 20 no 3, June 1996, pp 52 - 58.

219. Both attended the 1987 Dakar talks with the ANC, the 1988 "Broederstroom Encounter" with the UDF and Cosatu, which prompted the formation of CBM, and several other politically-related functions. Christo Nel's brother, Johann (who, through his role as an Itisa director worked as a PG Bison consultant for over three years) co-authored with Koopman, the book Corporate Crusaders (op cit) dealing with the Cashbuild experience. Koopman was also a director of Itisa from the time of its formation, and later worked full-time for the consultancy with the Nel brothers.

220. In 1988 he said the problem with Koopman's contribution to Corporate Crusaders and with the Cashbuild experience, was that it "ignored the unions and didn't recognise their role in industrial relations." (Christo Nel, interview, August 6 1988).

221. Douwes Dekker, op cit, p 11.

222. Primarily through the role played by the Itisa management consultancy, headed by Christo and Johann Nel and Albert Koopman.

223. Quoted in, "IR at the Crossroads: High or Low Road for us", The Manpower Brief, October 1993, p 12.

224. Ibid.

225. Ibid.

226. In the Eastern Province Herald, Evening Post and Weekly Mail, and through business oriented publications like the Innes Labour Brief.

227. VWSA's HR director, Brian Smith, was represented at the CBM's launch in August 1988 (Du Preez, Evans and Grealy, op cit, p 6), while subsequently VWSA's MD Peter Searle was represented on its National Consultative Group (CBM/KSB - Consultative Business Movement/Konsultatiewe Sakebeweging, CBM organisational brochure, October 1992, p 8). Its experience of participative management was one of those highlighted and distributed to other companies by CBM's Role of Business in Transition committee. (Interview, Colin Coleman, op cit).

228. Only after 1989 did the PG Bison management and TPQ team become fully aware of the Volkswagen experience. In an interview on June 17 1989, Nel cited VWSA, along with other companies such as Lever Brother, Sappi, Fedics, Envirotech, Tiger Food and Premier as positive examples of companies which had introduced participatory programmes. Interviewed on January 18 1992 Leon Cohen cited VW as one of the companies which had successfully embarked on the participative management path, while on July 30 1992, Maxine Hart, the PG Bison TPQ coordinator, said her team was eager to compare notes with their VW counterparts.

229. Interview, Maxine Hart, July 30 1992.

230. A description used by former Fawu national organiser, Alan Roberts, interview, January 27 1990.

231. Ibid, p 220.

232. Weekly Mail, February 7 1992.

233. Abram "Slang" van Zyl.

234. The former senior executive, Adrian Barker, complained publicly of death threats and other forms of harassment from the former CCB agent, Abram Van Zyl, and his colleagues. (Interviews, Pat Barker, February 5 1992; Gavin Duffy, February 3 1992; Richard Braithwaite, February 4 1992; Weekly Mail, Ibid.)

235. Quoted in Graham Fiford, "Wrapping Up The Industry," South Africa's Most Admired Companies, Leadership Publications, Cape Town, 1994, p 120.

236. Ibid, pp 118 - 122; Neil Cumming, questionaire, August 18 1995.

237. Conellan, quoted by Fiford, op cit, p 122.

238. Ibid.

239. By August 1995 it had 17 500 employees (Cumming, op cit), compared with 19 500 at the start of 1994 (Fiford, op cit, p 118) and 22 000 in 1992 (CBM, Managing Change, Ravan, Johannesburg, 1993, p 74).

240. Fiford, Ibid.

241. Ibid and Maxine Hart, interview, January 16 1993.

242. CBM, op cit, pp 74 - 75 and Fiford, ibid, p 120.

243. Cumming, op cit.

244. CBM, op cit, pp 68 - 70; Fiford, op cit, p 117.

245. Quoted in Fiford, ibid, p 122.

246. Quoted in Fiford, Ibid, p 122.

247. Cumming, op cit.

248. When The CBM was launched in August 1988 Nampak was not involved, though Metal Box, which three years later merged with Nampak, was (Du Preez, Evans and Grealy, op cit, p 7). After its process of restructuring, however, Nampak became centrally involved in CBM's activities, and was represented on its National Consultative Group (its national decision making body) by one of its directors, Peter Campbell. ("CBM/KSB - Consultative Business Movement/Konsultatiewe Sakebeweging, CBM organisational brochure, September 1992, p 8). The Nampak in-house change experience was highlighted by CBM's national "Role of Business in Transition" committee, and later published in its 1993 book, Managing Change, op cit, pp 68 - 70).

249. Fiford, op cit, p 120.

250. CBM, op cit, pp 60 - 70.

251. Which in February 1995 had between 3 600 and 4 000 members at Nampak, according to Ppwawu assistant general secretary, Themba Mfeka (interview, February 12 1995). Other unions represented at Nampak were the Cosatu-affiliated Chemical Workers Industrial Union (CWIU) and Numsa, as well as the typographical union, Sadtu which was not affiliated to Cosatu.

252. Ntshangase, W and Solomons, A: "Adversarial participation: a union response to participatory management,"SALB, vol 17 no 4, July/August 1993, p 32 and Solomons, A and Ntshingase, W: "Worker Participative Schemes: A Trade Union Response," Ppwawu position paper, published by Sociology of Work Programme, University of the Witwatersrand, November 1992, p 5.

253. Themba Mfeka, op cit.

254. Ibid.

255. Cumming, op cit.

256. Mfeka, op cit.

257. Ibid.

258. Ibid.

259. Cumming, op cit.

260. Ibid.

261. In the 1993/4 financial year, for example, its after tax profits of R308 million were 18 percent higher than in 1992/2, while according to Fiford, since its inception its EPS has consistently outperformed the cumulative total of CPI and GDP growth. (Fiford, op cit, p 120). According to Neil Cumming, Nampak's results "are consistently better than our competitors and better than the JSE average." (Cumming, op cit).

262. See chapter 3 for a fuller account of his role.

263. Du Preez, Evans and Grealy, op cit, p 6.

264. Business Report, June 26 1995.

265. Weekly Mail, November 27 1992.

266. "IR at the Cross Roads," The Manpower Brief, October 1993, pp 10 - 11.

267. He said his decision to emigrate was motivated by the medical care available in Britain. (Interview, October 16 1993)

268. As of September 1996 Johnnic had a 26.4 percent stake in Premier which gave it a controlling share through interlocking shareholdership. Through a series of deals with Anglo American, the NEC bought control of Johnnic (in which Anglo retained a 48 percent shareholdership). (Business Report, September 4 1996)

269. Quoted in Weekly Mail, op cit.

270. Ibid.

271. Ibid.

272. When Premier was devising its change programme after 1990, it consulted with the PG Bison TPQ team. (interview, Maxine Hart, January 28 1994).

273. Weekly Mail, op cit.

274. CBM, op cit, p 74.

275. Quoted in Weekly Mail, op cit.

276. Ibid.

277. For example, PG Bison, Nampak, Volkswagen and later Eskom.

278. Weekly Mail, op cit.

279. CBM, op cit, and Ibid.

280. Weekly Mail, ibid.

281. Quoted in "IR at the Crossroads", op cit, p 10.

282. Weekly Mail, op cit.

283. According to Cloete the aim of the redundancy scheme was to provide financial assistance for and maintain contact with employees whose jobs became reductant. It was jointly funded by a;; permanent employees and the company (with contributions from employees matched by those from the company, plus a further fixed amount from the company). Redundant employees were placed in a labour pool (from which they could work casually for the company and receive training) and would benefit from the Redundancy Support Scheme, with the amount dependent upon a percentage of the

worker's previous income. Labour pool members were the first to be re-employed unless they opt for the company's voluntary retrenchment package. ("IR at the Crossroads," op cit, p 11.)

284. Alan Roberts, interview, March 10 1992.

285. Weekly Mail, op cit.

286. For example, donating R16-million in 1992. (Ibid)

287. "CBM/KSB - Consultative Business Movement/Konsultatiewe Sakebeweging, CBM document, October 1992 p 8.

288. Particularly Bonnita, Metro Cash and Carry and Teltron, but also CNA Gallo, Premier Pharmaceuticals and Clicks.

289. Doug Band, letter in response to questionnaire, April 1 1996.

290. SA Times, December 21 1994 and Business Report, May 19 1996.

291. This happened by what the group called "mutual agreement", after a decision by shareholders that he should leave. (Business Report, May 29, 1996).

292. Doug Band, op cit.

293. SA Times, December 21 1994; Business Report, March 6 1996.

294. Quoted from article in the March 1996 issue of Food and Beverage Reporter in Business Report, March 6 1996.

295. Doug Band, op cit.

296. SA Times, December 21 1994.

297. Doug Band, op cit.

298. Business Report, May 29 1996.

299. According to Robin McGregor ("How Charles Glass met Barney Barnato", Most Admired Companies, op cit, p 26), SAB's backbone remains the beer division, whose share of attributable income has never fallen below 50 percent (60 percent in 1992).

300. Velaphi Ratshefola, responces to questionnaire, July 30 1996.

301. Alan Roberts, interview, January 27 1990.

302. Kobus Berger, Industrial Relations manager at SAB Beer Division, quoted in The Manpower Brief, op cit, p 9.

303. Ibid.

304. Ibid.

305. Ibid, pp 9 - 10.

306. Velaphi Ratshefola, op cit.

307. According to Ratshefola, small start up businesses are sponsored as part of SAB policy to encourage black economic empowerment under its Commercial Equity Programme. (Ibid)

308. CBM, Information Update, September 17 1993, p 16.

309. Interview, Maxine Hart, February 27 1992.

310. Interview, Penny Hyde, May 13 1993.

311. Hyde, op cit; Ratshefola, op cit; The Manpower Brief, op cit, p 10.

312. Ratshefola, Ibid.

313. Ibid.

314. Kobus Berger quoted in The Manpower Brief, op cit.

315. Ratshefola, op cit.

316. Ibid.

317. Ibid.

318. Ibid.

319. Ibid.

320. 1990 to 1993.

321. The Manpower Brief, op cit, p 10.

322. Ratshefola, op cit.

323. Ibid.

324. SAB was given a score of 7.60 out of a possible 10 in the labour relations category, 8.68 in terms of quality management (with Kersaf seecond with 7.54) and 8.2 in terms of social responsibility. (Most Admired Companies, op cit, p 24).

325. In 1994 JCI and Anglo American retained an effective interest in up to 25 percent of the group's equity, with SA Mutual controlling 14 percent and Sanlam 7 percent. Following the Plate Glass purchase, Liberty Life's interest rose to 10 percent. Liberty Life in turn was controlled by Anglo-controlled Johnnic, which, in 1996, had a 13 percent stake in SAB. In September 1996 the National Empowerment Consortium (NEC) assumed control of Johnnic, with Anglo retaining 48 percent of the shares. ("McGregor," op cit, p 26; Business Report, September 4 1996)

326. In 1994 these included PGSI (of which PG Bison is a part), OK Bazaars, Edgars, Amrel, Afcol, Lion Matches, Appletiser, Ceres, and the country's largest Coca Cola franchise, among many other interests. (Ibid, pp 25 - 26)

327. Interviews: Leon Cohen, February 26 1992 and January 26 1994 and Rob Cohen, February 6 1995.

328. As Hart enthused: "SAB spent went all over the world and integrated the best ideas they found, and then came up with a phenomenal model of how to articulate world class manufacturing, integrating it with training and development and with participative structures. The ideas were great. It was really advanced stuff." (Interview, January 28 1994)

329. As Leon Cohen put it: "They've been looking at similar things to what we've been doing at PG Bison, and have observed our process closely. They want to take what we've done, use it, and develop their own thing, but they're certainly not as far down the line as we are." (interview, January 26 1994)

330. Interview, Maxine Hart, May 25 1995.

331. Interview, Kyle Joynt, March 15 1992.

332. Rand Daily Mail, February 21 and 22, 1985.

333. Interview, Chris Ball. October 15 1993.

334. Though it did not withdraw totally from the business-political terrain, remaining involved as CBM member. (Information Update, CBM, number 13, September 17 1993, p 16)

335. Kyle Joynt, op cit.

336. Interview, Kyle Joynt, February 13 1995.

337. The Star and SA Times Business Report, September 18 1996.

338. The Star, January 14 1997. Some interpreted this move as a bid to allay union concerns and improve public image.

339. Standard Bank, the oldest of the country's commercial banks, also began to introduce substantial changes in its managerial practice at the turn of the decade, partly as a consequence of its drive to win a larger share of South Africa's rapidly growing black market. The prime focus was on shifting the bank's profile as a white company through an affirmative action programme and through recruiting a growing proportion of black staff. By the beginning of 1993 about 40 percent of its employees were black (African, Indian or coloured), though only about 4.5 percent of employees in managerial categories were black. (A McNulty, "Holding up the Standard", Most Admired Companies, op cit, p 18.) However, in one 1994 interview, Standard chairman Conrad Strauss, claimed the bank had more black directors within the group than its competitors, but also accepted that progress in this regard had been too slow. "For many years we have had equal employment opportunities and rewards for staff irrespective of race or gender. But we are not happy with the way it has progressed and have made it one of our priorities," he said. He added that the company's affirmative action drive was a process rather than a solution. "We are not going to be cosmetic about it and we don't think the community requires us to be." (Ibid) Standard also began increasing the proportion of its resources allocated to training and development as part of its drive to encourage black advancement within the group, and claimed that by "international standards" it was spending proportionately more in this area than most companies (Ibid), while according to a 1994 comparitive survey of the performances of South Africa's 10 leading companies in each industry, conducted by Markinor, Standard was received the top rating within the banking sector for its labour relations (followed by First National and Nedcor). The survey conducted for the Leadership SA publication, Most Admired Companies, rated Standard first overall, with its ranking in the labour relations category being 7.58, compared with 7.49 for First National and

7.27 for Nedcor. None of the country's other banks achieved a score of more than 5.56 in this category. (Ibid, p 16.)

340. "Big is beautiful", Southern African Decisions, May 1995, p 80 and Business Report, May 15 1996.

341. Questionnaire, Claire Densham, November 25 1994.

342. Ibid.

343. Ibid.

344. Ibid.

345. Ibid.

346. Offering 45 courses, attended by about 2 000 students in 1994. (Ibid)

347. Ibid.

348. Ibid.

349. Interview Hart, Maxine Hart, February 11 1995.

350. Maxine Hart, interviews, November 20 1994 and February 11 1995.

351. Interview, Maxine Hart, February 11 1995.

352. Interview, Maxine Hart, November 28 1994.

353. Jeremy Baskin, "Unions at the crossroads: Can they make the transition?", SALB, vol 20 no 1, February 1996, p 14.

354. During the 1993/4 financial year the group increased its net income by 24 percent (Southern African Decisions, op cit, p 80), while during the final six months of its 1995/6 financial year its net income increased by 34 percent, with all units improving their performance. (Business Report, May 15 1996).

355. SA Times, November 9 1994.

356. Densham, op cit.

357. In most cases the franchiser helps the aspirant entrepreneur to start up a business, while at the same time widening his own franchise network, while the franchisee pays an initial fee, and regular subsequent amounts, for the privilege of using the franchiser's name, logo, trademarks, expertise and support systems. The idea behind such funds is to provide financial assistance and advise to franchisees, and enable them to buy back the fund's equity share int heir businesses, while receiving training in the skills to assist them in running a profitable venture. NIB spokesman Willy Ross argued that the transfer of skills involved in the group's scheme, "makes it one of the most valuable development tools available to our citizens." (Quoted in Passport to South Africa, no 1, April 1995).

358. Ibid.

359. Densham, op cit.

360. As Nedcor CEO, Richard Laubscher, put it: "The establishment of Peoples Bank was born out of a clear recognition of a very particular set of wants and needs from a broad spectrum of the South African community". (SA Times, May 3 1995). It offered "secure, affordable, accessible and uncomplicated" primary banking services to regular income earners who had previously not had access to banking services, with its launch flowing from the recognition that there are "different markets and different needs" and that a "large number of South Africans had been excluded from financial services". (The Star, April 26 1995)

361. Nedcor/Old Mutual Scenarios, South Africa: Prospects for Successful Transition, Juta, Cape Town, 1992.

362. For example, in November 1994 Nedcor became the first private bank to qualify to participate in the housing guarantee programme United States Agency for International Development (USAID). USAID agreed to underwrite R162 million to the Perm for black housing, while the Perm committee a further R320 million to the township loan market. (Business Day, December 9 1994)

363. Between 1991 and the end of 1994 R23 million was distributed to such projects. (Southern African Decisions, op cit, and Densham, op cit.)

364. Densham op cit.

365. Ibid.

366. In a 1994 Markinor survey of the performance of the 10 leading companies in each industry, Nedcor was placed first (with First National second and Standard third) in the social responsibility category.(Most Admired Companies, op cit, p 16.)

367. Liebenberg, who held the post until 1996, refused the offer to take up the post as an NP member of Mandela's government.

368. See endnote 338 above.

369. It retained a hostile stance towards NUM. In 1996 Gencor launched a takeover bid for Goldfields. (SA Times, July 10 1996).

370. Gencor executive director Naas Steenkamp played a prominant role in CBM's formation and subsequently served on its National Consultative Group. (Du Preez, Evans and Grealy, op cit, p 6 and "CBM/KSB - Consultative Business Movement/Konsultatiewe Sakebeweging, op cit, p 8).

371. Among those recruited between 1991 and 1994 were: Mike Roussos (a former Sarhwu official, UDF activist, SACP southern Transvaal executive committee member and ANC employee) who was initially employed as an HR manager at TransNatal and was subsequently appointed Gencor's Director: Group Strategic Planning; Stan Nkosi (a former Robben Island ANC prisoner, ANC official and Sarhwu secretary general), employed as a Gencor Industrial Relations manager; Moss Nogasheng (a prominent Natal UDF and later ANC executive committee member), employed to work under Roussos in the company's head office and Annemarie Rademeyer (a former ECC and UDF activist and political detainee) who was employed to coordinate the group's literacy programme.

372. Interviews: Leon Cohen, February 26 1992, Maxine Hart, July 30 1992 and Mike Roussos, August 25 1992.

373. Roussos, Ibid.

374. Interview, Annemarie Rademeyer, February 2 1995.

375. Gencor literacy and numeracy coordinator Annemarie Rademeyer said she met with Joan Lurie, her counterpart at PG Bison in 1994, but was not particularly impressed with what she had to offer. As she put it: "By that stage our literacy and numeracy programme had been implemented throughout the group, and in fact we were far more advanced than they were. In some ways their programme was quite backwards in comparison, so there wasn't a great deal we could learn." (Interview, February 2 1995)

376. At the nine mines covered by the Gengold agreement the system works as follows: every three months the mines calculate total profit and deduct tax and capital expenditure, with the remaining profits divided into two parts: first, for average profits over four quarters up to a "trigger level" the mine takes 5c for each rand and places in a profit sharing pool; second, for money above this level the mine takes 20c from every rand for the pool. The mine ceases placing money into the pool when it equals 15 percent of its wage bill. The Chamber of Mines framework also provided that no worker would be retrenched as a result of the profit pool, that there would be full disclosure of information to the union to monitor the scheme and that there would be worker participating in this process. It also provided that at least 25 percent of money available for distribution be shared equally among the workforce, with the remainder being shared in proportion to basic earnings. (Martin Nicol, op cit, pp 41 - 42.)

377. Ibid, p 45.

378. Cosatu general secretary Sam Shilowa wrote: "Gencor ... and others have made billion dollar investments outsdie our country. They have, in effected, decided to export our competitive advantage, as well as our jobs. Speculative investment on the stock exchange, real estate, legal and not-so-legal overseas investments, continue to be the major channels of capital investment." ("Moguls morally bankrupt", Sunday Times, May 7 1995)

379. Iscor CEO Willem van Wyk was one of a group of eight business leaders involved with Nel in protracted negotiations with UDF and Cosatu leaders which led to the formation of CBM in October 1988. (Du Preez, Evans and Grealy, op cit, pp 3 - 4). Ian McRae of Escom was subsequently chosen as a member of the CBM National Consultative Group. ("CBM/KSB - Consultative Business Movement/Konsultatiewe Sakebeweging", op cit, p 8.)

380. Quoted in The Manpower Brief, op cit, p 11.

381. Ibid.

382. Ibid.

383. Ibid, pp 11 - 12.

384. Ian Macun and Sakhela Buhlungu, "When the rain comes, it falls for everybody," interview with Gwede Mantashe, SALB, vol 20 no 1, February 1996, p 28.

385. Ibid, p 12.

386. Ibid, pp 27 - 28.

387. Quoted in Jeremy Baskin, "Unions at the crossroads: Can they make the transition?," SALB vol 20 no 1, February 1996, p 14.

388. Quoted in Macun and Buhlungu, op cit, p 28.

389. NUM and NUMSA joint statement, SAPA, February 2 1997.

390. SAPA, February 7 1997.

391. Judy Maller, Conflict and Cooperation: Case studies in worker participation, 1992, op cit, p vi.

CHAPTER SIX

PARTICIPATIVE MANAGEMENT IN POST-APARTHEID SOUTH AFRICA

6.1 THE CLIMATE FOR PARTICIPATION

After the 1994 general election pressures favouring participative managerial strategies continued to grow for reasons relating to developments within the political sphere, yet at the same time there were significant countervailing economic pressures relating to developments in the global economy. The formal end to white rule in May 1994 had the effect of further integrating the South African economy with that of the rest of the world. Tariff barriers and sanctions were removed, remaining disinvestment initiatives were discontinued and foreign corporations began to invest (albeit far more cautiously than the government had hoped for). At the same time the weakening Rand and the end to trade sanctions encouraged a major growth in export volumes, and as a result of these and related developments, the flow of information between South African business and that of the advanced industrialised countries, increased. One implication of this was that to succeed and even survive in the post-sanctions markets, most South African companies had to improve their performance by increasing productivity, improving the quality of products and service, reducing waste and cutting costs.

For many companies, however, a major difficulty remained their workforces. The problems inherited from the previous era - of militant unions, a lack of identification with the goals of the organisation, low-grade education and cultural division did not disappear after majority rule was achieved. Instead, with the economy growing again and markets expanding, they were often felt more acutely by managements operating within tighter margins and striving

for a competitive edge. The imperative of combating apartheid's inheritance and of winning the backing of workers for strategies to improve performance, therefore became more pressing. But as Innes asked: "How does a company improve efficiency when so far labour has shown very little concern about company performance." The answer, he suggested, was "to break the 'them and us' syndrome and bring labour on board; to give them a say in the organisation of work and a stake in the rewards."[1]

This desire to improve efficiency was certainly an aspect of the pressure on South African corporations to introduce measures to encourage employees to identify with the business. But at the same time there were influences which tended in the opposite direction. As discussed in chapter four, one dimension of 'globalisation' is the shift towards ever more flexible labour markets. This has involved a move away from full-time, lifelong employment towards an increasing reliance on part-time workers, on 'contracting out' and on short-term employment contracts. Chief executives were under pressure to 'downsize' or 'rightsize' their businesses into 'lean but mean' organisations, better able to respond to the rapid changing, idea-oriented and more competitive international markets. As a result, layers of employees were laid off which exacerbated job insecurity both among the working class and the middle class, and particularly among male employees, and was major factor in the decline of trade unions. Most of these pressures were felt by South African companies. The imperative to 'downsize' was certainly not absent, nor was the shift towards greater reliance on sub-contracting for non-core functions, on flattening managerial structures and replacing layers of management with computers, (though the weak currency countered this trend), often with a resulting effect on job security and company morale. Related to these developments, was a more aggressive push

by most major South African companies to open up new markets, both internally and internationally, and to increase their share of existing markets.

These considerations certainly informed some of the assertively adversarial approaches taken by big business towards the labour movement and the government since the election, which are described in chapter three - though it is also worth noting that in some cases the introduction of more 'horizontal' forms of management encouraged moves towards giving workers a greater role in what were previously managerial functions. A major concern of big business was that government policy, particularly regarding labour relations, had moved in the direction of pandering to the union movement, and thereby creating more 'red tape' and therefore higher entry thresholds, resulting in lower rates of investment, savings and growth - contrary to their perception of developments in the advanced industrial world. Anglo American Industrial chairman Leslie Boyd put this position more starkly than most when he stated in February 1996 that, "there was no such thing as a high-wage, high growth strategy", adding that there was a worldwide trend away from union membership, and that assets would have be "made to sweat" - which required the absolute cooperation of labour.[2] However, unlike the situation elsewhere in the world, and to the frustration of many captains of industry and commerce, there was a political imperative which tended to trim the harsher edges of the desire to regain or extend perceived managerial prerogatives. Paradoxically, the main reason for this related to extent and concentration of the power of big (a. l white) business within the economic realm, and their comparative powerlessness within the political realm.

The advent of majority rule after the ANC's victory in the 1994 election may have spelled the end to white domination of state power, but the power of white men continued to prevail

within the economy, creating a situation with the potential for prolonged conflict unless it was addressed creatively. The kind of question posed in various forms both by businessmen and unionists, was that if government could be changed radically to take on a non-racial face, why not business? As PG Bison's CEO, Rob Cohen put it: "Black people in this country are now saying, 'great, we've got political power but the reality is that we've got very little economic power and we now want economic power. It's not just a simple, so-called 'class struggle'. It's a racially-based issue."[3] As a result many large companies felt they had little option but to shift the racial balance within their decision making structures - through affirmative action programmes and through extending participation, both directly and indirectly. As Innes put it: "A host of buzzwords, such as 'democratising the workplace' and 'worker empowerment' have emerged to capture aspects of this debate. Some companies have read the signals and believe they need to start exploring these options and setting up appropriate structures to remain ahead of the game."[4]

The managerial aim in this respect was both to prevent the racial aspect of shopfloor relations from short-circuiting moves towards more cooperative relations, and to demonstrate to the workforce and the broader community - including the markets - that the company was serious about its social responsibilities. There were considerable pressures to remain "on side" in the broadest political sense - to be seen to be philanthropic and care about the broader good rather than just their own profit margins - a situation not faced to a comparable extent by most companies in the advanced industrialised world. This is one of the reasons why in most companies adopting stakeholder schemes of one kind or another, internal participative ventures have been accompanied by corporate social responsibility programmes. And the pressures on business in this area went well beyond the realm of public relations. The stark fact faced by

business was that the face of South African management remained a white male one - an image reflecting the reality of the decision making processes in most firms. This contributed to the impetus on business to provide black workers with a real stake in the power structures - national forums, management boards and in some cases, boards of directors too, and this was usually mediated through trade unions. In this respect, and more generally, business had to face up to what some, such as Boyd, regarded as the irritating reality of a union movement which had not been sufficiently 'downsized' like those in most of the western world during the 1980s (despite a slight drop in South African trades union membership between 1993 and 1995[5]), and, from the business perspective, had shown little sign of being 'tamed' in the way their Western counterparts had been in the previous decade. As a result, big business had no option but to continue dealing with the unions on terms not entirely of their own creation, and therefore union perspectives on participation remained of vital significance in the way this dimension of industrial relations proceeded.

A consequence of this was that the impetus for expanding worker participation was by no means confined to managerial initiative, which placed an added burden on the unions. At the leadership level, most unionists had to face up to the reality that the workplace was no longer a 'site of struggle' in the political sense, or at least not in the way it was previously, while the reality that socialism was not on anyone's short-to-medium term agenda, if at all, was becoming recognised. This placed a greater imperative on the traditional role of unions - to get the best out of capitalism. If 'empowerment' for the working class was to go beyond the often ephemeral benefits of the right to vote every few years, then it would be partly through the workplace where this could be experienced. And the means to this end was through workers claiming a greater say in the day to day decisions governing their lives. As a result

the 'democratisation' of the workplace through greater participation in the managerial realm became an important dimension of the unions' role in increasing the rights of its members and countering dimensions of control previously viewed as part of the managerial prerogative. For management, the prime long term aim of participation was to improve performance, but for unions it was to increase their own power, and that of their members, and the terms of agreements in this realm often reflected the balance of power between the two.

As illustrated by the examples cited in the chapters above and below[6], most unions operating at companies with participative programmes gave them cautious and critical support after periods of prevarication, and thereafter moved to reshape these initiatives in their own image. Which is not to say that there was a universal shift within the labour movement in the direction of co-determination.[7] For many unionists the transition from viewing bosses as extensions of the apartheid state, and co-determination as a synonym for co-option, to viewing managers as potential partners and co-determination as a synonym for empowerment, was hard to stomach. The difficulties faced by labour in developing coherent strategies applicable for a post-apartheid, post-socialist era were usually more severe than those faced by capital. Prior to the 1990s the priorities may have seemed relatively clear: fight the bosses for higher wages and better working conditions; get rid of the government; build socialism. But in the 1990s, and particularly after the election, their role has become more confined and yet more complex. The government was no longer an enemy but not always a friend. Bosses were adversaries but also partners. Furthermore, unionists were required to have a detailed understanding of the workings of business and of the national and world economies - an imperative for which their intellectual heritage had left them ill-prepared - and also to develop realistic proposals on privatisation, taxation, rationalisation and more familiar territories like labour legislation.

With some of the most experienced labour leaders having been absorbed into government or business[8], the ability to respond creatively was further diminished.

For many unionists the old order of unmitigated class struggle was the familiar one, and the leap to new ways of viewing the world, and their position in it, was one they were ill-equipped to take. This confusion was graphically expressed by a Numsa unionist: "We're still living in the world of Leninist rhetoric, while managers are sprouting new management jargon. An organiser who's spent his whole life dealing with applied Marxist bullshit is fucked dealing with Kaizan".[9] Or in the more measured words of Naledi director Jeremy Baskin: "While unions have long been pragmatic negotiators, their vision of transformation frequently remains rooted in outdated paradigms. Official Cosatu policies ... call for nationalisation despite few leaders believing this is a practical or realistic objective. It is not altogether certain that unions are able to think of old problems in new ways and engage with the implications of new trends including co-determination and changing political and economic circumstances. Consequently, one sees vacillations between dogmatic and pragmatic perspectives and a focus on criticising state initiatives rather than presenting alternatives."[10]

There was considerable ambiguity within the union movement on issues relating to participation, despite the gradual shift in their favour described above. Within Cosatu, some unions expressed enthusiasm. SACTWU policy called for "a system of co-determination, where capital or government is unable to act in a unilateral manner"[11]. But on the other hand SAMWU expressed antagonism: "We are being asked to accept that the class struggle no longer exists," a union discussion paper complained, before concluding that, "social contracts and other forms of co-determination are not in the short or long term interests of the working

class."[12] Hardly surprisingly, there was deep concern within the business community that the union movement lacked the sophistication, unity and discipline for the compromises and consensus-oriented style required for co-determination to succeed[13] - a point which some within the union movement acknowledged. For instance, commenting on union contributions to Nedlac, Baskin noted they were often unable to make use of the greater space provided - thereby missing the opportunity to make "meaningful contributions" - a point he illustrated by noting that "absenteeism from key meetings is common and representatives are inadequately prepared for debate".[14]

But the direction taken in the stakeholder debate was not one governed solely by the balance of power between capital and labour. Perhaps even more significant was the shift in political power from the NP to the ANC, which for the first time since the Pact government of the 1920s meant that organised labour had an ally, albeit an unreliable one, in the seat of government. Despite the strategic, ideological and organisational weaknesses of the labour movement, it found itself in a position of unparalleled influence - diminished in terms of structure and membership but enhanced in terms of access to power. It had the ear of government on an ongoing basis and unlike the business community[15], had some of its most prominent leaders within the cabinet and as deputy ministers[16], ensuring an ear for its concerns, which was understanding, if not always supportative. As Muzi Buthelezi of CWIU put it: "Those people who went to parliament are starting to put in the understanding of labour interests within the broad ANC caucus"[17] (though it might be added that the perspective of these union leaders tended to change, particularly on economic issues, once they found themselves governing a country[18]). Furthermore, through corporatist negotiating forums, of which Nedlac was the most significant, unions were able ensure their agenda influenced the

direction of government policy in matters of direct concern, even if business provided a strong countervailing influence.

As discussed in chapter three, business found itself in the opposite position in certain respects: strengthened by the end to apartheid and the removal of sanctions and other restrictions which accompanied the old order, but initially lacking the access and influence over government which it had previously enjoyed. It was therefore unable to secure its own legislative agenda to the degree it wished. This frustration was expressed through opposition to a number of government policies and proposals, including aspects of the draft constitution, particularly relating to lockouts and land reform, the Employment Standards green paper, draft policy relating to affirmative action and most particularly the 1995 Labour Relations Act, as well as through the more adversarial macro relation with organised labour.

But if the post-apartheid political mix was more favourable to the cause of labour, and to that of co-determination in the workplace, at the same time aspects of this new politics removed some of the sting from the pressures favouring a participative agenda. As argued in the preceding chapters, the primary (though by no means exclusive) motivation for companies embarking on stakeholder change programmes was political. It was, in essence, a means of riding with (and thereby containing) pressures from the racially based political 'struggle' in society and narrowing the cultural gap between black workers and white managers. By giving workers a greater stake in the company and by improving race relations on the shop floor, it was hoped (as it turned out, realistically, in most cases) that industrial peace would ensue.

The advent of majority rule meant that the external political environment became less immediately significant at the same time that international and local competition was increasing, along with pressures for deregulation, privatisation and a more flexible labour market. As a result participative programmes tended to become less overtly politicised and to move way from a primary focus on 'values' and towards market-related considerations. As one PGSI manager put it when describing the post-election views of managers in PG Bison on the TPQ participative programme: "The political changes created a view among sections of the company that TPQ was no longer relevant because, as they put it, the 'whole country was TPQ'".[19] The result in several companies was that while programmes relating directly to performance like literacy, training and most particularly affirmative action, were stressed, there was less emphasis on 'values sharing', on other anti-racist initiatives and in several cases the past emphasis on direct forms of participation dissipated. This was aptly expressed by a Nedcor human resources consultant: "The business environment out there is far more competitive than it was before the election, with companies having to compete with foreign investors as well as with each other. These days the market is everything, and any change programmes are governed by it."[20] However, aspects of this are likely to change as a result of legislation, with Labour Relations Act and new laws on employment standards and affirmative action, being designed to put the employee back at the centre of the industrial relations system.

6.2 WORKPLACE FORUMS AND THE 1995 LABOUR RELATIONS ACT

In January 1995 the publication of the draft Labour Relations Bill heralded what was described as labour law's "third revolution"[21] (the first revolution occurring in 1924 when

the initial comprehensive South African labour statute was passed in response to the Rand Revolt two years earlier, and the second the Wiehahn Commission reforms in 1979 which removed statutory racism from South African labour law). When, in a revised form, it became law nearly two years later, it introduced a statutory form of co-determination which, in some respects, could be described as a culmination of the previous decades voluntary movement in this direction. Essentially the new legislation was aimed at prodding management and unions away from their adversarial past by promoting conciliation, mediation and increased worker participation and, more generally, a variant of corporatism in industrial relations. In these respects the legislation complemented the call included within the RDP programme (primarily at Cosatu's insistence) for "worker participation and decision-making in the world of work".[22] These changes were summarised by Halton Cheadle, who headed the ministerial legal task team which drafted the bill, as "decriminalising labour law, introducing the principle of independent mediation services conciliating disputes and shifting the direction of labour relations on the shopfloor to a more co-operative mode".[23]

While the drafting committee drew on European, and particularly German, models of co-determinism[24], as well as some of the perceived lessons from the previous 16 years of South African labour relations, its contents also owed a considerable debt to the perspectives and histories of some of the individuals involved in formulating its proposals. Particularly significant in this regard were two individuals: the Minister of Labour, Tito Mboweni, who bore ultimate responsibility for its content, and Cheadle, whose imprint came from his role as chairman of the drafting committee. Mboweni, who, unusually for an ANC leader at the time, was happy to describe himself as a social democrat rather than a socialist[25], had long advocated a stakeholder approach to industrial relations. For instance, writing in 1992 in his

position as head of the ANC's Economic Planning Department, he argued: "Recent evidence suggests that a co-operative partnership between labour and capital is a crucial determinant of stability and international competitiveness. ... This entails a totally new and trusting approach to the relationship between capital and labour in South Africa."[26] And he went on say: "There is growing room for co-operation between management and labour. If the two sides can enter into a more trusting relationship, then there need not be a major trade-off between a living wage and productivity growth."[27] Cheadle was more cautious about labelling his own or the Bill's political framework of reference[28], but his history as a once-banned labour activist[29] involved in establishing what became Fosatu unions, his subsequent experience as a union employee[30], his long-term advocacy of a vigorously independent unionism and his background as a union lawyer, labour law lecturer and industrial relations author[31], helped shape his views on the need for labour law to nudge employers and workers towards more cooperative and therefore less adversarial relations.

6.2.1 Business and Labour Responses to the Draft Bill

With the bill having been drafted in "record time"[32], it was widely assumed it would have a quick passage into law. But the 'revolution' it supposedly encapsulated took a rather longer to mature than its sponsors had hoped. It was almost a year before it was enacted, and it took a further 11 months before it became law.[33] The view that it represented, as Clive Thompson put it at the time, "the fruit of comfortable compromise between big business and big unions"[34] was not borne out by its tardy progression from bill to act to law. But before discussing these events, and the changes in the legislation which resulted from them, it is

worth summarising the main provisions of the bill at its draft stage, particularly regarding workplace forums.

For the first time, all workers in both the private and public sectors[35] were covered by the definitions within the Labour Relations Act. It simplified the process of union registration and entrenched the right to organise (while banning closed shop agreements[36] and preventing racially exclusive unions from registering or using the system). For representative unions its provisions guaranteed access to the employer's premises, the right to meet on these premises and the right to subscription facilities. Once a union was recognised , the bill placed an obligation on the employer to disclose all relevant information to the union. It also established a framework for voluntary collective bargaining between representative unions and employer organisations through industrial bargaining councils which would regulate employment conditions at an industry level[37]. Unlike the previous act, however, it did not impose a duty to bargain at any level, and removed the notion of unfair labour practices (which, through the industrial courts, unions had previously used to compel employers to bargain). In general, it removed the courts from the arena of collective bargaining, because, as Thompson put it, "the labour courts made a hash of it under the old law and because the collective sentiment of members of the drafting team is corporatist. If Anglo and the Congress of South African Trade Unions can come to an understanding, their conception of the public interest prevails."[38]

It established a right to strike (which had already been secured, though more restrictively in the old act) and provided striking workers with protection against dismissal (unless they were guilty of misconduct during the strike). It did not require a ballot to be held before a legal

strike, and did not provide for criminal sanctions in the event of an illegal strike. It also guaranteed the right to strike to secure a recognition agreement from an employer (while encouraging a system of non-binding arbitration awards in recognition disputes). It did not, however, protect strikers where the appropriate procedure was not followed[39], where strikes occurred over dismissals, or over issues covered by arbitration[40] and did not permit strikes in "essential" and "maintenance" services[41]. Furthermore, with the exception of workers in enterprises partially covered by the "maintenance service" definition, it made no restriction on the use of 'scab' labour during a strike. Work stoppages related to broader socio-economic considerations were permitted, though subject to various restrictions. One of the more controversial clauses of this section of the bill was its protection of the right of employers to use lockouts over economic issues.

A key section provided for the establishment of the Commission for Conciliation, Mediation and Arbitration - an independent, statutory body whose purpose was to resolve labour disputes and encourage good faith and realism in collective bargaining, though it imposed no obligation to use of its services. Its focus was on independent mediation, with the labour court and arbitration services coming into operation when disputes could not be settled, or where the issues fell outside of the mediation realm. In cases referred to the commission it allowed arbitrators to decide on most matters relating to unfair dismissal, severance pay disputes and organisational rights, without the involvement of lawyers and without provision for appeal to the ordinary courts, though the labour court was given the power to review arbitrators' decisions and grant interdicts, and parties were permitted to appeal to the Labour Appeal Court.[42] The labour court limited the power of individual employees (as opposed to unions) to contest employer labour practices (except those involving unfair dismissal and

discrimination) and therefore unlike the old system, they did not cover breach of employment contract cases - compelling employees to use the civil courts.

The most significant element relating to co-determination was the provision for the establishment of Workplace Forums in workplaces employing 100 or more people. These were to be established at the instigation of a representative union[43], with a specified number of members elected according to the number of employees in the enterprise (unless parties agreed on a different composition)[44], with provision for full-time members in larger firms.[45] Any employee could be nominated to serve on a forum, either by a representative union or through a petition signed by fellow employees[46]. Employees up to senior managerial level[47] were permitted to vote by secret ballot for the full commitment of members[48], with new elections taking place every two years[49]. It provided for forums to meet once a month[50] during work time[51], and report ba at least four times a year.[52]

The idea was to promote worker participation in the affairs of the company and foster co-operative processes on all matters outside of those covered by collective bargaining. It was also designed as a means of balancing the highly centralised and corporatist system of negotiation promoted by the industry level bargaining councils with a more flexible, consensus-based system at the enterprise level. This can be seen from what the bill said about the function of a forum, which included: "representing the interests of all the employees in the workplace, whether or not they are union members"[53], "consulting with the employer" to reach consensus on a wide range of suggested issues[54], "providing for worker participation in the workplace"[55] and "seeking to enhance efficiency in the workplace"[56]. In these areas it placed an obligation on employers to consult employees, share information with them and

make decisions jointly with them, under conditions of strict confidentiality. On the issues suggested in the bill, and any others the parties agreed to be covered by the forum, the employer was not permitted to implement a proposal until he had consulted the forum with a view to reaching consensus and had invoked an agreed deadlock breaking mechanism, where no agreement has been reached.[57] He was also obliged to consider representations from the forum on these matters and respond to them.[58] If an issue was subject to joint decision making - such as redundancy plans - strikes were prohibited and any disputes were required to be submitted to arbitration.[59] Any difference over the interpretation of the act was also referred to the Commission.[60]

The publication of the bill prompted competing howls of protest from both business and labour over its provisions. This retarded the government's hope of forging a workable social contract between employers and employees in the short term. The next year was characterised by intense disputes between business and labour, both publicly (including nation-wide protest marches by the unions) and within negotiations forums like Nedlac.

From the unions' perspective a prime area of concern was the bill's lack of provision for an element of compulsion in collective bargaining - a dispute which helped prompt a month of rolling mass action in mid-1995. The union position was that there should be a statutory duty to bargain over wages and working conditions (which was vigorously opposed by employers). On this issue, however, the union position did not persuade the government to change its basic course, with Mboweni arguing that aside from the legal difficulties involved in trying to get parties to bargain effectively, statutory compulsion introduced unnecessary rigidity into the process.[61] The union federations also objected to aspects of its provisions on the mechanisms

to control centralised bargaining, to the ban on closed shops, to its failure to ban the use of 'scab' (replacement) labour, to some of its provisions on strikes and most particularly, to its provisions on lockouts. Furthermore, while most unions favoured the proposal for the establishment of workplace forums, they expressed concern that this system could be used to undermine shop stewards and union structures, as well as undermine collective bargaining, and therefore argued that the forums should be composed of shop stewards committees[62], and that they should be supplemented by a statutory provision for worker representation on company boards (with Cosatu general secretary Sam Shilowa, arguing for 50 percent representation).[63]

Aside from adamantly rejecting any notion of compulsion in collective bargaining, big business argued that an employer's right to use lockouts was enshrined in the draft constitution, and also insisted that the use replacement labour during a strike was a right which should not be restricted.[64] Business also objected to the bill's protection of striking workers by denying employers the right to dismiss them and argued that the right to strike should not be protected by law.[65] Small and medium-sized businesses (some of whom were represented by the Sunnyside Group[66]) argued that the bill favoured big business and organised labour, at expense of smaller firms, particularly with regard to the establishment of bargaining councils which could impose obligations concerning wages they would be unable to afford, and called for automatic exemption for small and medium sized businesses[67]. This demand was supported by big business through the SA Foundation[68], though never granted. Business leaders and federations also opposed some union demands on workplace forums, particularly regarding the idea of conflating shopsteward structures with the forums themselves. For most business leaders the potential inclusion of non-union members in the

forum was an important provision. For example, after reading the provisions of the bill in February 1995, PG Bison CEO Rob Cohen, said he was "very encouraged to see that in some place non-unionised people have been included, as opposed to the usual union philosophy which has been to exclude all non-unionised workers. The bill is very encouraging on that score."[69]

6.2.2 From Bill to Act

Among the provisions agreed on in tripartite negotiations through Nedlac and subsequently incorporated into the act, were the creation of statutory industrial bargaining councils with the right to resolve major disputes, promote training and education schemes, set up welfare funds and develop proposals on policy and legislation which might affect the industry, though they would not impose a duty on these councils to bargain over wages and working conditions, with these being issues which would have to be decided between the parties. These councils could be established by the government through Nedlac at the initiative of either party in industries where no such bodies existed, even where no consensus between unions and employers existed.[70] The act also allowed for parties to "contract out" of its provisions through private dispute resolution - by referring a dispute to a private agency for mediation or arbitration or via an agreement between the parties through which all disputes be referred to a private agency. Parties to a bargaining councils could also agree to certain procedures outside of the act's provisions.[71]

There was also an eventual compromise agreement on the legalising of sympathy strikes and the use of replacement labour after a seven day notice period, and a non statutory code of

conduct for pickets. The definition of a strike was extended to cover overtime bans and, contrary to employer wishes, there was no requirement to hold a ballot for strike action and no ban on strikes over socio economic issues. Despite union objections and protest action, the provision for lockouts was retained in the act (with the definition simplified to refer to the exclusion of employees from the workplace, without regard to whether their contracts were breached). However, a subsequent move by employers which resulted in the act (and thereby the lockout clauses) being accepted as a whole as part of the constitution was overturned by the Constitutional Court.[72] It is worth noting that strikes and lockouts could be organised around issues relating to organisational rights, despite the fact that the parties had the right to refer such disputes to the Labour Court or to arbitration, (though if they chose this root they lost the right to refer the dispute to arbitration for 12 months).[73]

The changes and additions made from bill to act regarding workplace forums were so significant, though less substantial than with regard to other aspects of the legislation. The act defines the issues on which the workplace forum is entitled to be consulted by the employer, with a view to reaching consensus.[74] Unless these are regulated by collective agreement or extended by a bargaining council[75], they are the following: restructuring the workplace (including the introduction of new technology and work methods); changes in the organisation of work; plant closures; mergers and transfers of ownership in so far as they impact on employees; dismissals based on operational requirements; exemptions from collective agreements or any laws; job grading; criteria for merit increases or discretionary bonuses; education and training; product development plans and export promotion.[76] It also provides for compulsory joint decision making (as opposed to consultation) on disciplinary codes and procedures, rules relating to the regulation of the workplace, affirmative action measures and

changes regarding social benefit schemes[77], with provision for additional issues to be decided in this way by agreement, or for issues to be removed from the ambit of joint decision making.[78] It provides for arbitration or referral to the Commission if there is a dispute on these issues[79] and specifies that the constitution of the forum is binding on the employer.[80] Despite employer objections, the Act places an obligation on the employer to disclose all information that will allow a forum (and also a representative union) to fulfil its role effectively, and provide any documents in this regard.[81] The provisions for disclosure, which were drawn from the fundamental right of access to information provided for in section 32 of the Constitution, allow for exceptions only where the information is legally privileged, protected by law in terms of a court order or confidential.

A significant change, which represented a major compromise from employers, is that it provides for "trade union based workplace forums", which may be established where the union represents all employees in the workplace for the purposes of collective bargaining[82]. In these cases the union has the option of choosing the forum members from its shop stewards (elected according to the union's constitution rather than according to the provisions of the act).[83] In the majority of companies, however, this would not apply and the provisions as set out in the draft bill are retained. Unlike the bill, the act specifies the criteria for non-union nominations to the forum: a petition by 20 percent of employees or 100 employees, which ever number is smaller.[84] Furthermore, it specifies that full-time forum employees (for workplaces with 1 000 or more employees) must be paid by the employer at the same remuneration they would receive if they remained in their previous job.[85] It also provides for the dissolution of the forum at the instigation of a union, if over 50 percent of employees vote for this course of action.[86]

For many in business the compromises which found their way into the act involved too many concessions to labour and government, and represented a shift in favour of organised labour, in a way that lacked the flexibility required by business. It was felt it extended the right to strike too far and widened the scope of disclosure beyond what was acceptable to business. Leslie Boyd described the act was "a messy compromise", adding that big business would be less accommodating in future.[87] Adrian du Plessis - one of the key Business South Africa negotiators on the LRA - similarly expressed unease with the final result while acknowledging it was a consensus position. "I am not by any means starry-eyed about how this is going to work, nor am I without reservations on how certain provisions are to be implemented. It was an excruciatingly difficult negotiation, but in the end we finally reached a broad consensus, and to that extent it does enjoy the support of all three major parties. ... This is certainly a progressive and even permissive piece of legislation that extends trade union rights to a level comparable to anything in the world. ... I am not aware of any other country that has achieved such broad consensus on the letter of the law. ... The question is: will it be able to address the workplace challenges and define a sense of equity capable of meeting the demands of globalisation, liberalisation and restructuring?".[88] The unions also remained dissatisfied about some of the provisions on workplace forums, which they saw as eroding the independence of their representatives, and also about the provisions on 'scab' labour, the lack of compulsion with regard to bargaining rights, and some of the restrictions on strike action. As Nactu secretary general Cunningham Ngcukana put it: "This may be consensus, but it is not the minimum requirement for labour regulatory law."[89] Yet despite such misgivings about the changes from bill to act, the premise of the legislation was one requiring, and in some instances compelling, a greater level of accommodation between business and labour than had previously existed.

One of its major implications was to increase the dimension of corporatism within the country's industrial relations system, both through the role played by Nedlac and through industry level bargaining. This dimension was strengthened by the provisions for the statutory industrial bargaining councils to regulate employment matters at industry level - potentially to cover non-party employers and workers as well as those directly implicated in the bargaining. In this sense employers in small to medium sized businesses could suffer by being forced to raise their wages to a minimum level which strained their ability to stay in business, though this could be mitigated by the provision for them to apply for exemption from agreements at this level - which is likely to assist non-union or anti-union employers. The beneficiaries of this dimension of the act are likely to be large, tightly organised unions and big business, particularly if both parties are willing to shift decisively from their adversarial past. If, in any industry, they come to collective agreements, then, as Thompson put it, "their conception of the public good prevails."[90] Small business was the most vociferous opponent of this form of corporatism, though elements of the left also opposed such developments, seeing them as an unacceptable form of class compromise. For instance, in common with some of the union objections cited above, academic commentators like Fine and Van Wyk portray the Act, together with the new constitution, the (past) government of national unity and the RDP, as part of a coherent, corporatist package, which was, in essence, anti-union. Harking back to early Fosatu days, they complain that "the rule of capital is being re-imposed on labour in the guise of ... corporatism", and add that "corporatism as a strategy by the mainstream of the labour movement is parasitic on the state and ill equips it to confront the new situation."[91]

The other dimension of the act is its focus on cooperation, conciliation and arbitration at enterprise level, which is designed to complement the corporatist thrust at industry level. With union organising rights extended, without the compulsion on either party to bargain, the focus is on encouraging employers and employees to work together voluntarily around their shared interests (though one effect of the removal of the compulsion to bargain could be an increase in strikes for recognition agreements, as occurred at the time of the introduction of the 1979 Industrial Conciliation Act). The most important dimension with regard to this enterprise level focus on co-determination is the provision for workplace forums. This compels managements to consult employees, share information, and on some issues reach joint decisions, with disputes referred to the Commission for Conciliation, Mediation and Arbitration, as an alternative to strike action. For larger companies the effect is likely to be to reduce the use of the strike weapon and encourage more cooperative relations with their unions, at least as far as issues outside of those covered by collective bargaining agreements, though it is worth bearing in mind that where unions are unrecognised or no longer representative, they have no power to compel employers to establish Workplace Forums. Furthermore, the act provides for a two tier system in this area, with businesses employing fewer than 100 people exempt from any obligation to establish workplace forums. On the other hand, it is also worth remembering that employers do not have the power to initiate establishing workplace forums themselves, and that unions which do not favour the system can bypass the provisions of the act in this regard. Some unions have expressed outright antagonism and others have adopted cautious positions in this regard. NUM, for instance, took the approach of making use of the forum facility only where joint management-union structures were not in place and could not easily be established. As its assistant general secretary, Cwede Mantashe put it: "Our approach is quite simple. That the structures we established at Eskom, Samancor, Ingwe, Implats - you

can count on an on - we see more results out of those structures because those are management -union structures as opposed to workplace forums. So where we have structures that we set up ourselves we won't run for workplace forums. It is only in cases where we find it almost impossible to set up structures that are designed by ourselves that we will go for workplace forums. So there is no rush for workplace forums because we think they have a potential for weakening trade unions."[92] If this approach is widely accepted the forum facility could be still-born at larger companies as well as smaller firms.

6.3 FUTURE PROSPECTS FOR PARTICIPATIVE MANAGEMENT

The Labour Relations Act is premised on a belief in the institutionalisation of industrial conflict and its replacement by cooperative modes of co-existence between labour and capital. It provides for a highly centralised model of industry level collective bargaining, even while allowing for the increased flexibility demanded by the market. Overall its success will depend on strong, stable and relatively sophisticated unions and on employers and employer organisations who recognise the importance of the union role. It would also be assisted by an economy showing sustained growth in real terms, to the point where job creation outstripped population growth and wage packages were at least keeping pace with the inflation rate. At the time of writing, none of these conditions could be said to exist with any certainty. For one thing, as discussed above, there has been a decline in the basis of union strength and yet a concomitant rise in the opportunity for institutional power of the unions, with a resulting gap between reality and potential. Among the consequences of this vacuum has been the inappropriate use of opportunity, and more commonly a failure to take advantage of it, with the result that employers have been further alienated from the unions, and, more seriously,

from the ideals of the corporatist project, while some unions have lacked the clarity of purpose to take advantage of the new opportunities provided.

Despite the corporatist agenda of the act, there is a tendency from employers, strongly influenced by developments within the world economy, to resist the such an agenda in favour of policies complying more squarely with a neo-liberal economic prescriptions - a tendency fed by what are regarded in business circles as wildly inappropriate uses of collective union muscle.[93] It is in this business-oriented resistance to corporatism that one of the tensions represented by the act comes into play. Contrary to the position taken by the likes of Fine and Van Wyk who argue there is a corporatist coherence in the government's legislative agenda[94], there has been a manifest tension between the different legs of the government's industrial policy. On the one hand the LRA and legislation on employment standards[95] and employment equity (affirmative action)[96] imply, with some ambiguity, a centralised, highly regulated, co-determinist agenda at the enterprise, industry and national economic levels, but at the same time government moves towards privatisation, deregulation and greater flexibility in the labour market, when combined with business and international pressures for more decisive moves in this direction, are part of a neo-liberal agenda essentially at odds with corporatism and co-determinism.

Elsewhere in the world, this agenda has tended to rely, at a minimum, on unions being prepared to accept a strengthening of the managerial prerogative and to accept the unilateral power of capital to organise production, as well as being willing to curtail their ambitions with regard to its members' interests. What this has meant in practice, most particularly in Britain and the US, is a trade union movement weakened in terms of size, organisational

strength, political power and public access. Given this agenda from South African employer organisations, backed up by international bodies such as the World Bank and the IMF, and largely complied with by the government, at least in terms of macro economic policy, the danger exists for the union movement that unless it is able to overcome the sources of its weakness, it will be unable to resist the pressures from capital, and ultimately the state, to bypass or undermine its power base, and thereby to frustrate some of the goals of the act. However, even if the trends towards deregulation, greater labour flexibility and declining union vitality and numbers continues, this does not imply that the participative project will necessarily be doomed. As argued throughout this study, one of the most significant forces driving and sustaining participative programmes was the racial and related cultural disparities within business in South Africa - most relating to the fact that whites were managers and blacks were workers. While the political edge of the conflict this engendered has been dulled, and therefore the process has become less overtly politicised than previously, the disparities remain, and are likely to continue to cause problems for business for many years. Certainly, the gaps in education levels, language barriers, living conditions, family life, religion and the other cultural factors discussed in chapter five, cannot be wished away by the arrival of majority rule, and, as discussed above, this is one of the main reasons why affirmative action and employee participation have remained prominent on the business agenda.

Though there is considerable variance in statistics provided by different research organisations on the progress of affirmative action programmes for black employees[97], it would appear that there has been a steady but unspectacular rise in the proportion of black managers and directors over the past decade, with this increase being more marked since the 1994 general election. The pressure in this direction will be increased by the Employment Equity Act,

aimed at promoting racial and sexual equality in the workplace[98] and by government public works policy regarding state contracts involving a scheme to reward firms for their affirmative action programmes.[99] Yet the gap between white and black employees in terms of income and individual power, is unlikely to be eliminated for many years to come, with even the most optimistic prognoses recognising that affirmative action programmes will remain a consideration for industry well into the next century.[100] As a result, pressures on management to find ways of eliminating or mitigating the implications of this gap are likely to continue - through training and literacy programmes aimed at upgrading the skills of black employees, and through a variety of programmes aimed at increasing the 'stake' of employees in the company. These include the forms of direct, task centred participation discussed above, such as quality circles and 'in-a-groups, as well as direct, power centred forms such as unit level extensions of workplace forums, even though these may be countered by other pressures in the direction of a reassertion of the 'managerial prerogative' and of placing customers rather than employers at the centre of the company's concern. Likewise, there is also likely to be a continued increase in indirect forms of participation, such as the appointment of employee directors and the expansion of Esop and profit sharing schemes.

Even prior to the signing of the LRA, these countervailing pressures could been seen in the examples from industry and commerce discussed above and below. In 1986 PG Bison was influenced by political pressures to introduce a stakeholder programme, but thereafter faced a range of new considerations, particularly regarding increased competition. These prompted a decision to merge its three businesses, concentrate on core products and transform the business into one which was more competitive. After lengthy negotiations with its unions, several sites were closed and workers were voluntarily made redundant. When the company

emerged from this upheaval, most of its participative programmes had fallen into disarray, and, in effect, were no longer considered an absolute priority by management. While some power centred, but less direct, forms of participation involving the unions were strengthened as a result of the restructuring negotiations, the company's focus moved away from the direct, value and task-centred forms of participation, and even where these were retained, the rhetorical focus was on the customer rather than the employee. Whereas in the past, the programme was driven by direct and indirect political impulses, its future (beyond the level of the Workplace Forum, now required by law if representative unions want it) depends on 'bottom line' considerations - of which labour peace is one (others including efficiency, productivity, product quality and customer service).

At many other companies, with shorter or non-existent histories of participative programmes, the LRA and particularly its provision for Workplace Forums, can be expected to provide the test on which the stakeholder agenda will be judged. If the forums are seen to operate constructively, contribute to industrial peace and improve worker motivation and performance, there will be considerable incentive to expand participation both directly and indirectly. If, however, they are seen as fractious, unrealistic in their proposals and time-wasting, employers can be expected to undermine and bypass them, and to do no more, and perhaps considerably less, than the legal minimum in complying with the Act, while unions, which are not obliged to initiate them (and therefore can avoid them altogether), are likely to judge them in terms of the degree their own bargaining position is strengthened by their presence. It is likely that both tendencies will exist within South African commerce and industry.

Overall, it appears that the balance of forces favouring the spread of most forms of participative management - power and task centred, direct and indirect - have been strengthened, largely as a result of the indirect politically-related pressures of the racial imbalance within business management, and the direct politically-rooted pressures from legislative interventions. But the forces pushing in the opposite direction - organised business lobbying for a reassertion of more traditional notion of the managerial prerogative, the antagonism of some unions to co-determination and most significantly the economic forces pressing in the direction of deregulation and a more flexible labour market - certainly have the potential to reverse the momentum and ultimately to unravel even the legislation securing the current, uncertain base.

NOTES

1. Duncan Innes, "Bridging a great divide," Mail and Guardian, November 11 1994.

2. Quoted in Business Report, February 28 1996.

3. Interview, Rob Cohen, February 6 1995.

4. Ibid.

5. According statistics cited by Jeremy Baskin ("Unions at the crossroads: Can they make the transition?", SALB, vol 20 no 1, February 1996, pp 8 - 9), total union membership in South Africa grew from 1 391 423 in 1985 to 3 272 768 in 1993 but fell by six percent to 3 065 860 in 1995. In 1994 Cosatu unions had 43 percent of the total membership, Nactu 11 percent, FEDSAL 8 percent and other federations and unaffiliated unions 38 percent.

6. See in particular chapters five and 11.

7. Ppwawu at PG Bison and Nampak, Numsa at Volkswagen, Fawu at SAB and Premier and NUM and Numsa at Eskom.

8. Including Cosatu general secretary Jay Naidoo, his former deputy Sydney Mufamadi, former NUM general secretary Cyril Ramaphosa and leading Numsa and Cosatu strategist Alec Erwin. According to Baskin in 1994 Cosatu and its affiliates employed about 1 450 people, In that year about 80 experienced unions left, with their replacements tending to be younger and less experienced, while in 1995 this tendency was exacerbated. In the October local elections, for example, 101 NUM members and officials were elected as councilors. (Baskin, op cit, p 15)

9. Chris Lloyd, quoted in David Honigmann, "Same as the Old Boss", Prospect, Issue three, December 1995, p 69.

10. Baskin, op cit, p 15 - 16.

11. Ibid, p 13.

12. Ibid.

13. This impression was gathered from interviews and informal discussions with several individuals within the business community or working closely with it.

14. Baskin, op cit, p 13.

15. With the exception of the Minister of Finance (until 1996), there were no cabinet members with recent business experience.

16. Among them, Jay Naidoo, Sydney Mufamadi and Alec Erwin.

17. Quoted in Karl Gostner, "Contesting the transition: Cosatu since the democratic elections," SALB, vol 20 no 1, p 37,

18. As former union leader and current Trade and Industry minister, Alec Erwin: "In the union movement we simply underestimated the pressures on an economy like South Africa, and the difficulties in bringing about economic change and growth. These pressures are very powerful. (Eddie Webster and Karl von Holdt, "Engaging with the global economy: Interview with Alec Erwin", SALB, vol 20 no 3, June 1996, pp 18 - 19).

19. Questionnaire, Roddy Payne, November 5 1996.

20. Interview, Maxine Hart, May 25 1995.

21. A term first used by the legal academic (and partner of the bill's drafter-in-chief), Clive Thompson in "Labour law's third revolution," Weekly Mail and Guardian, February 3 1995 and later by several others, including the Labour Minister, Tito Mboweni. (The Star and SA Times Business Report, November 20 1996).

22. Quoted from RDP programme in Baskin, op cit, p 14.

23. Interview, Halton Cheadle, February 11 1995.

24. This applied in particular to the proposals for workplace forums which, according to Thompson (op cit), "the German system of works councils is clearly the inspiration."

25. Quoted in Saturday Star, August 19 1995.

26. Tito Mboweni, "The Role of the Trade Union Movement in the Future South Africa," paper presented at the 36th Annual Convention of the IPM, Sun City, October 21 1992, published in SALB, vol 16 no 8, November/December 1992, p 25.

27. Ibid, p 26.

28. Asked whether its aim was to place the country's industrial relations milieu within a social democratic framework, Cheadle replied: "You can use any word you like. I've been associated with the left long enough to know about the connotations of some words." (op cit).

29. In the 1974 he was 'banned' and house arrested under what became the Internal Security Act as a result of his activities in support of independent unions. (Ibid)

30. In the late 1970s he worked for the Fosatu-affiliated Textile Workers' Industrial Union. (Ibid)

31. He was professor of law at the Centre for Applied Legal Studies at Wits University and lectured in labour law.

32. Cheadle, op cit.

33. The draft bill was released on January 23 1995 and published in the Government Gazette of February 10 1995. The Labour Relations Act was published in the Government Gazette of December 13 1995 and it finally became law on November 19 1996.

34. Thompson, op cit.

35. This excludes members of the South African Police, the South African National Defence Force and the intelligence services.

36. Though it permitted 'agency shop' agreements (where collective bargaining levies to be paid by all employees but union membership was not compulsory), subject to extensive controls.

37. As with the old industrial councils, the bargaining councils could apply to have their agreements extended to cover employers and workers who were not organised, though small businesses and other employers could apply to an independent body for exemption.

38. Thompson, op cit.

39. The dispute had to be referred to the bargaining council and to be unresolved for 30 days or longer, after which at least 48 hours notice had to be given to the employer.

40. Such as dismissal.

41. Essential services were defined as those whose interruption would endanger the life, health and safety of the population and maintenance services as those whose interruption could lead to the "physical destruction of plant, machinery or working area". Employers with a section of their factory classified as a "maintenance service" were not permitted to use "temporary replacement workers" in the sections not classified in this way, in the event of a strike in these unclassified sections.

42. Thompson, op cit.

43. Draft Labour Relations Bill, Government Gazette, no 16259, 10 February 1995, p 42, clause 57.

44. It would involve five members where 100 to 200 employees are employed; eight in a workplace with between 200 and 600, 10 in a workplace with between 600 and 1 000 and thereafter an additional member for every 500 employees, up to a maximum of 20 - unless parties agree otherwise. (Ibid, p 43, clause 58 (1)(a).

45. Ibid, p 48, clause 72(1).

46. Ibid. Clause 58(4)(b) leaves the required number of percentage of employees to sign the petition to be decided by Nedlac.

47. Ibid, clause 59(3)(a).

48. Ibid, p 44, clause 58(5), (6) and (7).

49. Ibid, clause 59.

50. Ibid, p 45, clause 62.

51. Ibid, p48, clause 71(1).

52. Ibid, p 47, clause 69 (1).

53. Ibid, clause 56 (a).

54. Ibid, clause 56 (b). The task team left these to NEDLAC to determine but suggested the following: restructuring the workplace, introducing new technologies or work methods, changing the organisation of work working time patterns, strategic business plans, production planning systems (such as just-in-time inventory, quality circles or quality assurance systems), investment decisions, corporate structures, product development plans, productivity quality and schedule levels, mergers, transfers, closures,

redundancies, dismissals, personnel policy (including hiring, transfer, promotion, classification, disciplinary codes), the physical conditions of work, education and training, job grading, affirmative action programmes, social benefits (including pension and provident funds and medical aid schemes) and the application for exemption from any law or collective agreement. (Ibid, p 45, clause 63, footnote 9).

55. Ibid, p 42, clause 56 (c).

56. Ibid, clause 56 (d).

57. Ibid, p 46, clause 65(1).

58. Ibid, clause 65 (2) and (3).

59. Ibid, p 47, clause 66(5).

60. Ibid, p 49, clause 74.

61. Business Times, June 25 1995.

62. Robert Fine and Graham van Wyk, "South Africa: State, Labour and the Politics of Reconstruction," Capital and Class, no 58, Spring 1996, p 28.

63. Sam Shilowa, "Labour's view of the road ahead," The Star and SA Times, July 31 1996.

64. Mail and Guardian, July 13 1995.

65. The Star and SA Times, February 28 1996.

66. They claimed to represent 300 000 small employers.

67. Sunday Times Business Times, May 28 1995.

68. Sunday Times Business Times, March 3 1996.

69. Rob Cohen, op cit.

70. Mail and Guardian, July 7 1995.

71. See Susan Hayter, "Contracting out of the new Labour Relations Act: privatising dispute resolution," SALB, vol 20, no 4, August 1996, pp 70 - 72.

72. This case followed a 24 hour stayaway by over a million Cosatu workers (Cosatu claimed a 75 percent success rate and the UPE Industrial Relations Unit reported an 85 percent stayaway for that region) which led to the clauses in the constitution protecting lockouts being excluded. (See Deane Collins, "Cosatu: regaining lost ground?", SALB, vol 20 no 3, June 1996, p 7.)

73. See Carole Cooper, "Strikes and lockouts in the new LRA," SALB, vol 20 o 1, February 1996, p 82.

74. These were suggested in the bill but referred to Nedlac.

75. Labour Relations Act, 1995, Government Gazette, 13 December 1995, p 98, section 84 (2).

76. Ibid, section 84 (1).

77. Ibid, pp 100 - 101, section 86(1).

78. Ibid, p 101, section 86(2).

79. Ibid, section 86(4).

80. Ibid, p 96, section 82(3).

81. Ibid, pp 104 - 105, sections 89 and 90.

82. A situation which would exist, for example, where the union has an agency shop agreement, permitted in the act.

83. Ibid, p 93, section 81.

84. Ibid, p 94, section 82(1)(h)(ii).

85. Ibid, p 106, section 92(2)(a).

86. Ibid, section 93.

87. Sunday Times Business Times, March 3 1996.

88. Quoted in Business Report, November 20 1996.

89. Ibid.

90. Thompson, op cit.

91. Fine and Van Wyk, op cit, p 20.

92. Ian Macun and Sakhela Buhlungu, "When the rain comes it falls for everybody," interview with Gwede Mantashe, SALB, vol 20 no 1, February 1996, p 29.

93. For example, the April 30 1996 national stayaway in demand of the exclusion of the lockout clause from the new constitution.

94. Fine and Van Wyk, op cit.

95. Some of the provisions of the LRA will reinforced by an Employment Standards Act, which will replace the Basic Conditions of Employment Act and the Wage Act. The Green Paper covers a range of issues relating to labour relations, including working time and leave, maternity and paternity rights, child labour, termination of employment, part-time, temporary and contract work, night work. It also recommends the establishment of an Employment Standards Commission to make recommendations on employment standards in any sector where there is no bargaining council, ratify provisions in collective agreements that vary employment standards and advise the Minister of Labour. (Vishwas Satgar, "The Employment Standards Green Paper: reforming the world of work," SALB, vol 20 no 3, June 1996, pp 63 - 68)

96. The Employment Equity Act will be aimed at promoting racial and sexual equality in the workplace.

97. According to McGregor Information Services the number of black male directors of companies increased 27 percent from 276 to 349 between 1995 and 1996 while the number of black women directors increased from 14 to 27. And, according Innes, the percentage of black managers in 130 leading private and public companies increased from 6.4 percent to 9.1 percent. (Cited in, The Star and SA Times Business Report, July 10 1996). However, the fourth annual edition (1996) of the Affirmative Action Monitor, produced by the HR consultants FSA-Monitor, gives a less sanguine report. Between 1992 and 1996, there was a rise of only 0.4 percent among black senior managers, and 0.7 percent among black middle managers. The report also stated that 25 percent of companies had targeted women for affirmative action. (Cited in The Star and SA Times, July 24 1996). And according to the BMF, in 1995 only 3.5 percent of managerial positions were held by blacks. (Cited in Daily News, August 18 1995).

98. The Star and SA Times Business Report, June 5 1996.

99. The policy, launched by the Department of Public Works in September 1995, governs an estimated R300 million a year in contracts to consulting, engineering and architectural firms. According to Public Works minister, Jeff Radebe, one of the goals of the policy is to expand the capacity of black professional construction firms and reverse their historic exclusion from government contracting. (Business Report, August 21 1995).

100. For example, Innes predicted that "affirmative action is probably going to be around ... at least until 2002." (Business Report, July 10 1996.)

PART TWO: A CASE STUDY OF PG BISON LIMITED

CHAPTER SEVEN

PG BISON LIMITED

7.1 INTRODUCTION

PG Bison Limited was created in 1986, bringing together three companies within the wood product industries - PG Wood Holdings Limited, Bisonbord Limited and Laminate Industries (Pty) Limited - which became subsidiaries of PG Bison. After June 30 1993 the last vestiges of this three-in-one structure ceased to exist and it became a single business. From the time of its formation it was the largest of the four local wood product manufacturers[1] and, as Financial Mail put it, "the only operation to have exposure in the full chain, including manufacture through to retail distribution".[2] According to Leon Cohen, who had been the CEO of PG Wood and was CEO of PG Bison from 1986 to 1994 and chairman from 1996, the reason for PG Bison's formation was PG Wood's desire to "integrate backwards" into manufacturing. "We had one manufacturing division, which specialised in formica and decorative products, but we didn't manufacture particle boards, which was critical to distribution, and we realised we needed that."[3] Rob Cohen, PG Bison's former financial director and later CEO, said prior to 1986 the three businesses "were a threat to each other" as each was a leader in its section of the market. A motivation for the merger from all three companies was to "pool resources" to eliminate the debilitating conflict between them.[4] The decision to retain the separate identities under the PG Bison umbrella was taken because it was perceived that it would be too disruptive to the businesses to take the single company

option at that stage - a view supported by the initial success of the structure.[5] Again, as Leon Cohen put it: "The culture shock of the merger in 1986 was such that we left the businesses as they were, rather than bring them together. Maybe it was a mistake, but they were doing well, which always slows things down."[6]

PG Bison has always been an unlisted public company. After June 19 1992 its main shareholder (holding 71,7 percent of the equity) was the listed company PGSI, which itself had become a subsidiary of SAB. The other shareholders are Mondi Paper Company Limited - 24 percent - and an executive share trust (effectively the managers) owned 4,3 percent.[7] During its 11 year existence its has employed between 3 800 and 5 100 people[8], whose job it has been to manufacture and distribute industrial products which found their way into homes, offices and other buildings in the form of shelves, cupboards, furniture and building materials.

Prior to restructuring in 1993, PG Bison operated as a holding company whose assets included four Bisonbord factories (Piet Retief, Boksburg, Pietermaritzburg and Stellenbosch), involved in the manufacture and upgrading of chipboard products, the Laminate Industries factory in Alberton specialising in the manufacture of surfacing materials and 72 PG Wood, Timber City and Penny Pinchers outlets (in 25 distribution depots) involved in the sale of the products of PG Bison's factories and others, mainly on a wholesale basis. After restructuring the three companies were merged into a 'downsized' PG Bison, with the five factories forming its manufacturing division, the PG Wood and Timber City outlets forming its distribution division and Penny Pinchers continuing to exist separately.[9] Since then some Timber City branches have been run as franchised stores, while others remain wholly owned by the

company and fall directly under its distribution wing, as do the other former PG Wood branches.[10]

Up to 25 percent of the total product has been exported - to the US, Taiwan, Japan, Korea, Australia, Britain, several western European countries, Zimbabwe, and Namibia, though quantities varied according to domestic demand because of lower costs and higher profit margins from the local market, with, for example, the proportion falling to seven percent in 1994/5 when the internal market was flourishing.[11] Some of its international deals have been conducted through "technical partnerships" involving joint production deals with US and German firms.[12]

7.2 OWNERSHIP AND CONTROL IN PG BISON

The 1992 'friendly' takeover of PGSI by SAB (which acquired 67 percent of PGSI's equity) was part of a package in which PGSI raised its shareholding in PG Bison from 47.8 percent to 71.7 percent (by purchasing Afcol's shares). This meant that SAB acquired a controlling share in PGSI, which, in turn, had a controlling share in PG Bison.[13] Previously there had been no controlling shareholdership - a factor, as argued below, which influenced PG Bison's ability to implement TPQ. Until the takeover by PGSI and SAB[14] was completed in April 1992, two listed public companies, PGSI and Spankor (which was jointly owned by Anglo American subsidiary Mondi and by Afcol), owned 96 percent of PG Bison's shares, with the balance held by management.[15] As a result of an arrangement between the two dominant shareholders up to 1992, PGSI played a more direct role than Spankor. PGSI joint executive chairman Bertie Lubner was PG Bison's non-executive chairman until 1990, while his brother,

fellow joint executive chairman Ronnie Lubner, took over until 1996[16], and also became sole chairman and CEO of PGSI, while Bertie was effectively demoted to becoming a non-executive member of the PGSI board, having, according to Business Day, "reduced his executive responsibilities to pursue personal business interests"[17] - though this development followed substantial losses made by the company's international wood division[18], which was subsequently disposed of. After that, PGSI's sole interest in the wood and related industries was found in PG Bison's activities[19]. The SAB deal did not affect Ronnie Lubner's role as chairman and CEO of PGSI. The main change at this level was that after June 1992 four SAB board members served as non-executive members of the 13 man PGSI board. Commenting on the relationship between SAB and PGSI at the time, Malcolm Wyman (SAB's planning and development director and a PGSI board member) said SAB had "an ongoing financial and strategic relationship" with all its subsidiaries, although the subsidiaries were responsible for day-to-day activities"[20]. Financial Mail noted SAB's investment in PGSI was "large, even for SAB" and commented that the new parent company "plainly intends to play an active role"[21]. This, however, did not necessarily mean that SAB would play a similar role within PG Bison itself. SAB had only one, non-executive director on the PG Bison Board (one of four members of the PGSI board who also sat on the PG Bison board[22]).

Discussing the possible implications of the takeover for PG Bison, soon after the negotiations were announced, Leon Cohen, commented: "My own view is that the name SA Breweries is a misnoma. SA Breweries has a connotation that it is a beer business, but to me it is nothing but a conglomerate. We have Breweries as one of the businesses, and OK Bazaars, Edgars, Afcol and others. It is a commercial-industrial holding company, and as such, it might be more effective in allowing the business to grow than was the case with institutions which were

really concerned about their dividend yields and not with industrial growth per se, such as Liberty Life"[23]. SAB had a positive interest in what PG Bison was doing, he said. "I think any company would be very interested in seeing that PG Bison is a success. It is clearly of interest to them and I believe that at the moment in this country there are very few companies who are not concerned about what changes need to take place, so I think, if anything, it might give us a greater opportunity to replicate what we're doing".[24] In subsequent interviews various managers and directors at PG Bison emphasised that there had been no "negative intervention" in TPQ or other aspects of the business from SAB.[25] As communications and IR director James Smith put it soon after the takeover: "Breweries hasn't tried to intervene because it was a friendly takeover, so the whole thing was done very amicably. SAB and PGSI said this was purely an investment change which would not affect management or policy within PG Bison, and in practice they've kept to this."[26] Six months later, TPQ national coordinator Maxine Hart, added: "What's changed is that PGSI are a bit more involved. Ronnie Lubner is around the office far more than he used to be, but PGSI hasn't interfered in TPQ and all that's changed from SAB's involvement is that we've introduced their accounting practices - we now do our budgets the way they want, in their format, which is far more efficient".[27] However, in 1994, shortly before retiring as CEO, Leon Cohen said the arrangement was as smooth as initially anticipated, but emphasised it had improved. "I've found my relationship with SAB is better than it was. It was strained at the beginning, but I found myself getting more phone calls from them, saying things like, 'we'd like to discuss what your thinking is for doing what you're doing on some of these issues'. I think by the time they came into the picture what we were trying to do - with TPQ - was no longer an emotive issue. By then SAB themselves was introducing its own change programme, so they

were interested in what we were doing. And, of course, it always helps when the company is doing well. No doubt about that."[28]

7.3 THE ROLE OF THE SHAREHOLDERS PRIOR TO THE SAB TAKEOVER

A significant dimension of PG Bison's structure is the fact that it has always been an unlisted public company (though in the late 1980s a proposal to have a rights issue and seek a JSE listing was considered.[29]). As mentioned above, its main shareholders were listed public companies owned by other listed public companies. For a company of its size (by 1995 it had 4 068 employees, 60 stores or warehouses, five factories, total assets of R517 million and its annual sales totalled R861 million.[30]), it is unusual though by no means unique to be unlisted. The reason related to its existence as a unity of three existing companies (two public and one private) and to the nature its share-ownership (96 percent from companies which themselves were listed) which meant that public money was not required to the same extent as with most other companies of its size.[31] Until the PGSI-SAB takeover, the share-ownership structure (with neither shareholder having absolute control and the management effectively holding the balance of power) allowed for a higher than usual level of executive autonomy for an unlisted company, according to Rob Cohen. Interviewed prior to the SAB takeover, he said that in effect, "these shareholders have really no input on the day to day running of the company, nor on the decisions within our company strategy".[32] He added, however, that the system had "its minuses as well as its pluses: "On the one hand you have a lot of operational autonomy, but on the other hand, with anything requiring shareholder approval you better get used to the fact that it takes two years to get, because its got to go through them and up through their scales".[33] But he conceded there would be

advantages in being listed: "From management's point of view it would be nice because, in some respects this gives you more autonomy and you then have a visibility and an economy you don't have as an unlisted company".[34]

The system worked as follows prior to 1992: There were eight non-executive directors - four appointed by PGSI and four by Spankor (two by Mondi and two by Afcol), with a PGSI director voted into the position of non-executive chairman by agreement between the shareholders. A shareholder's agreement also governed the relationship regarding PG Bison (ie which issues required consensus - with the status quo remaining when there was no agreement). An executive board (management committee) ran the business on a day to day basis. The most significant restriction was that they were required to confine the company to the wood and related industries. For example, they could not enter the computer businesses without the consensus of PGSI and Spankor, but could decide to open another branch without such approval. They also required approval for major expansion projects, so if they wished to buy a new factory they would need the full board's approval (though this could only be withheld if insufficient funds were available). Full board meetings were held every three months (with a committee representing the four shareholders briefed by the CEO and financial director in the intervening months) while the executive board met every month. Though the executive board was reduced from 10 to seven members, the company operated in a similar manner after 1992, with management's powers largely unaffected but without the complexities of the previous shareholders' relationship.[35] As a result, management (through the executive directors) had considerable autonomy, particularly when it came to matters which did not have a direct and major bearing on the finances of the company - a situation which appeared to have continued after the SAB-PGSI takeover.

7.4 THE ORGANISATION OF THE BUSINESS

The most important organisational division within the company was that between its three main subsidiaries - Bisonbord, Laminate Industries and PG Wood (each of which existed prior to PG Bison's formation in April 1986, but ceased to exist as anything other than legal shell companies after June 30 1993). In April 1992 PG Bison acquired a controlling share in Pennypinchers, but this existed as a separate entity, and despite being part of the distribution arm of the company, was not integrated into the centralised PG Bison structure after the restructuring. The division between subsidiaries was important in several respects. First, the divisions played distinct roles within the business, in terms of what they produced or sold. Second, they were legally separate entities with a high level of divisional autonomy. For Laminate Industries (a private company) this was particularly important because PG Bison owned only 70,04 percent of its shares (prior to 1993, when it was bought out), meaning that unlike the Bisonbord factories (headed by general managers) the LI factory had its own directors.[36] Third, each of the subsidiaries had its own unions for regional, historical and operational reasons.

Bisonbord processed and upgraded raw materials, including logs, paper, resin and melamine. In producing medium density fibreboard and particle board (chipboard) and , as well as wood veneer and surfaced chipboard, logs (and sometimes scrapwood) were chipped into woodchips which were then dried to the correct consistency and mixed with resin. The chip/resin mixture was pressed into boards using an hydraulic press, after which a wood or paper foil veneer was pressed onto the boards to create a finished surface. About half of this product was sold directly to major wood and furniture manufactures and the other half to wholesalers and

retailers (PG Wood, Timber City, Penny Pinchers and, until 1993, independent distributors like Federated Timbers). After the 1991 closure of Plyproducts (Natal), Bisonbord had four factories - Piet Retief, Pietermaritzburg, Boksburg and Stellenbosch. These became part of PG Bison's manufacturing division after 1993). The Cape, Natal and Boksburg factories each had their own board and upgrading factories, Piet Retief, the largest, only produced raw board, which was then sent to Boksburg's upgrading factory (which until 1993 was a separate managerial division). Their main manufacturing competitor were the Sappi subsidiary Novaboard and later also Chipboard Industries from the Transkei.[37]

The Alrode factory (formerly Laminate Industries) manufactured three main products at its two divisions (Laminate and Compan), the most important of which was the high pressure decorative laminate, Formica. This was produced by soaking rolls of paper (brown kraft paper for the core and decorative papers for the outside) in a resin bath. The kraft paper was arranged in layers for thickness, with the decorative papers added for colour and finish. These layers were pressed under intense heat and pressure into formica sheets. The finished product was used in a variety of surfaces, most commonly within kitchens. The second product was Deccon (similar to formica, though less durable and used on surfaces such as the sides of desks). Rolls of this were produced in a continuous press at the Laminate plant. The third product was Melawood (less hard wearing than Deccon or Formica and often used on the doors of kitchen cupboards). This was produced by placing thin paper-plastic layers onto pieces of chipboard.[38]

PG Wood was solely involved in the distribution side of the business, selling products from both Bisonbord and Laminate Industries, as well as of other manufacturers. These included

doors, shelving, panelling and hardboard products. This changed when PG Wood was absorbed into PG Bison as its distribution division in June 1993, after which the outlets ceased selling the products of other companies. PG Wood sold mainly on a wholesale basis to other producers and retailers, while the Timber City branches and Penny Pinchers branches catered mainly for small builders and the home improvement market. Prior to the merger, approximately half of PG Wood's total product came from the other PG Bison subsidiaries and half from other companies.[39]

The second organisational division within the business was that of its Strategic Business Units (SBUs), which were formed in 1987 and phased out as separate orgnisational entities in 1996. The business was divided into eight SBUs - one for each of the four former Bisonbord factories, one for the Alrode factory and one for each of the three distribution regions (Transvaal, Cape and Natal). Each SBU was autonomous within the group parameters. This meant they were managerially self-sufficient and operated with the ideal that any one of these entities could exist if the rest of the company should go insolvent. Each had its own MD or, in the case of the Bisonbord, its own general manager, and its own management structure. In PG Wood each branch manager was directly answerable to the regional management structure which had its own regional office, responsible for administration for the region. Beyond that, the branches were responsible for their own sales, customer service, deliveries and stock.[40] Pennypinchers did not form part of the PG Wood or any other SBU, as its status within the group was precarious (though it continued to be wholly owned by PG Bison after it proved its worth to the company by significantly improving its performance).[41] A third division was Exports and Diversified Products, which, prior to restructuring, had its own executive director and handled all exports for the group. Several other 'bits and pieces' also fell within this

division and until 1991 the Bisonbord upgrading plant in Boksburg fell under this division (though this was ended by the merger of the Boksburg Supawood and Upgrading operations into a single business unit).[42]

7.5 RESTRUCTURING

In August 1992 PG Bison began a process which led to it being restructured into a single business, removing the previous divisions between Bisonbord, PG Wood and Laminate Industries. After an initial process of discussion at executive level a 'strategy think tank' examined PG Bison's existing structure, and found it to be fundamentally flawed. As one think tank member put it at the time: "Our aim is to get into a position where we can compete more vigorously with global and local competitors. To do this we want to avoid the duplication of tasks, the inflated costs involved in having three separate management structures and the marketing problems involved in the previous arrangement. We have arrived at the conclusion that the answer was for the three divisions to be merged into a single company, with a single management structure."[43] As discussed in more detail in chapter 11, after a prolonged correspondence this proposal was then discussed with union officials and senior shop stewards before being formally ratified at a meeting of the company's entire senior management team during a week-long conference in March 1993. It was then presented to the rest of the company and implemented from April 1 1993. A position paper produced at the time noted that PG Bison had operated essentially as a holding company, with the only centralised functions being finance and the TPQ programme. The existing structure of separate operating companies, "hampered PG Bison's ability to achieve world-class performance standards because of: conflict among the operating companies; duplication of functions; and

an organisational hierarchy that frustrates individual creativity."[44] The paper added that these hierarchies were "not only costly, but also reduce the ability to respond quickly and flexibly to customers", and that these constraints had been "compounded by South Africa's return to the international marketplace."[45]

Expanding on these problems, another think tank paper noted that among the difficulties faced by the company was PG Wood's dominance within PG Bison. This was "built on a 'trader' focus and on its power in the industry"[46], but was being challenged by the entry of competitors like Chipboard Industries and Novobord, whose counter-strategies included expanding capacity, widening product range to match PG Bison's[47] and eliminating PG Bison's price advantage vis-a-vis independents, which were growing in significance. Other problems included the fact that customers were less inclined to pay the prices the manufacturer needed to cover rising costs, there were low barriers to entry in the distribution side, and the recession had caused a major drop in industry volumes. These were compounded by "internal factors" such as the fact that the manufacturing side of the business was not "globally competitive", distribution margins were falling and overheads rising and the existing company structure resulted in "serious dysfunctional conflict between divisions" and in a "large duplication of function and cost."[48]

While these 'dysfunctional' elements within PG Bison's structure had existed from the time of the company's formation in 1986, they had previously been rationalised in terms of the advantages of decentralisation, the disadvantages of disruption and the overall success of the business. But the combination of the decline in sales of some products[49] and the more competitive environment within the industry, and particularly within its production component,

was placing greater pressure on profits, and even on the company's long-term viability, and this forced the executive directors to push for a radical structural change. As the then-CEO Leon Cohen expressed it in April 1993: "Our ability to encourage individual creativity and achieve world class performance has been limited. With rising costs, static volumes and squeezed margins we will be out of business if we do not shift. We must be able to compete successfully if we are to survive and grow into the next century."[50]

Prior to restructuring PG Wood was the dominant force within the company despite the fact that Bisonbord was the major earner.[51] This was because of its role as the leading distributor of wood products in South Africa. Through its market position, it was able to exert control over the manufacturers. A problem for Bisonbord and Laminate Industries was that they were not gaining much from the regular price increases in the sales of their products, which were introduced by PG Wood partly because of its high cost structure. PG Wood was buying cheap and selling high, and yet its profits were unspectacular, while other distributors sold at similar prices, but with higher profit margins. The price was therefore controlled at the point of easiest entry into the market (distribution) rather than at the highest barrier to entry (manufacturing). Because of the low barriers to entry in the distribution sector, there was a steady increase in the number of competitors, with companies such as Kayread, Federated Timber, City Wood, and Boardking eroding PG Wood's market dominance.[52]

An added consideration exacerbating tensions within PG Bison was the fact that PG Wood was selling 30 percent of the products of Novabord. As one think tank member put it: "Our manufacturers are being squeezed by PG Wood's inflated prices, which reduce demand, as well as by the fact that it is distributing for our main competitor."[53] Furthermore, the market

for certain PG Bison products (such as chipboard, and particularly chipboard with veneer surfaces), had been shrinking over the previous two years - declining by 20 percent between 1990 and 1992.[54] This was partly because of the recession but also because these products were being imported at lower prices and because other manufacturers were selling directly to end users (and therefore bypassing PG Wood and Timber City). This led to declining sales and profits at PG Wood and Timber City outlets[55], and to the realisation that despite the fact that costs were rising faster than sales, the company could no longer raise prices to cover rising costs, because this was dampening demand.[56]

Two aims of the restructuring process were to alter the balance between manufacturing and distributing and to eliminate the anomaly of the group aiding its competitor by helping distribute its product. As a result, the distribution division (previously PG Wood) ceased selling for Novabord. The intended effect was to increase demand for the products of Laminate Industries and Bisonbord (because to maintain its existing level of sales, the manufacturing division would need to increase production by up to 30 percent - as indeed, happened soon after the restructuring process was introduced[57]). As Rob Cohen put it in 1995: "By taking a strategic decision to cease distribution of products from outsiders, you suddenly increase the throughput of your own factories, and your bottom line improves automatically."[58] The danger was that there would be an initial loss of market share, but this did not occur then. Instead, because the restructuring coincided with increased demand within the furniture market, there was a growing demand for the products of the manufacturing division from independent merchants (and from PG Bison's distribution division)[59]. This contributed to a significant improvement in the company's performance in 1993 and 1994.[60] For Leon Cohen, who initiated the restructuring process before retiring as CEO to enter

politics[61], there was an added motivation. He felt that having three separate management hierarchies was not only creating unnecessary duplication of functions and rivalry within the company, but was also impeding managerial creativity, and this in turn was a dampening factor on the performance of all three subsidiaries. One of the key initial objectives of the company's TPQ 'philosophy' was to raise performance by increasing worker participation and motivation, and this view had subsequently been reinforced by agreements at the National Forum, but had not been sufficiently realised. One reason for this was that the 'vision' of improving performance through participation was not being absorbed or implemented by the management at some SBUs, which enjoyed a relatively high level of autonomy. As he put it: "With hindsight we focussed on culture at the expense of performance. We are now looking at both. Our hierarchical structures and training systems did not adapt to our new thinking. We reformed but did not transform ourselves. This is what we are now doing. Flattening our structure will unleash the creativity of far more employees."[62]

An added motivation was that several SBUs were oversubscribed in terms of middle management, foremen and supervisors. In the Piet Retief factory, for example, prior to restructuring there were 11 supervisors and 29 foremen, giving a ratio of supervisors and foremen to workers of over one to eight.[63] The implication of 'flattening' the structure was the removal of several layers of management (leading, eventually, to managerial redundancies on a significant scale), the titular downgrading of some directors to general managers, and for the first year of the process, a great deal of demotivating managerial anxiety, fear and anger. As Maxine Hart, then the company's Organisation Development coordinator, put it in 1994: "Before, some of them were directors in what they regarded as their own businesses; now nobody has their own business. None of them are autonomous. It's been emotionally traumatic

for some of them because they are no longer the king of the castle - they just run functions, and this has had a serious dampening effect on their motivation."[64]

As part of management's attempt to encapsulate the new direction of the company, it adopted a fresh 'Vision, Mission and Strategy', along with its new structure. Each of these elements was framed in simpler terms than before, indicating a shift away from the direct influence of Christo Nel, and a greater emphasis on the customer as a key stakeholder. Beyond the use of the jargon of 'continuous improvement' and 'empowerment', they also contained little of the previous TPQ content, reflecting a shift away from the previous priority given to culture change and participation within the company. The new vision was: "To be a dynamic, holistic organisation that is customer focussed, globally competitive and creative in its quest for continuous improvement, and which satisfies its customers whilst achieving profitability."[65] Its mission was: "To satisfy the evolving needs of customers in the building and furniture industries"[66], while its strategy was, "To integrate the three board product related companies ... into a single, functionally focussed organisation structured to be cost-effective, flexible and responsive; To become totally customer-focussed, through changes such as the formation of a unified PG Bison sales and marketing force that is equipped to understand and meet customer needs; To empower people to participate fully, to improve themselves and to take responsibility for agreed performance standards according to agreed values."[67] Elsewhere, the strategy was defined to include the desire to "build an empowered, dynamic, boundaryless organisation through the introduction of a business system founded on participative processes" and to "invest in external job creation within the boundaries of our industry".[68]

In terms of business strategy the shift involved, on the one hand, a more concerted drive to benefit from national low-cost housing initiatives[69], and on the other, a tighter focus on the production and distribution of core products - in particular, particle board ('Bisonbord'), medium density fibreboard ('Supawood'), plywood, timbercore (laminated wood with veneer finish), laminates (melamine and formica and masonite), with timber also being stocked for clients who accepted a "package" of wood products.[70] The aim involved eventually eliminating non-core products, which meant ceasing to produce veneer preparation products at the former Bisonbord factories. There was also an attempt to rationalise non-core services, which meant the closure of the security and building maintenance departments, and instead relying on sub-contracting for these services, and also the closure or merger of up to 13 of the distribution outlets[71] - all of which led to the reduction of labour costs.[72] Finally, this 'One Business' initiative, as it was called, meant that managerial functions were no longer organised on a site level, but fell under the head office and were organised in terms of functions. As a result, the SBU structure was phased out.[73]

Ppwawu, the company's main trade union, initially prevaricated about discussing restructuring[74], but eventually, in April 1993, entered negotiations (together with Uwusa) on the implications of restructuring for their members, while Numsa chose to negotiate for its members at the Laminate Industries (Alrode) factory separately. At Ppwawu's request, the company agreed to a two month moratorium on restructuring and also agreed to open its books and to fund an independent investigation into the process, undertaken by Wits University's Sociology of Work Programme, which made detailed proposals on reducing worker redundancies and on other methods of cutting costs.[75] While this is discussed further in chapter 11, it is worth noting that as a result of these negotiations, the initial proposals for

redundancies were reduced (from the initial managerial proposal of 477 redundancies in the first phase to an eventual total of 250[76], most of which were voluntary[77]) and the parties agreed to a comprehensive redundancy package, including a hardship fund and support programme.[78] The first stage of restructuring, completed in late 1993, involved the merger of the three companies into one (though the three remained as legal shells for tax reasons[79]). The business was reorganised along functional lines - manufacturing, distribution, administration, promotion and sales, with the eight business units being stripped of their previous relative autonomy and referred to as 'sites' rather than SBUs. The factories were coordinated within a new operations function, while the marketing side was handled by the national distribution arm. An integrated sales function and a national commercial section, with added information and employee relations functions, were also established. Timber City branches were run separately from the company's distribution depots while Pennypinchers continued remained a separate company.[80] The second stage involved additional redundancies (mainly voluntary) and a further flattening the company's managerial structures. By 1995 this meant that of the top 30 people in the business, only two had the same jobs they had two years previously.[81] It also involved the introduction of a new information system as part of an "integrated people development programme", along with greater emphasis on training and a new accounting system. From 1993 there was also a far more concerted drive within the local housing market, and consequently a reduction in export volumes.[82]

7.6 TRADES UNIONS AND COLLECTIVE BARGAINING AT PG BISON

Depending on the number of employees at a particular time, the total number of unionised employees within PG Bison ranged from about 2 500 to 3 500 between 1987 and 1995.[83].

The five unions represented during all or part of the period under review were the Paper Printing Wood and Allied Workers Union (Ppwawu), the National Union of Metalworkers of South Africa (Numsa), the United Workers Union of South Africa (Uwusa), the South African Commercial, Catering and Allied Workers Union (Saccawu - previously Ccawusa) and the South African Allied Workers Union (SAAWU - previously the Yster en Staal Unie). Ppwawu, which organised at all four Bisonbord factories (being the only recognised union at Piet Retief, Stellenbosch and Boksburg and having, by 1994, 55 percent representation at Pietermaritzburg, with Uwusa having the balance), was also the majority union PG Wood Transvaal and PG Wood Cape, and in late 1992 was recognised at Pennypinchers in the Cape. By 1993 its membership at PG Bison reached about 2 500.[84] Numsa was recognised at the Alroad factory (formerly Laminate Industries), with about 400 members there.[85] Saccawu had about 180 members at six branches within the Natal distribution outlets, until they were absorbed by Ppwawu in 1993.[86] Uwusa had about 150 members at the Pietermaritzburg factory, about 90 members at the Natal distribution outlets and about 50 at the Alrode factory with a smaller representation at Piet Retief.[87] Yster and Staal was prevented from gaining a recognition agreement at the company until because of its whites-only policy, but after becoming constitutionally non-racial it was recognised by the company at the Piet Retief factory where, by late 1996 it had over 150 members - almost all white.[88] By the time the restructuring process had been implemented over 100 salaried employees were members of unions (mainly as a result of the promotion of wage-earning workers)[89]. Furthermore, in 1991 520 non-unionised salaried employees formed a staff organisation called the Organisation for Participative Democracy with a view to take part in National Forum negotiations[90]. This, however, became dormant within a year, partly as a result of apathy and

partly as a result of strong opposition to its existence from the existing unions.[91] There were also a largely inactive staff associations at the Boksburg and Stellenbosch factories.[92]

The reason for the existence of five unions within the company (three of them Cosatu affiliates) related to three factors. First, the products and labour processes within the three PG Bison subsidiaries were distinct - with the Bisonbord factories falling within the wood and allied industry, Laminate Industries within the metal industry, and PG Wood within the wood industry but also being a wholesale and retail business. Second, there were direct political considerations, with Inkatha's strength in the Natal Midlands having a bearing on its presence there and the strong tradition of pro-apartheid politics among white employees at Piet Retief being a factor in Yster and Staal's eventual recognition. Third, each of the companies had its own history prior to the formation of PG Bison in 1986 and were already being organised, with regional factors within the labour movement tending to determine which unions organised which areas. As former Ppwawu national education officer Welcome Ntshangase put it: "The reason they were organised separately dates back to the early days of Fosatu, when we were Paper, Wood and Allied - prior to merging with a printing union outside of Fosatu to become Paper, Printing, Wood and Allied. Laminate was not part of paper or wood, but if there was a printing union at that stage it would have been organised by it. There was printing union in Fosatu, so Mawu organised it, even though it is not really part of metal."[93] For similar historical reasons Saccawu had organised the PG Wood workers in Natal prior to what he called the "non-competitive" takeover of most of their members in late 1992.[94] Despite Ppwawu's desire to takeover from Numsa at the Alrode factory and become the only Cosatu union within PG Bison once its componer' parts merged into one in 1993[95], the status quo remained, mainly because Alrode union members wished to remain within Numsa,

but also because of the fact that unlike the Alrode workers, those from former Bisonbord factories were not covered by industrial council agreements[96]. At the time of writing negotiations about absorption had not been concluded.[97]

The precise place of collective bargaining, and its parameters, was a source of ongoing debate between management and the unions until the implementation of the restructuring process had been completed. In addition to the fact that annual wage negotiations occurred at different times of the year for each of the three main company divisions, wages varied considerably and the negotiations involved different unions. At Alrode negotiations fell within the parameters of separate Industrial Council agreements for the metal and furniture industries[98] and took place in mid-year. At the other factories and at the distribution outlets, negotiations occurred at the end of the year, and until 1992 took place at regional level - a system Ppwawu, was unhappy with. At the June 1991 National Forum it was agreed that unions and management would negotiate the details of implementing a system of centralised bargaining.[99] Ppwawu's position was that negotiations at industrial council level were preferable and that negotiations at plant or branch level were unacceptable because they put too much strain on union resources and divided the workers, creating an imbalance between plants belonging to the same company or group. They added that similar problems could emerge with bargaining at company level because this prevented workers developing a sense of the industry as a whole and left employers in unorganised companies free to exploit at will.[100] However Ntshangase subsequently qualified this, noting that Industrial Council negotiation did not necessarily exclude that at company and plant level. "We're saying we could have plant negotiations, but even if we do there should be national minimums and frameworks set at a central level. The minimum framework at the plant or factory level and

at the company level should have been agreed on."[101] The problem for the union was that there was no Industrial Council in the paper and wood industries, and they therefore pressed for their second alternative of company level bargaining, which was implemented first within Bisonbord and PG Wood, and then, after restructuring, within PG Bison as a whole, on a multi-union basis, with provision for localised differences.[102] By late 1993 PG Bison was the only company organised by Ppwawu to have national, company bargaining.[103]

Wages and salaries depended on the grade of the employee, with the "TASK" job grading system having 26 levels from unskilled labourer to senior manager, with management defined as covering grades 13 upwards.[104] As discussed in chapter 12, the way this was applied in some SBUs was a source of tension, with the unions complaining that the system was not applied as objectively as the head office intended, with, in some cases, the individual rather than the job being granted the relevant grade[105], with the result that two people doing the same job were sometimes given different grades.[106] Partly as a result of such criticism, it was agreed at a National Forum meeting in August 1994 that the company would move towards skill based grading rather than the job grading system which the union felt was being abused, and in 1995 this change was implemented.[107] Under this new "broadband" system, which necessitated the introduction of a more comprehensive training programme, the bands were defined by required skill levels, rather than by the tasks being performed by individual workers.[108] But the wages of workers depended not only on their job definition and grade, but also on which factory, branch or outlet they working in. One of the problems faced by the company and the unions after restructuring was that the wage packages at Laminate Industries were slightly higher than those at Bisonbord, and significantly higher than those at PG Wood[109] (as well as being significantly higher than the average for the industry as a whole[110]). Despite moves to equalise wages, this differential had not been closed by the time

of writing.[111] As Rob Cohen acknowledged: "There are still lots of anomalies. Historically we have different wages and conditions in different factories and branches. The difficulty is that if you're going to unify wages on a rational basis, it means some people are going to suffer and some are going to gain, and I don't think any union is capable of doing that to its members, and the cost to the company of bringing everyone up to the highest level would be enormous, so it has to come from increased productivity. The desire is to move towards a uniform structure but one has to take local conditions into account."[112]

While the term 'collective bargaining' is usually used to refer to the wage negotiations, it is worth noting that bargaining on a collective basis, between management and unions, has occurred at several levels within PG Bison through the 'participatory' structures and through ad hoc arrangements. Aside from the annual wage negotiations there were regular meetings between the unions and management at national level (such as the those concerning the restructuring process) and at SBU level. These were supplemented by negotiations between SBU management and shop stewards through the Strategic Business Unit (SBU) Forum Committees. A range of issues were negotiated between the unions and management at the National Forum, set up in 1991 to be the apex of the company's participative structure, including the company's values, full-time shop stewards, policies on housing, health, bursaries, literacy, restructuring, redundancies, retrenchments and specific disputes. After the implementation of the restructuring proposals Ppwawu expressed a desire to broaden the definition and parameters of collective bargaining, to include all those issues covered by the National Forum[113]. Instead the parameters of the ambit of the National Forum were broadenened to cover some of the issues previously the subject of annual wage negotiations, such as retrenchments, redundancies and grading as well as the more general implications of

the restructuring process.[114] After 1995 the facility for a quarterly meeting between the company's full-time shop stewards and its management executive was introduced, with similar arrangements being introduced at some sites.[115]

7.7 THE BOTTOM LINE: PG BISON'S PERFORMANCE

The attitude of the company's shareholders (and more specifically its non-executive directors) seemed to be that as long as the bottom line was being taken care of, they were satisfied. As a result there was no opposition to (and in fact a certain level of cautious support for) the TPQ process. For instance PGSI's 1989 annual report noted about PG Bison: "Of special interest is the work that is being done internally regarding the development of a corporate culture which embraces the philosophy of participative management, productivity and quality, performance incentive and team building.[116] And despite the 1991/2 economic downturn and related decline in profits, PGSI's chairman's report remained sanguine: "PG Bison ... experienced a difficult year. The board and timber markets declined and the furniture industry in particular has been in the grip of a deep recession, the worst of the past decade. Leon Cohen and his team did well to hold the decline in earnings per PGSI share at 9 percent to 97 cents. ... (It is) pleasing to note the success with which PG Bison has created a positive work climate and in enhancing participative productivity through its TPQ programme".[117]

Part of the process of selling the TPQ programme to the non-executive directors, and gaining at least their passive backing and non-interference, involved a hard-nosed sales pitch about what was needed for the future of the company. As the company's TPQ executive director, Christo Nel, frequently put it in the early days of TPQ: "The only role of business is to stay

in business", and the prime role of the 'holistic' strategy chosen was to ensure that this goal was met. "If it cannot perform this role then all other potential roles become irrelevant and theoretical", he said in a paper distributed within the company, arguing further that the programme had made a significant contribution to the company's ability to do just this.[118] Leon Cohen, however, recognised the limits to his shareholders support. Asked prior to the SAB-PGSI takeover whether the two major shareholders were happy with the process, he replied: "I think they've been happy with the performance of the business, not necessarily with the process. They have watched the process because our approach to the board was along the lines of: Does management have the mandate to take this business into the 21st century, bearing in mind that the 21st century will be a post- apartheid society? Now they have taken note of this and they have watched it and observed it. If the company had performed badly in this period I think they would have removed the whole process. They would have removed me and the rest of the management and looked to something else - in other words, cut costs, retrenched people, put the business back into profit and moved on".[119]

However, despite the problems which led to restructuring, the company performed reasonably well for most of its first seven years of existence, though there was a downward trend in the two years prior to 1993.[120] Leon Cohen said the problems were rooted in the recession and the political situation, as well as in the organisation of the company, and he argued that the short-term solutions for the company were to be found in an export-led drive, though the restructuring of the company and the further "empowerment" of employees were also priorities: "The South African economy has deteriorated further... The recession has become more severe, with the result that PG Bison created less wealth ... There is no prospect of real improvement until the political transition moves forward in a meaningful way, which I hope

and believe will occur... In this environment we need to redouble our efforts to remain the leader in our industry in southern Africa and to be able to compete on a global level. We must speed up and deepen the process of empowering employees. We must free people to use their creative ability to add value more productively and effectively each day."[121]

During the first two years after restructuring started the company's performance improved considerably - with increases in sales, added value and dividends, largely as a result of reduced overheads and the elimination of competition between the three subsidiaries, but also because of improved market conditions. [122] In 1994 PG Bison announced major expansion plans with the aim of significantly increasing capacity and turning the company into a "truly world class player in the board industry." The first phase involved upgrading the factories at an estimated R120 million in capital investment and was aimed at increasing the annual particle board and medium density fibreboard capacity by 25 percent. It was intended that the particle board expansion would be completed by 1996 and the medium density fibreboard capacity by 1997. The second phase involved building a new particleboard factory by late 1997 at an initial estimated capital cost of R480 million.[123] However, some of these plans proved to be over-ambitious and the performance of the company declined after 1995, for reasons discussed in chapter 11, with turnover continuing to increase, but earnings (before interest and tax) and after tax profits declining.[124]

It is impossible to give Rands and Cents answers to the question of to what extent the participative process contributed to the company's performance prior to restructuring. There are too many variables - market conditions, exports and imports, inflation, local customer demand, the political climate and several others - for this to be accurately measured. What can

be said is that there are several indications that it helped performance (through creating a less conflictual, and strike-free, work environment) and few indicators that it hindered performance (though in the short term the company's ban on retrenchments for reasons related to business cycles[125] may have a limited negative effect on profits). In an interview shortly before the restructuring process was initiated, Leon Cohen argued that his company change process had a certain, though largely intangible effect on performance: "It would be naive to think that it's a short term thing, that you suddenly have a big change, and it would be very difficult to measure performance directly related to the undertaking of a cultural change in the business. ... We haven't had any strikes, though I can't say exactly what that means. We have endeavored to negotiate a win-win situation with labour, and I think they're aware of it. And there is emerging an ownership among the people of the business. They express it. But one has to be careful of say, yes, this is good. I think it's continuous and its ongoing, and our philosophy of continuous improvement is the right one. But we're not trying to measure precisely that we're doing this in order to achieve that".[126]

Conversely, it could be argued that the performance of the business (and market conditions), had an impact on participative processes at PG Bison. The One Business initiative, which was a response to changing market conditions, had an initial negative effect on participation - not only because of the redundancies involved but also because it diverted the attention of management and unions from 'change' programmes. Once implemented it contributed to a substantial change in the form and content of the programme. Likewise, the financial impact of the business expansion programme introduced in 1995, also had a negative effect on participation, not only because it involved a burden on the business, but also because it diverted the attention of senior management away from anything not connected with bottom

line considerations. It is worth noting that the decline in the vigour of the company's participative programme accompanied its post-1995 decline in performance which led to the decision to replace Rob Cohen as CEO, in 1997.

7.8 CONCLUSION

In looking at the business as a whole, several factors emerge which are useful for understanding how and why, PG Bison was able to, and wanted to, initiate TPQ. First, the early ownership structure (with neither outside shareholder group holding majority control) left PG Bison's management with considerable independence. It was not any other company's subsidiary, which gave the executive directors the balance of power. By the time of the SAB-PGSI takeover it was already well established, its internal change process was operating, and it was performing reasonably well. Second, PG Bison was an unlisted public company. While this has restricted the managers in certain respects, it provided stability. Like all companies, it was subject to the fluctuations of customer demand, but it was directly subject to the fluctuations of the stock market than a listed company. It's shareholders had a long-term commitment to its success and therefore it was able to place energy into planning and into a programme which did not necessarily offer short-term returns in terms in dividends. Third, with the exception of Pennypinchers, it had no retail component. Its customers were mainly South African and foreign businesses. This gave it a certain amount of license when it has come to making controversial political interventions (such as taking managers to meet the ANC in Harare in 1989, helping form CBM, running what amounted to internal political education programmes and playing an interventionist anti-apartheid role) because there was little prospect of a consumer backlash of the kind experienced by FNB.[127] It is worth adding

here that it was unencumbered in this respect by any commercial dealings with the state, or para-statals.

Finally, the diverse nature of the business meant that it was widely spread geographically, and in this sense free from some of the political pressures affecting other companies which were introducing major changes in their employee relations and in their relations to the broader political terrain. For instance, unlike VWSA it was not a one plant concern whose plans depended on the agreement of one branch of a trade union. If workers in one factory in one region had a problem, this did not necessarily affect the other company divisions. This diversity also meant that its focus was, by necessity, broader than the exigencies of a one-city, relatively homogeneous workforce. With four factories and between 60 and 72 outlets in three provinces, it dealt with five unions and workers and other employees representing a wide spectrum of political views. This helped prompt management to find ways of maintaining the peace between them, and involving them in decision-making.

NOTES

1. By 1993 it was number one in the production of chipboard, medium density fibreboard and formica in South Africa. ("PGSI Corporate Video", PGSI, 1993).

2. Financial Mail, November 27 1992

3. Interview, Leon Cohen, January 26 1994.

4. Quoted in, "PG Bison: Total Productivity and Quality", PG Bison Management Videos, 1990.

5. Rob Cohen said the company's profits grew by 45 percent in its first three years. (Ibid)

6. Ibid.

7. Bisonbord and PG Wood were wholly owned by PG Bison while LI was a private company in which PG Bison had a 70.4 percent share, until buying it out in 1992. (Interview, Rob Cohen, August 17 1989; PG Bison Performance Report 1991-92, p 2).

8. This has varied according to the purchase and sale/closure of the businesses. As a result of a R3 million loss in 1990/1, Plyproducts (which had been purchased three years previously), was shut down in late 1991, shedding about 100 employees (the rest were absorbed elsewhere in the company), while in April 1992 the company acquired a controlling share in Pennypinchers (Pty) Ltd, adding nearly 800 employees to its payroll and bringing the total number of PG Bison employees to over 4 700. (Interview, James Smith, August 28 1992; Plate Glass and Shatterpruf Industries Limited, Annual Report 1992, p 25). In 1991 PG Bison also sold its 65 percent interest in Insulations Unlimited because, as Leon Cohen put it: "This was no longer considered to be a core business", and because "the sale realised a surplus over the book value" (Ibid, p 25) In 1994 PG Bison still retained its 3 percent interest in Masonite SA (Ibid, p 6).

9. PG Bison Performance Report, 1990 - 91, p 2; PG Bison Performance Report 1991 - 2, p 3; PG Bison Management and Group Structure (internal company document), pp 1 - 3; James Smith, Needs of Retrenched Workers: A Case Study, unpublished MBA dissertation, University of the Witwatersrand, 1994, p 29. It is worth mentioning here that there have been several other branches and companies with different trade names, falling under the PG Wood umbrella: PG Boards, PG Express; Board Distributors; PG Laminates; Builders Supply; Tradewood; Knep Timbers and Decorative Board Centre. Others within the group which were 100 percent owned by PG Bison included PG Wood (Namibia), Springbok Management Services, Naply Properties, Plyproducts, PP Decorative Veneers, Wortprop, Insulations Unlimited, PG Manufacturing, Konig SA and Insulations Unlimited. Until 1991 it had a 51 percent shareholding in Timber City (Nelspruit) (Pty) Ltd, a 25.1 percent shareholding in Penny Pinchers Holdings Limited and a 50 percent shareholding in Itisa (Pty) Ltd. As is the case with Laminate Industries, Multipanes and Laser Laminating, it later bought out Timber City and Penny Pinchers and sold its share in Itisa. (TPQ Times. April 1990, p 4; Leon Cohen, interview, January 26 1994)

10. Billbord, volume 1, number 2, Spring 1994, p 7.

11. Interview, Rob Cohen, February 6 1995.

12. Interview, James Smith, August 28, 1992.

13. PGSI Annual Report 1992, pp 10 - 12; PG Bison Performance Report 1991-92, p 3.

14. This was described as follows by PGSI chairman Ronnie Lubner: "After 85 years in the business, the founding families, the Lubners and the Brodies, and their partners for the past 10 years, Liberty Life, relinquished effective control of PGSI. Because the various branches of the two families and Liberty Life had developed increasingly different needs, a decision was made to dispose of their 55 percent combined holding in Placor and this, with the sale of this interest to SA Breweries, control passed."(PGSI Annual Report 1992, pp 10 - 11). Soon after negotiations with SAB started (in the latter half of 1991), the opportunity arose for PGSI to acquire Pinkington's 48,4 percent interest in Glass South Africa, and as a consequence of these developments, a series of inter-related transactions took place over the following months: PGSI increased its effective interest in Glass SA to 96,8 percent from 31 March 1992 by acquiring Pilkington's interest for R525 million; a 50 percent investment in Spankor was acquired from Afcol on 1 April 1992, thereby raising the Group's effective interest in PG Bison by 24 percent to 71,7 percent; automatically convertible preference shares were issued to fund these investments and were taken up by SA Breweries; R354 million was raised by way of a rights issue of ordinary shares in April 1992 to increase the equity base of the offshore operations and to refinance local borrowings. The outcome was that SA B obtained an effective 67 percent of PGSI through an investment valued at almost R1,5 billion. (Ibid).

15. On the one side Spankor had a 48 percent share while Mondi had a 50 percent share in Spankor. Mondi was a subsidiary of Anglo American. Afcol had the other 50 percent share in Spankor, and was a subsidiary of SAB (which was controlled by Anglo American and Liberty Life). On the other side PGWI also owned 48 percent of PG Bison. PGWI (which soon after ceased to exist as an operational division), was wholly owned by PGSI. 49.6 percent of PGSI's shares were owned by Placor Holding Limited (which derived all its income from investments in PGSI and was owned by the Lubner and Brodie families, SA Mutual and Liberty Life. The balance of shares were held by the executive share trust.(Rob Cohen, op cit; PG Bison Management and Group Structure, company document, 1989, PG Group Annual Report, 1989, p 5).

16. 11. Bertie Lubner served as joint executive chairman and CEO of PGWI (while Leon Cohen, who joined the group in 1978, and was appointed to the PGSI board in 1984, served as deputy chairman of PGWI and CEO of PG Bison). Ronnie Lubner served as joint executive chairman and CEO of International Glass Holdings Limited. Bertie headed the company's entire wood division while Brodie headed the glass division. Leon Cohen took over as chairman of PG Bison in September 1996. (PG Group Annual Report 1989, p11; Interview, Roddy Payne, November 6 1996)

17. Business Day, October 25 1991.

18. The decision for Bertie Lubner to withdraw from executive responsibilities within PGSI, and for Ronnie Lubner to assume his brother's role within the wood division, followed major losses in PGWI investments in the international timber market in 1990 (decisions which fell outside of PG Bison's ambit). At the time Ronnie Lubner said there were "material and unbudgeted losses in the group's timber division worldwide" (The Star, May 4 1990). These included "high development costs, management problems, a market downturn in Australia, Europe and South Africa and supply difficulties" (Business Times, May 6 1990). Business analyst Ann Crotey referred to several "material changes" within PGSI which included "the need to make substantial management and structural changes (following the resignation of members of the executive team)". (The Star, May 4 1990) Financial Mail commented: "PGSI ran into problems during the eighties after management expanded forcefully abroad. ... Under performance of the wood trading business persuaded the group to withdraw in 1991, writing off R84 million on the disposal", with the result that the company "set about concentrating its foreign resources on the glass installation outlets" (November 27 1992). Three months before these problems surfaced, Bertie Lubner announced that PGWI and Whitestone Investments -

a US and European investment consortium - would form the Luxemburg-based Wood Products International to take over the business of PGWI's off-shore subsidiary, Wood International - a deal which would inject $55 million into the company coffers. He said this was "one of the most significant breakthroughs for the wood division's international expansion programme" (Business Times, January 14 1990). However, soon after the deal (which was subject to a suspensive condition) was in trouble, with Ronnie Lubner acknowledging that changes were required. (Business Times, May 6 1990). In fact it fell through and the company withdrew entirely from the international timber business (Financial Mail, November 27 1992; Interview, James Smith, January 10 1993), and soon after Bertie Lubner withdrew from his executive role. At that stage, PGSI retained investments in Africa, involved in the upgrading, manufacturing and retailing of timber, board and furniture through PG Industries, PG Botswana, PG Malawi and Frederick Sage. The last component of PGWI's internal investments, Johannesburg Mouldings, was sold in 1993, after which PGWI was no more than a legal shell company. Prior to 1990/1 PGWI had the following other internal wood investments (in addition to its 48 percent share in PG Bison): Interwill SA (PG Timbers, Knep Hardwoods, Wilrose Timbers, Saftor and Consyl Shipping. (PGSI Group Structure, 1989). PGWI was always a separate company from PG Bison and should not be confused with PG Bison's subsidiary PG Wood Holdings Limited.

19. Interview, James Smith, January 10 1993.

20. Financial Mail, November 27 1992, pp 26 - 28.

21. Ibid.

22. Interview, James Smith, January 10 1993

23. Interview, Leon Cohen, November 1 1991. In addition to Liberty Life's substantial interest in SAB, Liberty Life held 31,7 percent of Placor's shares, while SA Mutual held 25,8 percent and the Lubner and Brodie Families, 22,8 percent.

24. Ibid.

25. Interviews: Leon Cohen, February 26 1992; James Smith, August 28 1992 and July 20 1992; Maxine Hart, January 16 1993.

26. Interview, James Smith, July 20 1992.

27. Interview, Maxine Hart, January 16 1993.

28. Interview, Leon Cohen, January 26 1994.

29. Rob Cohen in "PG Bison: Total Productivity and Quality," video, op cit.

30. Plate Glass and Shatterprufe Industries Limited, Annual Report 1994, p 4.

31. Interview, Rob Cohen, August 17 1989.

32. Ibid.

33. Ibid.

34. Ibid.

35. Interview, James Smith, August 28, 1992; Rob Cohen, op cit.

36. At that stage there were five legal structures within PG Bison (those these did not necessarily have much significance operationally): 1. PG Wood Holdings, which held all the company's wood branches with the exception of (2) Pennypinchers; 3. the property division which held all properties; 4. Bisonbord and 5. PG Manufacturing - an intermediate company which owned 70,04 percent of Laminate Industries (most of the rest by owned by the US company Cyanamid). (Rob Cohen, ibid; Maxine Hart, op cit).

37. PG Bison Performance Report 1990 - 91, p 2; PG Bison Performance Report 1991 -2, p 4; Interviews, Rob Cohen, August 17 1989 and February 6 1995 and James Smith, January 26 1994; SWOP, "Restructuring and Proposed Redundancies at PG Bison: A Report to PPWAWU", Sociology of Work Programme, Wits University, July 1993, pp 1 - 3.

38. Ibid.

39. Ibid.

40. Interviews: Rob Cohen, August 17 1989 and February 6 1995; James Smith, January 10 1992 and January 26 1994; Maxine Hart, July 30 1992 and January 26 1994.

41. Interviews: James Smith, January 26 1994 and Rob Cohen, February 6 1995.

42. PG Bison Performance Report 1991 - 92, p 9; Rob Cohen, op cit and "PG Bison AV Video", PG Bison Management Videos, 1993.

43. Interview, Maxine Hart, January 16 1993.

44. "Position Paper: PG Bison's Re-organisation", company document, February 1993, pp 1 - 2.

45. Ibid, p 2.

46. "PG Bison Strategic Plan: Toward Integration, Empowerment and World Class Performance," company document, March 1993, p 7.

47. By, for example, opening a new plant in 1993 producing medium-density fibreboard, in addition to its established chipboard product. (Interview, James Smith, January 26 1994)

48. Ibid, pp 7 - 8.

49. Sales of its chipboard product declined by 20 percent in the three years prior to restructuring. (Leon Cohen, quoted in The Star, May 27 1993).

50. Quoted in, "PG Bison: Retrenchments test the process," Finance Week, April 8 1993.

51. Bisonbord made the greatest contribution to the company's performance. In 1991/2 its Value Added statement (sales less cost of sales) showed a figure of R112.3 million compared with R37.8 million and R66.3 million for Laminate Industries and PG Wood respectively. (PG Bison Performance Report 1991 - 92, pp 8 - 12.)

52. Interviews: Rob Cohen, February 6 1995; Leon Cohen, January 26 1994; Maxine Hart, January 28 1994.

53. Interview, Maxine Hart, March 29 1993.

54. "A Whole New PG Bison - The First Six Months: Half-Year Performance Report 1 April to 30 September 1993", p 4.

55. At PG Wood (Transvaal) the percentage increase in the value of sales fell from 33 percent between 1988 and 1989 to 2 percent between 1992 and 1993, while gross profits as a percentage of total sales fell from 20 percent in 1991 to 17 percent in 1993. Bad debt write-offs (as a result of liquidations and closure of customers) rose from 171 in 1990 to 309 in 1992. ("Restructuring and Proposed Redundancies at PG Bison," op cit, p 5).

56. Between March 31 1989 and March 31 1993 sales (excluding Pennypinchers) rose from R582.9 million to R636.3 million, while the employee wage and salary bill rose from R100.5 million to R136.1 million and the amount of "wealth created" declined from R218.4 million (in the year ending on March 31 1991) to R197.5 million. "A Whole New PG Bison", op cit, p 5.

57. Interview, Maxine Hart, January 28 1994.

58. Interview, Rob Cohen, February 6 1995.

59. Ibid.

60. This is discussed in 6.6 below.

61. As an ANC member of the Gauteng legislature.

62. Finance Week, op cit.

63. This compared with a ratio of 1:11 in Boksburg and Stellenbosch and 1:17 at Pietermaritzburg. (SWOP, op cit, p 27).

64. Interview, Maxine Hart, January 28 1994.

65. "Position Paper", op cit, p 2.

66. Ibid.

67. Ibid.

68. "PG Bison Strategic Plan: Toward Integration, Empowerment and World Class Performance," March 1993, pp 10 - 11.

69. "Position Paper", op cit, pp 2 - 3 and The Star, May 27 1993.

70. Ibid, and SWOP, op cit, p 6.

71. SWOP, Ibid, p 7 - 11.

72. Ibid, p 3 - 4.

73. Questionnaire, Roddy Payne, November 5 1996.

74. Mike Alfred, "IR at the Crossroads: High or low road for us", The Manpower Brief, October 1993, p 8; Lael Bethlehem, Sakhela Buhlungu, Owen Crankshaw and Caroline White, "Co-determination vs co-option: PPWAWU and PG Bison negotiate restructuring", SALB, vol 18 no 1, p 15.

75. SWOP, op cit.

76. James Smith, Needs of Retrenched Workers: A Case Study, MBA dissertation, University of the Witwatersrand, 1994, pp 28 - 30.

77. Of the 177 (out of 250) employees made redundant after restructuring who participated in interviews and an exit questionnaire with the company's HR officers, and whose interviews were available (a further 20 interviews were lost in transit between the branch offices and the head office while over 50 employees did not participate), 140 (81 percent) volunteered, 10 (6 percent) took early retirement and 23 (13 percent) were made redundant on a compulsory basis. According to Smith the compulsory redundancies involved clerical and middle management employees, most of whom were non-union employees. (Ibid, p 31).

78. "Negotiating a Corporate Restructuring: PG Bison Case Study," company paper, October 1993, pp 1 - 5; Mike Alfred, op cit, pp 8 - 9; Bethlehem, Buhlungu, Crankshaw and White, op cit, pp 12 - 19; SWOP, op cit, pp 1 - 35; James Smith ibid, pp 30 - 31.

79. Interview, James Smith, March 21 1993.

80. Interviews, Rob Cohen, February 6 1995.

81. Rob Cohen, ibid.

82. Ibid.

83. Interviews: Kenny Fihla, August 16 1991; Gibson Nduli, October 21 1991; Anton Makhaye, September 6 1991; Welcome Ntshangase, April 19 1993; Maxine Hart, January 28 1994; James Smith, May 1 1994; Rob Cohen, February 6 1995; Themba Mfeka, February 12 1995; Roddy Payne, August 1 1996.

84. Interviews: Welcome Ntshangase, April 19 1993; Maxine Hart, January 28 1994; James Smith, May 1 1994; Themba Mfeka, February 12 1995; Roddy Payne, August 1 1996.

85. Interviews: Sam Ntuli, July 18 1990; Andre Michaux, January 19 1994; James Smith, May 1 1994; Roddy Payne, August 1 1996.

86. Interviews: Gibson Nduli, October 21 1991; Maxine Hart, January 28 1994; Roddy Payne, August 1 1996.

87. Interviews: Anton Makhaye, September 6 1991; Maxine Hart, January 28 1994; Roddy Payne, September 26 1996.

88. The exception was that in 1996 they recruited a handful of black artisans and supervisors. (Roddy Payne, ibid and responses to questionnaire, November 5 1996).

89. Interview, James Smith, January 26 1994.

90. "Documents for the Third National Forum", March 11 1992.

91. James Smith, interview, January 26 1994.

92. Ibid.

93. Interview, Welcome Ntshangase, op cit.

94. Ibid.

95. Ibid.

96. After lengthy negotiations for an industrial council in the printing industry, by late 1993 employers were prepared to concede Ppwawu centralised bargaining, but only with regard to minimum wages and leave, while employers in the pulp and paper, forestry and wood board sectors resolved they did not want centralised, national bargaining. (The Shopsteward, vol 2.5, October/November 1993, p 22 - 23.)

97. Questionnaire, Roddy Payne, op cit.

98. Interviews: Rob Cohen, February 6 1995; Jim Smith, May 1 1994; Themba Mfeka, February 12 1995. The Alrode factory has two sections, whose workers have been covered by different industrial council agreements - one by the Seifsa agreement and the other by the furniture industrial council.

99. "Minutes of the First PG Bison National Forum," company document, June 1991.

100. "PG Bison National Forum 10 - 11 June 1991,", company document, pp 57 - 59.

101. Interview, Welcome Ntshangase, op cit.

102. Interview, Rob Cohen, February 6 1995.

103. The Shopsteward, op cit, p 23.

104. Billbord, volume 1 number 2, Spring 1994.

105. SWOP, op cit, p 24 - 25.

106. Billbord, volume 1 number 2, Spring 1994.

107. Interview, Rob Cohen, op cit.

108. Billbord, volume 1 number 2, Christmas 1994.

109. The final minimum and average wages at the three companies prior to their absorption into PG Bison were as follows: In 1992/3 the minimum wage at Laminate Industries was R7.60 per hour (or R1 450 per month) and the average wage R8.20 per hour (or R 1 563 per month). The minimum wage at Bisonbord (for newcomers and cleaners) in 1993 was R6,62 per hour. PG Wood after the November 1992 wage negotiations had a minimum of R210 per week (4.77 per hour) and an average of R290 per week. There were also considerable regional differences within the companies. Prior to the 1992/3 wage settlement, the average wage at the Piet Retief factory was R315 per week, compared with R329 for the company as a whole. (Interviews: Andre Michaux, July 27 12992 and May 11 1993; James Smith, August 28 1992, April 6 1993 and January 26 1994 and "Agreement on wages and other conditions of employment reached between PG Bison Ltd, PG Bison (Transvaal) (Pty) Ltd, and PG Bison (Natal) (Pty) Ltd (The Employers) and P.P.W.A.W.U. and U.W.U.S.A. (The Unions)", January 19 1994, p 1.)

110. At Laminate Industries, workers voted not to join the 1992 Numsa national strike in the metal industry after reaching a settlement with management (an increase of over 14 percent) which was significantly higher than the industrial council minimum or the Numsa demand in its dispute with SEIFSA. According to the HR manager, Andre Michaux, the minimum and average wages at the factory were over R 1 above the average minimum in the Alberton area as a whole and significantly higher than the industry average (Interview, May 11 1993), while in an earlier interview, the Numsa union organiser, Elias Monage, conceded that the Laminate average was higher than the Alberton average, but said there were some companies organised by Numsa outside of Alberton which paid higher wages. (Interview, August 24 1992). According to James Smith the minimum wage at Bisonbord was "well above the industry average, whichever way you look at it" (interview, April 6 1993), while Ppwawu's Welcome Ntshangase said wages at PG Wood were "about average for the industry." (op cit).

111. Interview, Rob Cohen, op cit and questionnaire, Roddy Payne, op cit. In January 1994 the minimum wage for hourly paid manufacturing employees was R7.19 per hour, while the minimum for distribution workers was R5.42 per hour. By 1996 the minimum wage in manufacturing had risen to R8.79 per hour and in distribution to R7.00. Average wages for unionised workers (those up to grade 13) were R9.98 in manufacturing and R8.50 in distribution. For reference, the CEO's salary in 1996 worked out to R148 per hour, excluding benefits. ("Agreement on wages and other conditions of employment reached between PG Bison Limited, PG Bison (Transvaal) (Pty) Ltd and PG Bison (Natal) (Pty) Ltd (The Employers) and P.P.W.A.W.U. and U.W.U.S.A. (The Unions)", company document, January 19 1994, p 1 and Roddy Payne, questionnaire, op cit).

112. Interview, Rob Cohen, op cit.

113. Interview, Welcome Ntshangase, op cit.

114. Interview, Rob Cohen, op cit.

115. Questionnaire, Roddy Payne, op cit.

116. PG Group Annual Report 1989, p 8.

117. PGSI Annual Report 1992, p 15.

118. Christo Nel, "Total Productivity and Quality - An Holistic Strategy for Business Change", company paper, August 1988, p 1.

119. Interview, Leon Cohen, November 1, 1991.

120. According to the audited company statement published in its Annual Reports, sales went up from R607 million in the 1990/91 financial year to R662 million in the 1991/2 financial year but in the same period operating profits declined from R86 million to R76,7 million (PGSI Annual Report 1992, p 22). Attributable profit in 1991/2 was R39 million (James Smith, interview, January 10 1993). The company's "Wealth Creation" (Value Added) statements (excluding Pennypinchers) indicated steady growth (from R69.8 million in 1986/7 to R218.4 million in 1990/1 and R214.1 million in 1991/2, but this declined to R197.5 million in 1992/3. Dividends rose from R5.2 million in 1986/7 to R13.5 million in 1989/90 and 1990/91 and R13,2 million in 1991/2 but fell to R10 million in 1992/3. (PG Bison Performance Report 1990 - 91, p 12, PG Bison Performance Report 1991 - 92, p 7; A Whole New PG Bison, op cit, p 5;. Billbord, vol 1 no 2, Spring 1994, p 3). In the financial year ending on March 31 1993, sales of PG Bison's board products had fallen by six percent and its laminate products by eight percent. (The Citizen, May 11 1993).

121. "Half Year Performance Report to the Employees of PG Bison," November 1992, p 3.

122. In the year ending March 31 1994 sales rose from R827 million in the previous financial year to R861 million, the "Value Added" (sales less cost of sales - including Pennypinchers) rose from R219.8 million to 260.7 million, while the PGSI group share of attributable earnings rose from R14 million to 27 million and dividends from R10 million to 16.3 million. In the six months from 1 April to 30 September 1994, sales rose by 17.6 percent over the same period in the previous year (from R423.1 million to R497.5 million), while the Value Added increased by 14.7 percent from R130.2 million to R149.4 million. (PGSI, Annual Report 1994, op cit, p 19; Billbord, vol 1 no 2, Spring 1994, p 3 and vol 1 no 3, Christmas 1994, p 3.)

123. Billbord, volume 1 number 2, Christmas 1994.

124. Turnover in the financial year ending March 31 1993 was R639 million. This increased to R664 million in 1994, 788 million in 1995 and 879 million in 1996. Figures for earnings before interest and tax were: 1993 - R55 million; 1994 - R62 million; 1995 - 85 mi 1996 - 47 million (with a forecast of 54 million for 1997). The figures for after tax profits were. 1993 - R32 million; 1994 - 35 million; 1995 - 52 million; 1996 - 27 million (with a forecast of 23 million for 1997). These figures exclude Penny Pinchers. (PGSI and PG Bison annual reports, 1993 -1996; Interview, Roddy Payne, November 6 1996).

125. Interviews: James Smith, January 10 1993; Leon Cohen, November 1 1991.

126. Interview, Leon Cohen, November 1 1991.

127. See chapter five.

CHAPTER EIGHT

THE ORIGINS OF PARTICIPATIVE MANAGEMENT AT PG BISON

8.1 INTRODUCTION

When the initial board level discussions about the need for a fresh approach to management took place at PG Bison in 1986 and 1987, participative management was already coming in vogue within business schools and consultancies in South Africa, and a handful of companies were starting to experiment with its precepts.[1] TPQ at PG Bison was therefore not a programme which emerged in a vacuum, but rather a particularly vigorous example of an emerging trend within South African business. As discussed in chapters four and five, in the mid-to-late 1980s there was a strong perception within the South African business community that the lack of participation by black employees in business decision, when combined with the growing levels of political conflict in the country, was causing ever-decreasing productivity, a hardening of attitudes, a decline of competitiveness and an inability to develop the calibre of manpower required for in internationally competitive economy. Government policies were also seen as contributing to the education, training, housing, health and transport problems faced within companies, which was the reason why business lobbied for more spending on black education, contributed funds to private education, supported a wide range of black community initiatives through corporate social responsibility schemes, and channelled profits into training programmes and at the same time began to put more energy into lobbying and campaigning for political changes.[2]

Another, related response to this adverse socio-political climate, was for companies to change their own way of operating, their relation to their own employees and their image among their customers and the public more generally. This element, though often conceived of as being a-political, had a clear political dimension both with respect to the cause of the problem and the methods of resolving it. As Leon Cohen put it when discussing the decision to embark on PG Bison's internal change programme: "The question was what had to be done to get into the 21st Century if the purpose of business is to remain in business and if the inevitability of change from a white-dominated society to a country for all its people and the need to introduce creative initiatives to reverse the economically destructive route of the country was acknowledged? All this was aggravated by political ignorance brought about by censorship and disinformation, particularly by TV, which resulted in further retreat into the laager or emigration. It also caused short-term decision making instead of long range planning and reliance on a vain hope that the reality of South Africa would never have to be faced".[3]

However, to say that moves towards a stakeholder approach to business management were part of a political response to the situation it found itself in during this period, is not to argue that politics in general can be considered the sole cause of participative management. In most companies there was a complex interplay between factors which could be considered to be directly political, and a range of other considerations, including the performance of the business, the impact of trade union organisation, the influence of other companies and of international precedent, and, most pertinently, the attitudes of those holding power within the organisation. In any one company, one or more of these factors might predominate, as has been illustrated with the examples discussed in chapter five. The point here is that there is no inevitable hierarchy of causation. In trying to understand the process at PG Bison, it is

therefore necessary to look at each of these influences in their own right before offering a relative assessment of their role.

8.2 INDIVIDUAL INFLUENCES ON PG BISON'S CHANGE PROGRAMME

The idea that the direction of industrial relations within a company could be significantly influenced by key individuals in positions of power is one that management seems to have little problem with, but which was anathema to conventional wisdom among trade unionists and industrial sociologists, at least until recently. Unionists interviewed for this study tended to see TPQ as a product worker militancy or as part of a desire to increase productivity at a time of economic decline. The notion of top management exercising significant freedom of choice in deciding how relations with employees were to be organised, was one that union organisers in particular had difficulty acknowledging, even if it was implicit in much of what they said. Former Ppwawu national official, Welcome Ntshangase, for one, stressed that "industrial relations is not usually affected by subjective conditions", and that the liberal views of the PG Bison management should not be seen as a "cause" of the decisions made.[4] However, he appeared to contradict this assertion by placing considerable stress on the individual roles played by Leon Cohen and Christo Nel, and, erroneously, viewed the supposed role played by the CBM as a causal agent. "One cannot run away from the fact that TPQ at PG Bison should always be regarded as an initiative of CBM," he said. "I say this because the two people who were at the core of TPQ - Leon Cohen and Christo Nel - were very active members of CBM. I fail to agree with anybody who would say they never looked at this thing as CBM. ... The idea of changing industrial relations came with Leon Cohen, but the man who actually designed it was Christo Nel. He was the architect."[5] Discussing the

political attitudes of these two men, he added: "I would argue that they were not guided just by their liberal views, but I would accept that their liberal views made it easier for them to take that chance. It was a chance because they didn't know whether this thing would backfire. That's the risk they had to take. Liberalism played a part in making some of them brave, and I think a person who argues that Leon Cohen is not a liberal, would not be knowing him, and the same with Christo. What I'm saying is that there were these objective factors which were forcing them to change, but also, subjectively, it was easier for them to follow that route".[6]

It is worth examining this perception in more detail. While he was certainly correct in pinpointing Cohen and Nel as the two key individuals in the process, and in highlighting the significance of their political beliefs, he was off the mark in considering this a CBM project. The reality is that CBM was formed two years after the initial discussions that led to TPQ, and almost a year after its practical implementation had begun.[7] Rather, CBM was a parallel macro-level development which arose out some of the same impulses that prompted TPQ at the enterprise level, and also involved some of the same individuals. TPQ received publicity in other companies through the CBM network, but it was certainly not a product of CBM. However, the role played by Nel in Unisa's Project Free Enterprise in the mid-1980s, and the influence of its research on Cohen and on the company is worth asserting. Nel headed a Project Free Enterprise research project focussing on black perceptions of business in South Africa, which Cohen acknowledged had a considerable impact on his approach to his employees. As he put it in early 1989: "Our first insight into the perceptions and aspirations of the blacks and the extent of the black/white divide was the publication of a study prepared by Project Free Enterprise. This was the beginning of a series of conferences and get-togethers by our senior management where we considered the current situation - the rapid rate of

polarisation, the politicisation of the unions, the state of the economy, the inept see-saw method of government. We looked at projections into the future - urbanisation, lack of skills, lack of investment, lack of productivity, lack of vision".[8] Adding to this in an interview later that year, he said: "The process was triggered to a large extent by what was taking place in Project Free Enterprise at that stage. We spoke to many different people, and one of them was certainly Christo Nel. He was looking at evolving an actual system for bringing together the political and social needs of the people, with the productivity requirements of a business. It was really that meeting with Christo which acted as a catalyst for us to evolve and develop this system".[9]

The impact of Nel's ideas are not the only influence worth emphasising. Cohen had a long history of anti-apartheid activity going back to his days as a Wits University of the student in the late 1940s. He was active in opposing the government through extra-parliamentary organisations in the 1950s and 1960s and adopted a critically supportive stance towards the UDF and ANC long before this became fashionable.[10] He was a close friend and a former business associate of Dr Max Coleman (a founder member of the Detainees Parents' Support Committee and subsequently an ANC MP), who became an important source of information and inspiration for him throughout his tenure as PG Bison CEO.[11] This background meant the was open to currents of political thought beyond the usual confines of white, parliamentary politics. His position within the business was also important. He joined the PG group in 1978 and was appointed to the PGSI board in 1984, serving as deputy chairman of PGWI and as PG Bison's CEO from the time of its formation in 1986 until his retirement in 1994, when he devoted more time to politics, before being appointed company chairman in 1996.[12] As a result, he was well-established within the PG Group at the time he proposed

the introduction of TPQ, and, as mentioned in chapter seven, the unique shareholding structure of PG Bison gave the company's executive (and particularly its CEO) considerable independence, which Cohen sought to exercise to the full.

Significantly, he promoted the idea of the CEO as "the catalyst of change", within the company, rather than as a mere servant to its shareholders.[13] "If business, as we understand it, is to survive in the evolving South Africa, a new 'social contract' between business on the one side and customers and employees on the other must emerge," he wrote in 1989. "The CEO is in the best position to articulate to his organisation the inevitability and consequence of a unitary, democratic, South Africa, and only the CEO can give the requisite leadership to prepare business to be able to prosper in a post-apartheid society".[14] Later in the same paper he argued: "If one looks at the formal structure of business, consisting of shareholders, directors, CEO's, management and employees, it becomes apparent that the responsibility lies with the CEO. The shareholders, with few exceptions, are in reality the men and women who manage money for the institutional investors. ... Their measurement and reward is in direct conflict with the time and risk associated with change. ... Whilst the board of directors is able to contribute to change, it is unlikely that they will fulfill this undertaking.... The board has the primary role of treasurer and custodian of investors' wealth, monitoring the return and security of the investment and the dividend policy - a function which by nature would err towards short term return and the maximisation of profit and shareholders' funds. ... It is the management ... who determine the long-term strategy of an organisation. The only real power the directors have is to withhold funds and fire the CEO. ... Outside directors have neither the time, nor, more importantly, the knowledge to formulate the strategies of an organisation. Furthermore, the board is unable to implement anything without at least the tacit agreement

of the CEO".[15] And he went on to argue: "In contrast to the board, the CEO is an identifiable individual and as such has a pivotal role to play, as only he has the ability to: influence the board through his knowledge and integrity; change the culture of an organisation; mobilise the management of an organisation. It is a recognised fact that to change the culture of an organisation, you have to change the CEO".[16]

The combination of the relative structural independence of the CEO as well as Cohen's assertive approach to this role, and the evolution of his political views, were key factors in the decision to implement TPQ. What Cohen needed, he felt, was a handpicked individual who could be entrusted with the authority to devise and implement a workable change programme. When, in 1985 and 1986, he came into contact with Nel, he recognised him as someone, who could, as he put it, "plough my garden".[17]

Prior to becoming a PG Bison director, Christo Nel had already reached a position of some public prominence. A Stellenbosch University psychology and business science graduate, he achieved his initial exposure through heading the Project Free Enterprise research team in 1984 and 1985. Thereafter he was employed as a consultant to the FCI, working on the formulation of its controversial 1986 Business Charter and later on the Project Free Enterprise report on economic participation in South Africa. His role in the Project Free Enterprise research exposed him to several CEOs involved in initiating participative projects, and this experience, together with his more intense exposure to the Cashbuild example through his friendship with Albert Koopman, helped mould his ideas on the kinds of programmes needed within South African industry. Together with his brother, Johann, he formed Itisa, which later served as a consultancy on "participative processes" to PG Bison, and until he left PG Bison

in 1991 he served as directors of both companies. Furthermore, by the time he joined PG Bison in late 1987, he had developed extensive contacts with a range of extra-parliamentary opposition groups. Significant here was his involvement in the Idasa-sponsored meeting between 60 Afrikaners and the ANC at Dakar in 1987, where he delivered a paper on, "A Framework for a Liberated Economy in South Africa". Shortly before joining the company he also became involved in facilitating workshops on Afrikaans university campuses between black and white student leaders and at about the same time began the "behind the scenes" meetings with UDF leaders which led to the formation of CBM.[18] The relevance of this background is that by the time he joined the PG Bison board, Nel had already achieved fairly wide exposure within both business and political circles, which he was later able exploit - through expanding Itisa's domain in the business world, initiating the CBM, and through establishing further contacts with the key political players. As far as his role within PG Bison itself went, he saw this, in part, as an opportunity to test his theories about participation and in-house culture change in practice. As Cohen put it: "If Christo was going to prove that his theories could work, and we were going to make PG Bison a winning company, then Christo needed a real situation and we needed someone to champion our cause. After discussions which lasted several months, Christo agreed to join our company and accepted a seat on the Board, undertaking the responsibility of introducing what initially was considered an interesting and somewhat frightening experiment".[19]

This sense that PG Bison was an experiment with potentially wider implications was also shared by some of the unionists involved. Ntshangase viewed the TPQ process at PG Bison as a prototype for what Itisa eventually attempted on a larger scale. "When Christo Nel was introducing TPQ at PG, at the same time he started a process with his brother, Johann,

forming up Itisa. So when he finished what he was doing at PG he then went full-time into Itisa".[20] While sequence of events is not entirely accurate - Itisa was formed prior to Nel joining PG Bison, and the process of him leaving the company was not simply a case of him finishing what he was doing[21] - it does suggest something of the centrality of Nel's role in conceiving PG Bison's participative management programme. With Cohen's backing and hands-on guidance, and with the sometimes cautious backing of the company's other executive directors, he fashioned TPQ, and was the key player within the company in ensuring its initial implementation. However, after overseeing Nel's contribution in planning and implementing TPQ, Leon Cohen came to view Nel's role as a relatively short-term, inspirational one - to shake up the business and set the change process in motion before moving on. "Christo was certainly important as a catalyst, and he was impressive in putting forward a forceful view which initiated a major change at that stage," he said, adding, however, that this "just one aspect of the total process of transformation", and that what was lacking in the way the process was introduced was much sense of "ownership" by the organisation as a whole, and particularly by its management.[22] His successor as CEO, Rob Cohen, offered a similar perspective. "Christo was a very good conceptualiser, and certainly made an enormous difference in the business, but didn't put in the bureaucracy in the positive sense that was needed to institutionalise those processes."[23]

After the initial impetus by Cohen and Nel the programme developed its own uncertain momentum with its parameters being shifted by day-to-day experience, by the active intervention of union leaders, the sometimes negative reactions of factory bosses and line managers, the influence of TPQ staff, the external socio-political climate, and most particularly, by the attitudes and action of the CEO, with the marked shift in emphasis from

Leon Cohen to Rob Cohen illustrating this point.[24] There was nothing inevitable about any stage of the process, and decisions about its direction were often made 'on the hop'. At each stage and within each business unit, the roles played by individual actors in positions of power had a decisive effect on its progress. In assessing the individual roles of key actors involved in initiating TPQ, it is obviously correct to place their ideas and activities within the context they occurred. Certainly the political conflict in the country, the problems in the economy and the rise of trade unions, as well as the performance of the three companies which came together as PG Bison, helped to concentrate the minds of those in power, while the degree of autonomy enjoyed by senior management provided the scope for the experimentation which followed. But without Christo Nel it is likely the programme would have looked very different. It may have taken far longer to implement and probably would have taken on a different form, particularly in its early stages. And without Leon Cohen it is likely that it would never have been started in the first place. In this sense the specific roles played by these individuals - as well as several others discussed in the proceeding chapters -should be considered an independent cause of participative management at PG Bison.

8.3 THE ECONOMY AND BUSINESS SUCCESS

For many business leaders in the late 1980s, the country's problems were perceived to be rooted in politics, but their effects were felt primarily through the economy and through its impact on the workforce. A prime motivation in introducing in-house change programmes of various kinds was to counteract these negative, economically-related effects of apartheid in order to improve the performance of the organisation. While it would be wrong to remove from the equation all considerations of managerial desire to improve the lot of its workforce,

participative management was seldom motivated entirely by altruism, but rather tended to be rooted in a desire to improve business performance by increasing the participation of the workforce and by eliminating barriers blocking participation.

This perspective was encapsulated in a paper by Leon Cohen, written in early 1989, in which he explained the realisation that he (and later his business) came to two years earlier about the need to redefine their relationship to their workforce and to the country's political situation. "The purpose of business is to stay in business", he said[25], adding that this required an understanding the social forces which affected the organisation. This led him to recognise: "1. the inevitability of change through transformation from a white dominated society to a future of one country for all our people, and 2. the need to develop and implement creative initiatives to reverse the economically destructive route we are on".[26] He added: "Be it self-interest, be it fear or threat, the challenge we saw was that if we did not increase the capacity of the business to stay in business, then no matter whether all concerned commenced right now a process of consultation toward real change, there would still, in fact, be no worthwhile future to which we could look forward. We would not become socially responsible by undertaking charity programmes or ad hoc unrelated activities, nor through tokenism, nor through paternalistic altruism. We had to acknowledge that both white and black had been suppressed - the workplace had become, for whites, a means of controlling others and for blacks a means of survival, and neither were achieving self-fulfillment".[27]

The 'bottom line' dimension of Cohen's argument was one also stressed by unionists involved in the company, when asked about the motivation for participative management at PG Bison and other companies. Most viewed TPQ as a managerial innovation primarily designed to

improve performance. One of those who stressed this argument was former Ppwawu branch secretary, Kenny Fihla: "Our perspective is that this was done in order to increase productivity. It helps them reduce things like late-comings, absenteeism and so on. I think they hope that workers should be policing each other. They are also coopting the shopstewards in that they see to it that late-comings are reduced, strike action is discouraged and wastage is cut down on".[28] Ntshangase took a similar approach to the question of causation, linking it to the pressures from the "objective" economic situation and a desire for increased productivity. "TPQ, like any other management programme, was introduced in response to a particular economic situation existing at the time. The economic situation will always determine the type of industrial relations that are going to come about. The bottom line is to ensure greater productivity, which ensures greater profitability. You need the cooperation of the workers if you want to increase productivity, particularly because the harsh conditions at the workplace make the workers distance themselves completely from anything to do with productivity. So how do you reverse that? You have to elicit their cooperation. TPQ is about that because it tells workers they are part of the stakeholders, and so workers identify themselves with the goals and objectives of the company. You start bringing in the new concept which is 'we' rather than 'us and them'. Obviously such a relation augers very well for high productivity because workers immediately identify themselves with success and achievement. I think that was the bottom line"[29].

This perception - that productivity and profits were the root cause of the introduction of TPQ - was not restricted to its critics within the union movement, and was acknowledged by some within the ranks of senior management who made the point that while the conceptualisation of TPQ occurred simultaneous to the formation of the company, the decision to implement

it was influenced by the business histories of its component parts, and by a desire to ensure that the negative aspects of their past performance were not replicated within the new company. In 1989 Rob Cohen, then PG Bison's financial director, said that by the mid-1980s there was a "sluggishness" in each of what became the three subsidiaries, which the directors came to see as being directly related to the style and structure of management and the related problem of low productivity incentives on the part of the black workforce. What was identified in the series of meetings among top management in 1986 and 1987 was that there was a lack of communication between black and white on the shop floor, and that the rigidity of the line management structure did not allow for a "cross fertilisation" of knowledge and information, which led to excessive bureaucracy and duplication of functions. TPQ was, in part, a response to these problems, he said.[30]

In considering the source of these problems, the CEO and others within senior management began to stress the link between poor communication, rigid and autocratic managerial styles and low levels of employee motivation, and related problems within the country's political economy. Leon Cohen stressed what he called "economic retrogression" which was the source of the concomitant "social responsibility" of the company[31] - the former term referring to the apartheid-induced economic decline, and the latter to the need to bring business out of the apartheid mode sooner rather than later - and he viewed TPQ as being a product of these concerns. A prime cause of this "retrogression", was "the funds required to uphold old and irrelevant systems - the costs of government's unacceptable reform programmes and no less costly the need to defend our borders and maintain by force, internal control".[32] These "irrelevant" systems were contributing to the poverty of the nation: "The toughest lesson of all was to discover that we were becoming poorer - we could no longer accept that our

intrinsic wealth in gold, diamonds etc, guaranteed us that we would remain rich forever. Reality was that we were in a squeeze - the unproductive costs resulting from the socio-political crisis on the one hand, and the negative productivity on the other.... It was again a consequence of socio-political factors - a long period of irrelevant educational systems, with little or no development of their skills - no perceived benefits by the work force to encourage improved performance..."[33]. Elsewhere he added: "There were no perceived benefits by the workers to encourage improved performance. There was also the brain crisis - the brain drain through constant emigration; brain suck through skills being taken up in an over-enlarged civil service and army; the brain drought because of few new skills coming to South Africa; and brain suffocation by preventing people from realising their full potential".[34]

Cohen came to recognise that these problems could not be solved simply through training programmes and material incentives for workers to improve performance, but required a decisive cultural change within the business. "Within PG Bison, we recognised that workers came to work each day to earn money; they took no interest in the business; they had no understanding of how the business worked; and they had no meaningful stake in the business. This resulted in management's perception that workers were lazy; they didn't want to work, be involved or play a meaningful role in the business. Management wanted the highest reward for the lowest risk; they were uncreative. We needed to do more than address performance issues; that would have merely reinforced the problem. If we were going to survive in a post-apartheid South Africa, we had no alternative but to fundamentally change the CULTURE within our business. We had to change our old ways of doing things - and this included our approach to industrial relations".[35]

As a result, among those involved with conceptualising the TPQ programme, the desire to improve performance was not equated solely with the need for improved productivity and higher profits - notwithstanding the epithet 'Total Productivity and Quality' - but also with less hardnosed concerns like harmonious workplace relations, a strike-free environment and a participatory culture, all of which were assumed to have long-term implications for the success of the business. Cohen embraced the slogan "ownership through participation equals productivity", but also argued that shifting the racial balance of power within the company was itself a legitimate goal, quite beyond considerations of productivity, noting that the differentiation in opportunity between blacks and whites had created an imbalance in power and therefore the lack of black participation in creating wealth.[36] Nel went further, questioning the notion of productivity as a goal in itself. "Productivity in the old sense of the word, in which inputs were related to outputs, is an impoverished principle. It is only when management acknowledges that productivity is the function and result of a total workplace culture that business can start developing the building blocks to ensure the development of a performance culture, and this cannot be viewed in isolation from the macro environment outside business".[37] Arising from this view, TPQ 'theory' as elaborated on in numerous company documents from the late 1980s, was invariably illustrated through a 'performance barrel' diagram, used to demonstrate that the reward of an input into the process leads to a greater output for all. The aim of the theory, which the barrel was intended to illustrate, was to "optimimise business performance, and by so doing to contribute towards changing South Africa towards becoming a totally non-racial society".[38] The relation between the two was always stressed.

However, the recognition of problems within the economy and the company, and of the need for a cultural change in order to confront them, did not prompt an immediate attempt to implement the kinds of solutions discussed.[39] And the solutions themselves invariably relied on individual inputs and personalities, and were seldom inevitable reflexes to a given situation. Again, as Leon Cohen put it: "The terrible realisation in considering the alternatives was just how little one knew - how politically ignorant we were... Long range planning had given way to a reactive short-term decision-making process through which we successfully sublimated our creative talents and energies in the vain hope that the dawn would never come".[40]

8.4 THE DIRECT IMPACT OF SOUTH AFRICA'S POLITICAL CONTEXT

Following from this, there are three important senses in which the influence of the country's political situation on the company's approach to participative management may be considered. The most obvious dimension comes from the impact of politically-related considerations on the company's ability to operate - for instance, how government policies and political conflicts within society influenced the parameters in which the organisation functioned. The second consideration is how those in power within the organisation (the board and particularly its CEO) 'read' the political tea leaves and how they chose to respond to these readings. In this sense the political analysis and activities of key actors within the organisation are important, particularly if a direct relation to managerial approach can be demonstrated. Perhaps even more important, however, is a third consideration: the political profile of the company more generally and the attitudes and allegiances within it. This is necessary to consider because the members of the organisation are not merely passive conduits for the unobstructed channeling

of the ideas of senior management. The successes and failures of the company's participative strategies, and the directions which it took, were influenced by their perceptions, preferences and prejudices.

8.4.1 PG Bison's internal political culture

While it may be correct to describe PG Bison as a 'progressive' company in terms of the perspectives and activities of much of its senior management, the political profile of the company as a whole is considerably more complex, both because the views of senior management seldom coincide with those of other employees and because the politics of a company, and the political ethos within it, involve rather more than a question of the formal political allegiances of its members. Nevertheless these allegiances are of considerable significance in determining the company's direction in many respects.

Many of the individuals within the top layers of management (the executive and non-executive directors) were strongly anti-apartheid in their political perspectives and inclinations, certainly by the standards of the day within white society. In this respect, the politics of CEO Leon Cohen was particularly significant because, as argued above, his personal views were a key factor influencing the managerial strategies adopted, affecting the entire political ethos there. There have, however, been several notable exceptions to this political radicalism among the company's directors, and it would be a mistake to assume that the firmly anti-government, pro-liberation views of Cohen and Nel were held by all their colleagues. For example, former company chairman Bertie Lubner enjoyed a close relation with individuals within the NP, inviting former Defence Minister Magnus Malan to the company's headquarters in 1989 and

according to former Interboard chairman Ed Dutton donating over R1-million to Malan in May 1989 to assist his election campaign in return for Malan's assistance in blocking competition from Interboard - both charges denied by Bertie Lubner[41]. His brother and successor as PG Bison chairman, Ronnie Lubner, was a member of the State President's Economic Advisory Council during the PW Botha era.[42] Perhaps more important was the politically related opposition to TPQ from some SBU leaders - especially in the early days of the programme. One example here was the strong support for the CP from several senior managers at Bisonbord Piet Retief, and more particularly the conservative political role played by the general manager Andries Vorster.[43] Among lower levels of management, party political allegiances appear to have been reflective of those in white society more generally, with strong support for the NP and significant pockets of support for the CP and AWB (particularly further down the hierarchy - most notably at Piet Retief and Boksburg) and for the DP (further up).[44] However, there are indications that TPQ helped prompt a shift away from apartheid supporting politics, with several CP and AWB-inclined employees resigning, and others changing their political allegiances. For instance Maxine Hart mentioned the impact of the value-sharing programmes: "I had one supervisor at Boksburg who told me when I arrived early in 1989 that he was a 'real Hitler', as he put it. He said he didn't believe in 'this TPQ stuff'. As the programme took off he became more and more uncomfortable and after a few months he resigned. There were quite a few like him. But I could give you more examples of people who changed, some quite fundamentally - died in the wool rightwingers who became pro-negotiations. This is a fairly common pattern. Either the discomfort leads to change or it leads to resignations, and usually some of both".[45]

Among black employees there was also a wide range in terms of organisational political allegiance. According to both management and the unions the dominant political support was for the ANC (and earlier the UDF). However, 45 percent of workers at the Pietermaritzburg factory were members of the Inkatha-aligned Uwusa union and there are also pockets of Uwusa membership in the former PG Wood branches in Natal and Alrode. The other factory with a significant number of workers were not Cosatu members was Stellenbosch where, prior to restructuring, nearly half of the mainly coloured workforce were not members of any union. And it would be a mistake to assume that Cosatu's links with the ANC-alliance necessarily carried over to individual members. For instance, according to both management and Ppwawu, between 10 and 15 percent of Boksburg workers were Inkatha supporters in the early 1990s and there were also individual instances of support for the PAC and Azapo.[46]

There was also a wide range in terms of the ethnic or language group identity of employees. Within the company as a whole a slight majority of senior managers were white English speakers and a majority of those in middle management and supervisory roles were white Afrikaans speakers. Among wage earning employees Zulu speakers were the largest group, followed Sotho, Xhosa and Afrikaans speakers, with small pockets of employees who identified themselves as Tswana and Venda, among others. However, this breakdown varied considerably from SBU to SBU, with Pietermaritzburg workers being almost entirely Zulu speaking, and Stellenbosch workers being primarily coloured Afrikaans speakers.[47] As discussed in the chapters below, in some areas these culturally-related differences had considerable bearing on the response of employees to the introduction of TPQ and on their political attitudes and actions more generally.[48] One of the main aims of TPQ was to confront and even change some of the politically-related realities faced by the company, both

in terms of the more 'fixed' factors (such as literacy and housing) and more particularly in terms of political attitudes or 'values', both of workers and especially of management. To do this the company had to enter the political terrain directly.

8.4.2 The political priorities of senior management

While aspects of the political thrust of Cohen and Nel have been touched upon above, it is worth dealing with some of their views and activities on behalf of the company with more specificity in order to provide a clearer sense of the relationship between the company's in-house change programme and their reading of the country's political situation more generally. The late 1980s was the period when what might be termed the political activism of PG Bison - both internal and external - first made its mark. Cohen, Nel and some of the other directors[49] became more assertive in their criticisms of the government, with Nel being the driving force behind one stream of national business contact with the UDF[50], the formation of CBM, and various other politically related initiatives. Both men were vocal in their calls for more ambitious forms of political activism from the business community. In the late 1980s Nel regularly condemned what he called the "resurgence of conservatism" and the "mood of passivity" among business leaders[51], and, perhaps going further in public than any of his colleagues at the time, he praised the role played by what he called society's "transformers" ("the major groups ... are organised labour federations such as Cosatu and Nactu and black opposition movements such as UDF, Azapo, ANC and PAC") and was explicitly critical of the role played by the "reformers" ("AWB, HNP, CP, NP, co-opted participants ie House of Delegates and Representative, organised business institutions and perhaps the PFP, NDM, IP, Inkatha and Uwusa")[52]. He called for "Creative Minorities" in the business community to

complement the activities of the "Representatives of the Majority" (or "Transformers") in bringing about a new political order[53].

Nel saw CBM as the appropriate means towards this end[54], and it soon became one of the primary vehicles for his political activism. The August 1988 conference which launched the CBM[55] was largely Nel's initiative. For about 18 months prior to this, he organised a series of meetings between a small group of business leaders[56], led by himself, and a handful of UDF leaders[57], to set up a business forum to interact with the "Transformers". He coordinated the 1988 conference which was facilitated by a team of PG Bison employees and consultants, while the company was represented by Leon Cohen and Bertie Lubner. Subsequently PG Bison's head office premises were used to house the CBM national office, which was initially staffed by former PG Bison employees, with Nel himself in charge, while Cohen served on CBM's National Consultative Group, later to be joined by PG Bison's Executive Director: Commercial, Douglas Band. Cohen also served as one of its four Johannesburg regional leaders and as a member of its finance committee and chaired its in-house change committee, aimed at popularising TPQ-type programmes. In addition, he was involved in several of CBM's meetings with the ANC, UDF and various other political parties and organisations. The company continued this role after Cohen's retirement as CEO, until CBM was disbanded in 1995.[58]

Nel, Cohen and others within the company's senior management were also involved in a range of other politically related activities, particularly within the realm of the ANC-UDF conference circuit. After the formation of CBM, Nel retained contact at an individual level with various UDF leaders and periodically addressed meetings of its affiliates and of other

extra-parliamentary organisations[59]. He also retained periodic contact with the ANC, with this line of communication contributing to the organisation of the April 1989 Harare meeting between the company's senior management and an ANC delegation.[60] In addition, he was one of the 115 delegates from South Africa who attended the Five Freedoms Forum - ANC conference on "Whites in a changing South Africa" in Lusaka in June 1989, presenting a discussion paper there and delivering the commission report on "The Role of Business in South Africa's Future". Several other PG Bison-linked individuals also attended this event.[61]

Cohen's individual political involvement had a lower profile (beyond the signing of advertisments criticising government action) prior to formation of CBM in 1988. Thereafter, however, in addition to his prominent role within CBM, he was involved in several external, politically-related activities. These included his persistent advocacy of what he called "democracy within business", as well as advocacy of the role of business in working for macro political change. This was done through articles, interviews, speeches and meetings with fellow business leaders. In addition, throughout his period as PG Bison CEO he was involved in issues of social concern beyond the realm of PG Bison[62]. This activism and the contact with black community and political leaders it involved, later contributed to his decision, taken in 1993, to stand as an ANC candidate for the Gauteng regional legislature in the April 1994 elections. His success in this venture came soon after his retirement as CEO.[63] Much of his focus went into imploring fellow CEOs to adopt more energetic approaches towards changing the culture within their own organisations. A typical example in this regard was a July 1989 interview with the IPM Journal in which he said he saw TPQ "as an experiment which can be multiplied". He added: "If PG Bison as a microcosm of the country does work, then there is certainly hope for the country to become a people of one

nation ultimately. So the vision is about South Africa as a people who regardless of colour or creed or anything else are capable of relating to each other in an interdependent way".[64] Two years later, in an address to business leaders, he expanded upon this theme: "It is going to take many years of patience, tolerance and perseverance to undo the damage caused by the legacy of apartheid, but we have begun. We in PG Bison believe that in the interests of South Africa, we cannot go this route alone. It requires a collective effort between other companies and the trade union movement".[65] And a year later in a Sunday Times leader page article he went against the prevailing business view in backing the Cosatu view on the Charter for Peace and Democracy between business and labour (which was later scotched). "From businesses' perspective, the question is: Do we have a responsibility to push the political players toward a settlement? ...," he asked, before answering in the affirmative, and adding: "A negotiated transition to democracy is the only hope for stability and peace, which, in turn, are pre-requisites for economic growth".[66]

Both Cohen and Nel regularly stressed the political motivation for the change process they were initiating internally and its relation to broader political conflict in the country. In the early 1990s Cohen derided the "growing cynicism, distrust and fear" within South African business circles[67] and argued it was imperative that business leaders accepted their political responsibility to spell out the implications of the failure to reach a negotiated settlement, and that they needed to realise they could be effective agents of change. For example, he argued it was important that business support for the "Yes" vote in the 1992 white referendum not be confined to macro support for the campaign.[68] Writing to the chairman of the State President's Economic Advisory Council, he emphasised the need for the "full implications of the impact of the referendum outcome on the Codesa process" to be explained within

companies. "...(B)usiness should bring to the attention of employees in organisations and the public at large the full economic implications of a breakdown in the negotiations process. Business, individually and jointly, must take action to protect the beginnings of a conciliatory process and prevent polarisation".[69] He also made regular mention of the inter-connection between internal democratisation of business, the political education which came with this, and the company's broader socio-political responsibilities. While it is certainly possible that each of these terrains could be independent of each other (a company playing a prominent political role need not have introduced participative management, and vice versa), this is not the way this relation was viewed by Cohen, Nel and others within senior management at PG Bison. For example, Cohen stressed that his prominent involvement in CBM and other politically-related activities was an extension of the values of the company which emerged as part of the TPQ process, and this emphasis continued throughout his tenure as CEO.[70]

This space for political activism was not restricted to the CEO and his executive directors. For example, several individuals with an extra-parliamentary track record were employed within the managerial structures after 1988 - most taken on by Nel, with Cohen's approval.[71] Some of these recruits - and others already within the company[72] - were also politically active within extra parliamentary political organisations and there was no attempt from the company to discourage such activity.

8.4.3 Apartheid's inheritance

Perhaps the most visible aspect of the impact of politics within virtually every large South African corporation in this period, was the fact that largely as a legacy of apartheid, the

owners and managers were white and the workers black - a fact which, as discussed in chapter five, tended to limit the sense of ownership and responsibility among workers. This contributed to a worker perception of bosses and the apartheid state having common cause against themselves and black people more generally. The people who made the important decisions about the business, who received the greatest reward for their services, who had the power to hire and fire, seemed to be drawn from the same stock as those running the country in their own interests. As a result, the tendency on the part of workers and their unions to equate the two was one of the prime politically related challenges faced by management.

At PG Bison - and most large South African companies - these factors contributed to racially-related antagonisms on the shop floor, and helped shape the relation between management and the unions. The lack of legal political channels for black aspirations contributed to the politicisation of the unions, leading to political stayaways, and to the frustration of regular days off for political commemorations, and more generally, to an underlying suspicion about managerial motives. From the start of the TPQ process these concerns were prominent in the motivations offered by senior management for embarking on what was regarded as a radical change programme. For example, a 1989 PG Bison internal paper, presenting arguments for increasing worker participation, lamented the fact that the government's labour reforms in the early 1980s "were not accompanied by any meaningful accommodation of black socio-political aspirations", adding that, "the only area where black society has been capable of applying any significant pressure and leverage, has been in the economic domain. This is illustrated by the exponential escalation of man-hours lost through strike action and stay-aways, consumer boycotts, rent boycotts and actions such as go-slows which are impossible to quantify"[73].

Related to this, various problems were created for the company by political repression and particularly the States of Emergency. These included the detention of employees and union organisers involved in political and community organisations (though this was always vocally opposed by the company). On the other hand, in some factories (most notably Piet Retief), the participation of white managers in rightwing organisations and in SADF commando structures contributed to an impasse between management and workers and the breakdown of communication and trust. Politically inspired violence also had a considerable impact on the company. To take some examples from 1990 and 1992: There were violent conflicts between Inkatha and ANC-supporting Bisonbord and PG Wood workers in Pietermaritzburg; PG Bison workers in Inola Park and other areas in the East Rand fled their homes as a result of political violence; hostel dwelling workers from Vosloosrus and the surrounding townships had to squat with their families in the factories to avoid attack by IFP-supporting hostel dwellers; and in 1991 Boksburg's management had to erect a marquee and leave the canteen open for several weeks to accommodate workers displaced by violence.[74] Aside from the costs involved and the effects on the company through absenteeism and worker motivation, experiences of this nature tended to widen the experiential gulf between black and white employees and therefore increase the imperative to find forums where common ground could be found.

Compounding the inbuilt problems created for PG Bison, as with most companies, by the direct intrusion of the 'external' political conflict into the affairs of the business, were related legacies left by the history of racial subjugation which had a retarding effect on productivity. For example, apartheid education spawned a workforce containing a high proportion of functionally illiterate and innumerate members and as a result of the Group Areas Act, the

homelands policy and pass laws, black and white employees tended to live in different areas. This created transport and housing problems for the black workers.[75]

At the time TPQ was first implemented, the company used a model drawn from Christo Nel's research for Project Free Enterprise reports, framed around an inverted 'productivity triangle', which was employed to illustrate some of these negative implications of apartheid for the business. Among those highlighted were the following: 1. The lower end of the workforce was excluded from the decision-making process, and alienated from the process of business; 2. Operation levels of the company experienced a lack of job satisfaction which impacted on self-esteem and commitment to quality; 3. Managers at middle and senior levels were involved in decision making which should have been taken at a lower level within the organisation, creating a managerial overload; 4. The base of the inverted triangle corresponded with the traditional cut-off line between the primarily white, skilled workers and the overwhelmingly black majority of the workforce consisting of semi and unskilled workers, resulting in a diluted transfer of skills, and perpetuating the impoverished training and education experienced by black employees; 5. This "interface level" in the organisation frequently involved the "more conservative-minded' white management, who were simultaneously most threatened by black encroachment upon their jobs - which reinforced the tendency to retain skills and decision making at unproductively high levels, and contributed to creating a skills vacuum at the lower levels; 6. This situation accentuated the "us and them syndrome" which was "readily exploited by both conservatively minded whites and more militant blacks in perpetuating their own negative rhetoric and perceptions of the opposition".[76]

With these considerations in mind, Cohen argued that the prime motivation for PG Bison's change process was the "impact of socio-political factors on business"[77]. Unemployment, the educational crisis, the housing shortage and a range of more directly political factors had created "fear, frustration, expectations and polarisation" and had placed the country on a "knife edge".[78] The lack of a political settlement accommodating black political aspirations, was exacerbating these difficulties and creating a potentially explosive situation which would not only affect production but would influence the viability of the organisation. When TPQ was first planned there was a fear within the company that management's inability to recognise this "national dilemma" would contribute to further industrial and political unrest, and would negatively affect the already unfavourable management-worker ratios, as well as to the 'brain drain' and the 'crisis' in black education which had contributed to similar shortages of trained artisans, engineers and other skilled professionals.[79] TPQ was seen as a way to confront these problems within the parameters of the organisation, while the external political activism was viewed as a contribution to changing the external environment to one more favourable to the future of business and to the future of labour.

This perspective was the reason for the missionary zeal with which Cohen and Nel approached the question of participation. They felt that for TPQ and related programmes to succeed in the longer term, they would require a 'critical mass' of companies to embark on this path, and recognised that this would only happen if a substantial number of pioneer programes like that at PG Bison were shown to succeed. Cohen argued it was necessary to "create as many successful business role models as quickly as possible to which people can aspire with hope and belief". These role models needed to be successful not only in Rands and cents terms but needed to address a range of socio-economic issues, including "job creation, productivity,

black success, leadership development and white insecurity". But the only way this could happen, and in fact the only option for business, was through a "peaceful political outcome which created hope rather than despair and trust rather than fear".[80] What is apparent is that in the view of those initiating participative management at PG Bison, the motivation of improving the company's performance was not separate from their concerns for solutions to the country's economic and political problems, and their desire for business to play a greater role in achieving them. They viewed the economic pressures retarding performance as being rooted in apartheid, and felt that TPQ was the way to counter them, with the longer term implication being an improvement in performance. But they also felt it preferable that this did not happen in isolation, and that the impetus for cultural change within their business, and within the business world more generally, would be greatly strengthened by a negotiated political settlement.

8.5 TRADE UNION INFLUENCE ON PG BISON'S PARTICIPATIVE PROGRAMME

When asked why TPQ had been introduced at PG Bison, most of the unionists cited in this study argued that their presence forced management along the path they chose (while at the same time arguing that structural changes in the economy made this necessary). For instance, referring to the "processes and struggles within PG Bison and South Africa as a whole", former Ppwawu assistant general secretary Sakhela Buhlungu asked rhetorically: "Was the programme a part response to the militancy of labour and other struggles in the mid to late 1980s? To what extent is the programme an acceptance that government will change and that, to be on the safe side under a new government, the bosses will have to adapt to changing circumstances? What made the bosses realise that 'sluggishness' in the company could be

better addressed by abandoning coercive methods and adopting participatory management?". He answered his own questions with the suggestion that it was the collective power of the workers which had prompted these results."[81] In similar vein the Numsa organiser at the Alrode laminates factory, Elias Monage, argued that TPQ was a management response to union strength: "It was a combination of undermining the trade unions and minimising the militancy of the workers, and that's why they introduced it."[82]

It is worth noting that while senior management was aware of developments in the sphere of trade unionism more generally, they were not facing major threats from the unions themselves. Interviews with unionists and management suggest that the two largest PG Bison unions, Cpwawu and Numsa, developed much of their strength within PG Bison during the late 1980s[83], while Saccawu's membership remained small and static and Uwusa had no presence within the company until 1988. In other words, much of the growth of the unions happened subsequent to the initial decisions regarding TPQ and simultaneous to the programme's implementation, but certainly did not precede it. It could be added that while some unionists complained that TPQ had the effect of dampening worker militancy, and from a different angle, management regularly boasted that there were no strikes at the company after the programme was implemented, it is also true there were no strikes at the company for nearly two years prior to TPQ's full implementation.[84] It would therefore be incorrect to say that TPQ was the product of the unions at PG Bison forcing management into a corner and there is also no evidence to suggest it was part of a plan to undermine the unions. As Ntshangase put it: "I don't like this tendency of overplaying the militancy of our workers. We tend to overplay it. We tend to think that management can go to all lengths to reorganise just because of militancy. The question is, if the workers are militant, how the hell would TPQ be accepted

by the workers easily? What I do know is that when TPQ was introduced, it didn't deal much with the traditional militancy. Those workers could go on stayaways and they could still take what ever action they wanted".[85]

This did not mean the development of trade unionism was irrelevant to TPQ's initiation. PG Bison's management, and its CEO in particular, were intensely aware of the significance of the growth of independent unions. This was viewed as a positive development - one to be encouraged within the organisation - but also one fraught with potential dangers unless changes were made. Writing in 1989, Leon Cohen, spelt out what he considered to be the advantages of a union presence - both for black workers and for white managers: "I consider the advent of the union movement as one of the most important catalysts of change that took place in South Africa. I am not referring to the union's role in bargaining for a fairer distribution of wealth, but it's impact on the predominantly white management in being forced to develop a meaningful relationship with the black workforce. It challenged traditional authoritarianism with its dependence on "threat" or "paternalism" to motivate the workforce. White management were introduced to the process of negotiation and through this process began for the first time to recognise the workforce as comprising real people, each with their own needs and aspirations. To the blacks, the realisation of just how important they were to commerce and industry, and more consequential, to recognition of their ability to organise and to mobilise".[86]

There was also, however, a recognition of the conflict-potential inherent in this development. Writing, in 1991, about the situation facing the business five years earlier, Cohen said: "The union movement had come into being. Black workers now had the ability to mobilise,

organise and bargain for positions they wanted. They had power for the first time. This created a highly conflictual relationship with management."[87] This conflict was seen as a necessary part of the normalisation of industrial relations, and was viewed as a consequence of the lack of political channels for black people in the country and therefore a persistent perspective emerging from top management in this period, was that the stronger the union, the better. As Nel put it in 1989: "Management will have to decide whether, in acknowledging stakeholders as interdependent peers, they are willing to apply the same values to the trade unions as to suppliers and customers. The medium to long-term success of any business depends on the strength of its suppliers and customers ... Equally the capacity for management and trade unions to develop through the current often uncomfortable conflict phase and create interdependent relationships beyond conflict, will be dependent upon the structural strength of trade unions".[88]

From this perspective, Cohen and Nel stressed the necessity of supporting their unions and involving them in the programme. According to Cohen, senior management involved union representatives in the TPQ process "from the word go".[89] This is not entirely correct and a more accurate interpretation would be that senior management was able to get away with presenting TPQ almost as a fait accompli, some time after deciding on it among themselves. In late 1987, they first met with union representatives to explain their plans for TPQ, and claimed they were given a cautious go-ahead. "Their response made it clear that there was a great deal of effort required to develop trust, but they felt there was sufficient in what we were saying, to go along with it, and to give us the opportunity to build credibility", said Cohen.[90] One of the problems faced by management, however, was that despite their apparent enthusiasm for strong trades unions, they did always not share, and in some cases

were not fully aware of, the union leaders' perspectives on a range of issues facing them. One example was the desired nature of the country's economic future and of the role of unions within it. From the start, the goals of Cohen and Nel involved a form of co-determinism, although it was recognised that this would be difficult until political democracy was achieved and unlike the dominant Cosatu view at the time, top management did not envisage a socialist future along collectivist lines (though Nel sometimes spoke favourably of "social democratic" solutions, both at a national level, along West German, social market, lines, and within the company itself[91]). Management also did not see its relationship with the unions as being inherently antagonistic. Instead capital and labour were viewed as "interdependent stakeholders"[92], with Nel and Cohen favouring the idea of greater worker involvement in the company's decision making, eventually including the possibility of the unions holding a substantial share of the company's equity.[93]

What this suggests is that far from having a approach premised on undermining the unions, the company's top management viewed the unions as an appropriate forum for worker representation, and from the outset preferred strong, rather than weak, unions, though in terms of their stated commitment to co-determinism, it would be correct to state that in the early stages of TPQ's implementation they did not draw the unions into the process sufficiently. The point to make here however, is that the essence of the TPQ programme lay in promoting greater employee participation in decision making at various levels within the company, with a view towards improving the company's performance. To achieve this, the executive directors recognised the necessity for union participation in the programme, rather than seeing it as a necessary evil in the South African context. Their agenda (which was never hidden) was to create a situation where all 'stakeholders', and particularly labour and management, were

cooperating in running the company from a basis of strength, and the unions were seen as the primary vehicle for labour's input in this regard. A frequent complaint from management was that the unions were not strong enough, insuffiently representative and were not well organised - and they even made moves to remedy this situation - sometimes as a consequence of union pressure (the appointment of full-time shop stewards) and at others as a reflection of their management 'philosophy' (the invitation and assistance given to Ppwawu to organise Penny Pinchers).

With several notable exceptions, most of the unionists interviewed accepted that TPQ was not inherently anti-union and had several positive aspects which were of considerable benefit to their members. However, a major misgiving, related to their conflicting 'philosophies'. Prior to the company's restructuring in 1993, PG Bison's unionists tended to be contemptuous of what they regarded as management's confining view of the role of the union (one of assisting and organising the workers as a key 'stakeholder'). In contrast, their emphasis was on developing a sense of worker solidarity which extended beyond the confines of the single company and involved a view of management and labour as opponents or enemies, locked in an inherently adversarial relationship[94], which militated against their full acceptance of TPQ. As former Ppwawu's Kenny Fihla put it: "TPQ is not an anti-union approach. But they do sort of co-opt the shopstewards through ... getting them to be part of its implementation".[95]

In assessing the contribution of the union movement to PG Bison's decision to introduce its TPQ programme, three conclusions can be reached. First, that the initial decision had little to do with union pressure within the company at the time. Second, the prognosis of top management about the potential of the unions, both for conflict and for cooperation, helped

prompt them to devise a programme designed to be union-friendly. Third, from the early days of TPQ's implementation, top management envisaged a steadily expanding worker role within the company, and understood that the trade unions were the appropriate vehicle for this, even if it took some time before this was implemented in a way which drew the unions into the process beyond the shop steward level.

8.6 THE IMPACT OF INTERNATIONAL AND LOCAL PRECEDENT

In the early days of PG Bison's participative programme, there was a tendency among senior management and support staff to stress the originality of TPQ and even to view it as a unique experiment. Likewise, there was a tendency among the unionists involved with the company to do the opposite - to stress its similarities with participative management programmes elsewhere in the country and abroad. When pressed, however, both sides seemed to acknowledge the validity of aspects of each other's position - the unionists, that there were indeed aspects of the programme which were original, and management, that the ideas were not entirely indigenous to PG Bison.

To take three examples from the union side. Fihla made the point that it was one of a kind: "Our attitude is that this is not just a project being taken up by PG. You have similar programmes at a number of companies, so it is not necessarily unique. The kind of thing being adopted there is part of an overall strategy". But he went on to say: "I would say PG is unique in its application of the programme. What they do at PG is to use the union structure to make it work".[96] Less cynical was former Numsa organiser, Sam Ntuli, who noted with some enthusiasm: "There is a big difference between it and other management

programmes. ... It is definitely different - far more positive - than in other companies."[97] He nevertheless felt constrained to mention that its common denominator with programmes at other companies was that, "workers are being exploited to make profits". Ntshangase also stressed the elements of continuity, noting that: "TPQ, like any other management programme, was introduced in response to a particular economic situation. The bottom line is to ensure greater productivity". But he acknowledged the limits to this continuity: "TPQ differs from the others - TQM and so on, in that it doesn't rush productivity. It starts first by creating that environment which allows for workers to see themselves as part of a family, so that at a later stage you begin to talk about productivity, which they're starting to do now."[98]

Similarly, from the management side, the assuredness of uniqueness was less absolute than it might have appeared at first blush. Cohen, for instance, emphasised that TPQ emerged out of management's own discussion processes, which led to a view that business would have to change its own culture in a fundamental way if its long term future was to be secured.[99] "We were pioneering something that in itself had not been tried before," he said.[100] But he later acknowledged: "All we had to offer was something different - but nothing that wasn't being looked at internationally. General Electric, Levi Strauss in America, a whole series of companies, were all saying that just to compete with what the Japanese are doing they had to look at different ways, different methodologies".[101] He also mentioned several other companies attempting similar programmes: "Volkswagen is definitely one that has gone a long way. I think that Premier Milling has made a lot of progress in this area. ... and within Lever Brothers this type of change is also taking place. Within JCI strong efforts are being made, and there's progress in Southern Life too. The National Institute of Productivity is wanting

to support this type of thing ... recognising that productivity is going to be dependent on cultural changes".[102]

This ambiguity was starker with Nel. Most of his pronouncements emphasised the home-grown origins of the idea. In 1989 he wrote: "TPQ is a strategy which has been developed within the PG Bison Group, in conjunction with Itisa consultants, to address the factors which are impacting upon current business performance and the viability of business in a future South Africa".[103] Elsewhere he said TPQ was a strategy "developed and implemented at PG Bison".[104] But in another paper he acknowledged that some of the key concepts behind the TPQ model (as explained through the 'productivity barrel' and the 'diamond shaped productivity triangle'[105]) emerged out of "research conducted by Project Enterprise, and subsequently in a variety of companies throughout South Africa".[106] He showed a keen awareness of what such companies attempted, with the impact of the Cashbuild experience particularly significant in the formulation of his ideas about worker participation.[107] One of his 'missions' was to assimilate aspects of these examples, in an attempt to 'sell' the notion of participation within PG Bison and more broadly, and he encouraged his TPQ staff to do likewise.[108] In 1988 speech he said: "Company level experience in organisations such as First National Bank, McCarthy's, PG Bison, Metalbox, Alusaf, Samcor (to mention a few) has proved conclusively that attitudes can be changed fundamentally through attitudinal change workshops".[109] He began a 1989 paper with this plug: "Colin Adcock of Toyota says that, 'if it was a religion, management would have to be its disciple.' One of South Africa's most prominent business leaders, who would be saved the embarrassment of being named says, 'We must embark upon this route to remove the sting of the tail from labour.' Albert Koopman of Cashbuild tests the outer extremities of courage by developing industrial

democracy to the extent that workers and managers set goals together, and workers may dismiss managers for not fulfilling company philosophies and values. The international revolution of participative management that made Japan great, turned Ford in the USA around, and saved Iscor R15 million in one year, has hit South Africa."[110] Later, he added: "Participative management structures and techniques have gone far beyond proving their phenomenal capacity to improve working relations, productivity and enhancement of job skills. The hard statistics of companies such as Toyota, Cashbuild and Iscor should long since have removed any doubt about the essential role of participation."[111]

What this suggests is that from the outset, Nel was aware of local and international trends with regard to participative management programmes, and some of these helped inform the programme that was followed at PG Bison, particularly in its initial stages. This, however, should not be overstated. For one thing, a detailed knowledge of these developments does not appear to have gone far beyond Nel and Leon Cohen - though the ideas (if not their source) were passed on through them. Leon Cohen, for instance, said that he and the other senior managers did not initially make a detailed study or draw from what was happening in other countries[112], though elsewhere he stated that international precedent was considered. "We began to look at all kinds of models, both locally and overseas. We discovered there was no model we could import because South Africa's problems were unique. ... We were entering unchartered waters; we had no experience to fall back on, so we took a risk."[113] Key actors at PG Bison eventually took more than a passing interest in Japanese, German, US, Brazilian and other experiences. As is touched on above, Nel regularly expressed admiration for the West German system of co-determination[114], while subsequently Rob Cohen expressed the hope that aspects of the German system, particularly regarding worker representation on the

company's board, could be replicated in South Africa, and also suggested he had been influenced by his negative perceptions of British dependency on the state, through his experience of living in Britain in 1980.[115] Nel was also impressed by the Semco experience in Brazil, and certainly there are similarities between aspects of the PG Bison approach and that adopted by Semler - particularly regarding the attitude to trades unions. The 'success stories' of US participative management were frequently used by Nel and Cohen[116], while some of the dimensions of Japanisation, particularly regarding the role of workers in day-to-day decision making, were regularly cited.[117]

At the same time, however, they did not follow any of these models slavishly, and the programme adopted at PG Bison differed substantially from, for example, the TQM programmes pioneered in the US and Japan, particularly with regard to its attitude to unions and its strong political flavour, and also differed substantially from German co-determinism, with its emphasis on representation through works councils and related structures. The fact that it was introduced within a South African political context meant that its potentials and limitations - differed markedly from the situation in the advanced capitalist countries.

8.7 CONCLUSION

In trying to understand why PG Bison introduced its participative programme when it did, and the influences which shaped the programme, it is important not to lose sight of the subjectivity of the process. There was no pre-determined set of objective factors which made the end results inevitable. It is almost a truism to say that in most groups and organisations the decision making process rests on the heads of a few individuals. In most businesses this

is even more pertinent because the key decision maker is usually the chief executive, and power devolves from this source. In PG Bison the CEO enjoyed a greater level of autonomy than with most South African corporations. He was not subject to the kind of constraints from a foreign parent company, that applied in the VWSA case, nor, initially, to the pressures of a local subsidiary relationship that existed with many of the Anglo American-owned companies. Furthermore, the individual in this position during the first seven years of TPQ had a view on the function of his position which tended clearly towards activism. He viewed himself as the prime change agent within the organisation. Therefore in considering the whys and hows of TPQ and of the company's political approach, one has to look carefully at Leon Cohen, his ideas and influences, and the ideas of those, such as Christo Nel, he empowered. As has been suggested above, the fact that Cohen developed a particular perception of the country's and his company's problems at a particular time, and the fact that he chose Nel to begin sorting them out, and that Nel himself was influenced by a particular set of political and managerial ideas - are some of the most important points to bear in mind when considering the process.

Clearly however, there is far more to it than this, and an exclusive focus on the ideas of individuals in power would be as far off the mark as an exclusive focus on abstractions like the 'class struggle', 'economic crisis' or even 'productivity'. First, the CEO and his lieutenants are far from the only actors having a bearing on the process; second, their ideas, like all ideas, are not simply plucked out of the air; and third, they are not operating with a vacuum devoid of structural constraints and pressures. What is important is to understand how the 'objective' factors have impacted on the subjective actors to produce particular policies, strategies and actions. As outlined above, factors such as the uninspired performance of the

three PG Bison companies prior to their merger, the growth of the trade union movement, the apartheid-related problems in the South African economy, and the perception of a need for 'social action', all prompted Cohen and other company executives in the direction of an ostensibly less centralised and more politicised structure and style of management. The decision to bring Nel onto the board introduced another set of influences and ideas, including aspects of the Japanese-American TQM tradition, aspects of the experience of Cashbuild and to a lesser extent other South African companies, the research on black perceptions conducted by Project Free Enterprise, and a particular perception of the country's political situation, influenced by access to some of the extra-parliamentary political players. While PG Bison's trade unions had little direct impact on the decision to implement TPQ (beyond the fact that they helped make it possible by not actively resisting it), they certainly had considerable influence on the programme subsequent to its initial introduction. Other actors influencing its pace and direction included the company's shareholders and non-executive directors, various layers of management within the company as well as supervisors and foremen, and the political parties and organisations to which the company's employees had an allegiance.

NOTES

1. This is discussed in 5.2 above.

2. This is discussed in 4.3 in particular.

3. Leon Cohen, "Case Study of a TPQ Company." Business Vision, June 1989, pp 6. - 7.

4. Interview, Welcome Ntshangase, April 19 1993.

5. Ibid.

6. Ibid.

7. TPQ was first implemented in 1987; CBM was formed in 1988.

8. Leon Cohen, "Social Responsibility: The Practical Role of the Formal Corporate Sector," unpublished paper, p 4.

9. "Leon Cohen at PG Bison," IPM Journal vol 8 no 2, July 1989, p 13.

10. Interviews, Leon Cohen, November 28 1989, July 16 1990, November 1 1991, February 26 1992, January 26 1994 and May 2 1994.

11. The two men were frequently involved in political discussion, with Coleman a prime source of political information and influence for Cohen. Furthermore, in 1991 Cohen employed Keith Coleman (Max Coleman's son) to serve as the Personal Assistant of the Bisonbord MD, Rob Cohen (no relation), and later on the 'think tank' involved in restructuring the company, before being appointed a senior manager in PG Bison's sales division. Leon Cohen was also involved in approving the appointment of another Coleman son, Colin, to the full-time staff of CBM in 1989.

12. The PG Group Annual Report 1989, p 11; PGSI Annual Report 1992, p 9; interviews, Leon Cohen, May 2 1994 and Roddy Payne, November 6 1996.

13. Leon Cohen, "Personal Perspective and Motivations for Embarking on Transformation Strategies: A Chief Executive's Views," unpublished paper, June 7 1989, p 2.

14. Ibid, pp 2 - 3.

15. Ibid, pp 8 - 12.

16. Ibid, p 13.

17. Leon Cohen, interview, November 26 1989.

18. Curriculum Vitae, Christo Nel, July 6 1989; Raymond Louw (ed), Four Days in Lusaka, Five Freedoms Forum, Johannesburg, 1989, p 12; Max du Preez, Gavin Evans and Rosemary Grealy, The Broederstroom Encounter, CBM, Johannesburg, 1988, pp 3 - 4; Interviews, Christo Nel, July 20 1990; Maxine Hart, May 18 1993.

19. Interview, Leon Cohen, November 26 1989.

20. Welcome Ntshangase, op cit.

21. As discussed further below, Nel's role and style prompted opposition both from white managers and supervisors and from the unions - particularly Ppwawu. Through agreement with Cohen and the Board, in late 1990 Nel's position changed from that of executive director to non-executive director, and Itisa's consultancy services were no longer retained (after PG Bison sold its share in Itisa). Prior to this, Nel had been receiving his fee as a PG Bison director, and, through his directorship of Itisa had also been receiving income from the consultancy fees paid for Itisa's services to PG Bison. Nel left the company in early 1991, and subsequently worked full-time for Itisa.

22. Interview, Leon Cohen, January 26 1994.

23. Interview, Rob Cohen, February 6 1995.

24. Rob Cohen's role is discussed in 11.3 but is worth mentioning here. Though his influence was limited at the start of the process when he was PG Bison's financial director, it expanded after his appointment as Bisonbord MD and became seminal when he took over as PB Bison CEO in 1994. He proceeded with more caution and less overt enthusiasm for participation than his predecessor, with his focus being on the customer as primary stakeholder, rather than the employee. The result was that the momentum of the process was lost, though it is worth stressing that the initial downgrading of TPQ occurred prior to his appointment, largely as a result of priority given to restructuring the company.

25. Leon Cohen, "Social Responsibility: The Practical Role of the Formal Corporate Sector," op cit, p 3.

26. Ibid.

27. Ibid, pp 5 - 6.

28. Interview, Kenny Fihla, July 17 1990.

29. Welcome Ntshangase, op cit..

30. Interview, Rob Cohen, August 17 1989.

31. Leon Cohen, "Case Study of a TPQ Company," op cit, pp 6 - 7.

32. Leon Cohen, "Social Responsibility: The Practical Role of the Formal Corporate Sector," unpublished paper, March 3 1989, p 2.

33. Ibid, pp 2 - 3.

34 Leon Cohen, "Case Study of a TPQ company," op cit, pp 6 - 7.

35. Leon Cohen, "PG Bison: A Case Study", paper delivered at IPM Industrial Relations Conference, Sandton Sun, August 15 1991, p4.

36. Leon Cohen, "The Role of Business," discussion paper circulated within PG Bison and by IPM, February 24 1992, p 2.

37. Christo Nel, "Total Productivity and Quality: An Holistic Strategy for Business Change," IPM Journal, vol 8, no 2, July 1989, p 18.

38. Interview, Christo Nel, June 17 1989.

39. As discussed in chapter nine, it took 18 months from the initial discussions to the first stages of their implementation.

40. Leon Cohen, "Social Responsibility: The Practical Role of the Formal Corporate Sector," op cit, pp 3 - 4.

41. Lubner denied any involvement in a scheme to destroy competition against PG Bison in this way and denied he made the donation, while Dutton said he had proof on both scores. (Sunday Times Business Times, February 2 1997.

42. Interviews: Christo Nel, July 17 1990; Rosemary Grealy, April 20 1989; Colin Coleman, February 22 1990.

43. This is discussed in the chapters which follow.

44. Drawn from several interviews with TPQ staff, including Nel, Modise, Grealy and Hart - all cited above.

45. Interview, Maxine Hart, March 3 1990.

46. Interviews: Sam Ntuli, July 18 1990; Musa Bhengu, October 8 1991; Thlopheho Modise, July 16 1990; Welcome Ntshangase, April 19 1993 and Maxine Hart, July 3 1992.

47. See James Smith, Needs of Retrenched Workers: A Case Study. MBA dissertation, University of the Witwatersrand, 1994, p 42.

48. This is discussed in chapter 12 in particular.

49. Most particularly the Laminate Industries director Andrew Gilbert, who was later appointed MD of Penny Pinchers.

50. Du Preez, Evans and Grealy, op cit, pp 3 - 4.

51. In Leadership South Africa, vol 7 no 3, pp 36 and 44.

52. Du Preez, Evans and Grealy, op cit, p 13.

53. Ibid, p 35.

54. Interview, Christo Nel, September 3 1988.

55. Involving a 42 person delegation from the business community and a 35 person delegation from the UDF, Cosatu and allied organisations, known as the "Broederstroom Encounter".

56. The others included the following company CEOs or chairmen: Chris Ball (Barclays-First National), Chris van Wyk (Trust Bank), Mike Sander (AECI), Neal Chapman (Southern Life), Willem van Wyk (Iscor), Mervyn King (Tradegro) and Zach de Beer (then of Anglo American). (Du Preez, Evans and Grealy, op cit, p 3.)

57. These included: Murphy Morobe, Eric Molobi, Mohammed Valli, Azhar Cachalia, Rev Mcebisi Xundu, Mewa Ramgobin and Father Smangaliso Mkatshwa. (Ibid, pp 3 - 4)

58. This is drawn from the following sources: Du Preez, Evans and Grealy, op cit, pp 3 - 9; Consultative Business Movement - CBM", organisational brochure, March 1991, p 1; "CBM/KSB - Consultative Business Movement/Konsultatiewe Sakebeweging", CBM organisational brochure, October 1992, pp 5 - 6; CBM, Managing Change: A guide to the role of business in transition, Ravan, Johannesburg, pp XII - XV; interviews with: Christo Nel, June 17 1989 and July 20 1990; Leon Cohen, February 26 1992 and January 26 1994; Debra Marsden, June 19 1992; Colin Coleman, August 25 1992 and May 1 1994; Rob Cohen, February 6 1995.

59. Such as the Five Freedoms Forum.

60. See chapter 9.

61. These included the then Laminate Industries director) Andrew Gilbert (who was also a member of the FFF executive), Itisa director and PG Bison consultant Johann Nel, PG Bison housing consultant Ian Bernhardt (also a FFF executive committee member) and CBM employee Colin Coleman (who, at the time,was working from the PG Bison head office). (Raymond Louw (ed), Four Days in Lusaka, FFF, Johannesburg, 1989, pp 7 - 12 and 111 - 115.

62. For example, he headed the finance committee of the Alexandra Clinic and gave personal support and backing to the BMF.

63. Interviews: Leon Cohen, January 26 1994 and May 2 1994.

64. IPM Journal, July 1989.

65. Leon Cohen, "PG Bison: A Case Study, op cit, p 13.

66. Sunday Times, August 23 1992.

67. Leon Cohen, "The Role of Business," op cit, p 2.

68. Interview, Leon Cohen, February 26 1992.

69. Letter from Leon Cohen on behalf of CBM In-House Change committee to Warren Clewlow, chairman of the Economic Advisory Council, February 21 1992.

70. Interview, Leon Cohen, July 16 1990.

71. Including former UDF activist and political detainee Rose Grealy (1988 to 1991), former UDF activist and ANC detainee, Maxine Hart (1989 to 1994), former UDF publicity secretary Murphy Morobe - as a consultant to Nel and later a senior manager (1989 to 1994), former UDF detainee Keith Coleman as a senior manager (1991 to 1994), and former ECC leader Roddy Payne as Cohen's PA (from 1995) and others for briefer periods as consultants.

72. Several senior employees and consultants including Gilbert, former information systems manager Janine Copeman, Bernhardt and Hart were involved in FFF while Morobe played a leadership role in the UDF and later the ANC and within Codesa.

73. "PG Bison: Total Productivity and Quality," company document, 1989, p 7.

74. Interview, Maxine Hart, July 30 1992.

75. These problems are discussed in chapters 10 and 12.

76. "PG Bison: Total Productivity and Quality," op cit.

77. Leon Cohen, "The Role of Business," op cit. p3.

78. Ibid.

79. Christo Nel, "Midnight Has Struck - the Quickening Rhythm of Chaos and Transformation," paper presented to FFF-ANC conference, "Whites in a Changing Society", Lusaka, Zambia, July 1989.

80. Leon Cohen, "The Role of Business", op cit, p 1.

81. Sakhela Buhlungu, Letter to the Editor, SALB, March/April 1992, p 2 (in response to, Gavin Evans, "Worker Participation at PG Bison", SALB, vol 16, no 3, January 1992, pp 40 - 51).

82. Interview, Elias Monage, August 24 1992.

83. Ntshangase, the most significant growth within the union at PG Bison, had come after 1987, when TPQ was introduced. (op cit)

84. Interviews: Leon Cohen, November 1 1991; Maxine Hart, July 30 1992. There were other forms of industrial action between 1987 and 1996, including work stoppages, work-to-rules, and go-slows.

85. Welcome Ntshangase, op cit.

86. Leon Cohen, "Social Responsibility: The Practical Role of the Formal Corporate Sector," unpublished paper, March 3 1989, p 2.

87. Leon Cohen, "PG Bison: A Case Study", op cit, p 4.

88. Interview, Christo Nel, June 17 1989.

89. "Leon Cohen at PG Bison," interview in IPM Journal, vol 8 no 2 July 1989, p 14.

90. Ibid, p 14.

91. Interview, Christo Nel, June 17 1989.

92. Ibid.

93. Ibid.

94. This is drawn from several interviews with unionists at PG Bison including: Kenny Fihla (July 17 1990); Sam Ntuli (July 18 1990); Musa Bhengu (October 8 1991); Anton Makhaye (September 26 1991); Elias Monage (August 24 1992); Gibson Nduli (August 21 1991); Welcome Ntshangase (April 19 1993); Rob Rees (March 16 1992); Raymond Santos (October 28 1991); Selwyn Jean (July 28 1991); Hamilton Modapani (August 5 1991); John Nkosi (August 8 1991); Themba Mfeka (February 12 1995).

95. Interview, Kenny Fihla, July 17 1990.

96. Ibid.

97. Interview, Sam Ntuli, July 18 1990.

98. Welcome Ntshangase, op cit.

99. "Leon Cohen at PG Bison", IPM Journal, op cit.

100. Interview, Leon Cohen, February 26 1992.

101. Leon Cohen, "Social Responsibility: The Practical Role of the Formal Corporate Sector," op cit, p 12.

102. Interview, Leon Cohen, February 26 1992.

103. Christo Nel, "Total Productivity and Quality - An Holistic Strategy for Business Change," pre-published version of paper for IPM conference, August 1988, p 1. In a published version of this paper he omitted the clause "in conjunction with Itisa consultants".("Total Productivity and Quality - An Holistic Strategy for Business Change," IPM Journal, July 1989, p 18.

104. Ibid.

105. The former indicates the "cyclic process of business" in which small inputs lead to greater outputs. As Nel put it, the issues at stake within the Productivity Barrel were: A. Whether the workers specifically, and other stakeholders generally, perceive the conduct of business as benefiting themselves; b. At what levels productivity and quality is managed." He went on to say that the Productivity Triangle, "should be shaped to indicated the lowest possible levels within the organisation are closely involved in productivity and quality decisions and activities, while maintaining a perception that they benefit directly from enhanced outputs as a result of improved inputs." ("Participating for Survival," unpublished paper, May 1989, p 2.)

106. Ibid.

107. See 5.5 above.

108. His initial reading list for TPQ staff included: A D Koopman, M E Nasser and J Nel, The Corporate Crusaders _Lexicon Publishers, Johannesburg, 1988; R Semler, "Managing without Managers", Harvard Business Review, September/October 1989 and Tom Peters , Thriving on Chaos Harper and Row, New York, 1988.

109. Christo Nel, "Business in South Africa", unpublished seminar proposal, November 1988.

110. Christo Nel, "Participating for Survival", op cit, p 1.

111. Ibid, p 3.

112. Leon Cohen, interview, November 1 1991.

113. Leon Cohen, "PG Bison: A Case Study," op cit, p 5.

114. Interviews, Christo Nel, February 3 1989; June 17 1989; July 20 1990.

115. Interview, Rob Cohen, February 6 1995.

116. Interviews: Christo Nel, February 3 1989; Leon Cohen, February 26 1992 and January 26 1994; Christo Nel, "Participating for Survival," op cit, p 1.

117. James Smith and Maxine Hart expressed their admiration for the Japanese example: "In Japan, unionised assembly line workers design their own quality control manuals for their portion of the line, and then conduct their own statistical control tests to make sure they are achieving the agreed standards. Japanese workers can even press the button to stop the entire assembly line when they detect quality problems. Imagine for a moment the significance of this process: * The workers are able to read, write and count, skills which in themselves allow employees to understand and contribute to the design of the production process. * They decide on and take responsibility for the production output - and have totally open, real-time access to the information on which to make those decisions. This represents worker participation at its most intensive and arguably the most advanced - at least at a departmental or work team level. * Work standards are negotiated and agreed between managers and workers - with the veto in the hands of the worker who can stop the assembly line. * Managers don't see themselves as a superior controlling force in this equation, but as partners in the wealth creation process." ("Educating for Worker Participation," Financial Mail, supplement, April 1993).

CHAPTER NINE

THE INTRODUCTION OF TPQ AT PG BISON: 1986 - 1989

9.1 INTRODUCTION

FOR several years the masthead on all the company's literature stated: "PG Bison - A TPQ Company"[1], suggesting the notion of 'Total Productivity and Quality' was fundamental to its existence. Despite the term's utilitarian connotations, in essence TPQ was company jargon for describing both its approach to participative management and the socio-political 'philosophy' and 'vision' of its executive directors. It was also used to encapsulate their approach to labour relations and provide expression to the view of the CEO that the company and its three subsidiaries needed to re-organise the business from the top down, and eventually from the bottom up, by introducing a less centralised form of management, by channelling the creativity of ordinary employees and by breaking down racial divisions within the business. The term itself had the effect of providing a hard-nosed edge to this managerial approach - to give directors, shareholders and senior managers the sense that the 'bottom line' was paramount in the minds of its architects.

The process of discussion among the company's executive directors which led to the implementation of TPQ, began in late 1986, soon after PG Bison's formation. It lasted several months, after which the Board of Directors agreed to back Cohen's proposals. Christo Nel was asked by Cohen to join the company's board of directors, and appointed "Director: Total Productivity and Quality" with the responsibility of implementing the change strategy which he had devised through his work with Project Free Enterprise.[2]

Several key goals were stressed from the outset. Non-racialism was the "core belief"[3], with the company's directors viewing their role as involving the elimination of problems within the organisation understood to be rooted in the legacy of apartheid. Related to this was the development of a common set of 'values', the fostering of a less hostile culture' within the business, the promotion of horizontal management structures, the encouragement of active participation in decision-making from all employees and the nurturing of 'workplace democracy'. And through all this, in the longer term, the improvement of the company's overall performance, was seen as the ultimate purpose of the exercise.

The initial conceptions of TPQ involved a strong emphasis on unleashing the innovative potential of all employees by giving them a greater degree of control over their work environment. Implicit in this was a sense of a cohesion of interests among employees, albeit one which recognised the importance of the trade unions from the outset. This soft pluralist view of industrial relations viewed workers and management as separate but inter-dependent stakeholders with different interests regarding the size of the wage bill, and therefore requiring independent representation, but with common interests in the prosperity of the organisation. The emphasis was on their shared interests in the success of the enterprise.

Aspects of this are captured in an early 'TPQ Philosophy' document which begins with the following assertions: "TPQ is a statement of respect, pride, dignity and dedication. It is business' way of expressing respect for human dignity, justice and recognition of the innovative and creative human spirit. TPQ acknowledges the interdependent peer relationships between all the stakeholders of our business (namely: employees, management, customers, suppliers and shareholders). It is a total belief that every stakeholder in our company will only be loyal and dedicated to us if each one believes that by giving more they will receive more. Each one of us can therefore only grow if everybody works together for mutual gain, and

honestly view (sic) one another as peers. TPQ is the creation of opportunity for ongoing development and achievement by and for all our stakeholders. TPQ is a sincere and demonstrated belief that people are our most important resource and that we can only perform well by mobilising the innovative and creative capacity of all our people..."[4].

Once the broad thrust had been decided upon by senior management, the 'values' and goals were developed and refined, primarily by Nel, into what became the TPQ model. As he summarised it two years later: "Our aim was to optimise business performance and to ensure that the business became conducive to change in South Africa and could flourish in a totally non-racial society. Our bottom line was that business had to stay in business, and our model was one of interdependent stakeholders - employees, management, suppliers, customers and shareholders, all of whom should be rewarded for their inputs and risks."[5] The programme was formally introduced in the second half of 1987, when a TPQ office was set up in the company's Johannesburg head office. After this, the change programme was implemented on a factory by factory or outlet by outlet basis. This was done both through Itisa, the consultancy co-owned by the Nel brothers and PG Bison, and later through a team of TPQ coordinators.

9.2 INITIAL TPQ PLANNING AND IMPLEMENTATION

In 1987 Nel produced a three phase plan for TPQ, which is worth examining as it provides a sense of the early thrust of the programme as envisaged by its creator. Phase one, "Environmental Preparation", involved "exposing all managerial and supervisory employees to the underlying motivation and context within which the initial Visions, Values and Missions

have been formulated."[6] The rationale was that "people will only accommodate and support change if their current state of comfort and satisfaction is surpassed by a higher degree of discomfort and dissatisfaction." It adds: "People simply do not change if they are too satisfied with the status quo. It is, however, essential to offer something relatively concrete and attractive in the place of the status quo".[7] The desired outcome of this phase was to ensure that "our employees, at managerial and supervisory levels, are familiar with the environmental situations that necessitate fundamental change. It needs to have served the purpose of initiating the debate and process from which change will be elicited".[8]

The "Visions, Values and Missions" which managers were required to absorb had an explicitly political dimension, intended to confront their views on their positions and on the country's future. The company's "Vision", began as follows: "We believe in the need for change so that no person may live at the cost of another; We recognise that South Africa will have a government elected by all its people in the future; We know there is a bright future for everyone who accepts the challenge of transformation and change, and takes action now; We create the future to remain relevant and competitive now and in the future; We address all the variables related to inevitability of change and productivity decline; We accept the discomfort caused by change, and help all of our employees, black and white, to cope with change...".[9] Likewise TPQ's "Vision, Values and Commitment" is packed with references to non racial democracy. For example, the 'Commitment' section states that PG Bison "will support actions which further the fundamental principles of human rights, justice, dignity and mutual respect".[10]

There was an attempt to link the vision, values and principles with political information, and what emerged was a stream of documents containing facts about the country's political problems and their implication for the company. For instance, managers presented with the "PG Bison Vision", were given further political input. One section, dealing with "Inevitabilities of Change" provid statistics on how blacks represented a rapidly increasing proportion of the population, of matriculants, of consumers and of urban dwellers. The section on economics notes: "Impossible to survive in isolation - must become part of Southern Africa. International acceptance dependent on change. Apartheid bankrupting SA ...". Another section, entitled "Productivity is Declining" focused on the implications of the country's apartheid-routed political problems for business performance, through offering the following set of 'facts': "1. Black-White Mistrust = Continuous Reinforcement = Relative Deprivation; 2. White - Black Fear = "Integration" = Don't trust own ethnicity = Socio-political illiteracy = Dehumanisation; 3. Irrelevant Education = Illiteracy = Poor cognitive ability = Poor self esteem; 4. Discrimination Housing (sic) for Blacks = Over-Populating Homes = Broken Families = Tiredness and Wariness; 5. Transport Problems = + 75% Commute + 2 Hours = Poor Concentration; 6. Social/Community Poverty = Poor Nutrition = P or Stamina; 7. Suppressed Racism = GAA/SAA/PRA; 8. Politeness Barrier = Paternalism = Dishonesty = Vital Lies; 9. Pressure on Management = Overstretched Lines of Control = Deskilled Workers". A final section, verbosely entitled "The Rhythm of History Along the Curve of Racism and Group Commandment" provides a diagram linking the history of various forms of racism - from "Rural Pluralism" to "Co-Optive Domination" - to conflict in South Africa, with the end result of a continuation of this path being "Irreversible Polarisation and Conflict" within a system characterised by "Totalitarian Coercion and Patronage".[11] A lengthier version of this document contains nine pages of similar political information about South Africa.[12]

Phase Two of the initial TPQ plan was called "Development of Values" and its function was "to clarify management thinking and to serve as an initial point of discussion between management and employees"[13]. It's main component involved "developing common values" through the value-sharing workshops which are discussed in more detail below. As Nel explained it prior to its implementation: "These workshops will focus on the perceptions and values of management and workers. ... Experience has shown that many 'tea and coffee issues' emerge, in conjunction with more fundamental values and perceptions.[14]

Phase Three (to be implemented in conjunction with Phase Two) was called "Structural Changes" and involved aspects of the reorganisation of the company's structure, with a far more direct focus on improving productivity and quality. This was motivated as follows: "Organisational change is directly related to the structural changes that are implemented. This clearly implies that change cannot be merely 'educated into the system'. The activities of phase one and two represent 'SOFT' facets of TPQ. 'SOFT' actions by themselves are incapable of creating corporate change. They are aimed at motivational and attitudinal changes that underlie the acceptance of the 'HARD' facets of TPQ".[15]

Examples provided of 'hard' structural changes, included: "Implementing financial reward for the entire workforce ... linked to improved material utilisation, shrinkage, sales etc; Implementing a profit-linked performance bonus for all employees; Involving employees, either directly or through elected representatives, in the development of performance objectives; Creating a system of 'financial or performance disclosure' through which employees, trade unions etc, are given access to organisational records etc".[16] Specific objectives in this direction included: a."TPQ Objectives Matrix" to measure organisational

performance.[17]; b. "Performance Output Models" for focussing on "defining jobs in terms of the expected performance outputs per job" in order to enable "the monitoring of individual performance against specific criteria", to develop "job-related training programmes", and to transfer people within the group[18]; c."Performance Enhancement Groups" in which "the operational directors of every strategic business unit must be viewed as the TPQ champion for their own unit", and therefore participate in a "development programme aimed at developing TPQ and general management skills"[19]; d."SBU Strategy Workshops" through which each of the SBU's senior and middle managers would be involved in "unit-specific strategy formulation"[20]; e."Human Resource Management Programme" through which human resource management personnel were to participate in a "developmental programme" to "ensure their ability to offer satisfactory support for HR issues and specific TPQ functions"[21]; "TPQ facilitators programme" through which a team of TPQ facilitators would be recruited and trained[22]; g. "Corporate Survey" to "more accurately define movement in corporate culture".[23]

Far more progress was made in this early period with the "soft" aspects (involving attitude changes) than with the "hard" aspects - a trend which continued over the next five years. As Nel put it in late 1988: "The experience of 1988 has clearly indicated that the capacity and in-house resources available to drive TPQ Strategy is much less advanced than one would have hoped. This is clearly due to past practice within SBU's to maintain the leanest possible management and worker compliments, whilst also not developing any substantial supervisory, managerial and technical skills programmes".[24] He noted that the skill involved in measuring the performance gains within each SBU, "has not been evolved to any great extent in South Africa", while the concept of linking reward to performance enhancement is "an

acknowledged sensitive area"[25] - a reference to union opposition to such a scheme. Another reason he provided for the slow implementation of the 'hard' aspects of TPQ was that management, supervisory and operational staff did not fully understand what he termed "the Cycle of Business and the interdependence of all stakeholders"[26]. A British consultant[27] was retained from early 1989 to conduct training in performance measurement and incentive reward schemes with a view to implementing them throughout the company, though it was over two years later before performance-related bonuses were introduced, in a limited way, and even then, not for long.[28] Nel reported that the Objectives Matrix (OMAX) to monitor organisational performance had been used in a "few SBUs .. as both a monitoring and communication tool".[29] An earlier report stated that Laminate Industries had been used as a development base and that "all SBU leaders have been exposed to the development of OMAX and we are in the process of implementation"[30].

Nel reported greater progress in "Managerial Development". A May 1988 report stated: "Since September 1987 the initial thrust has been the implementation of a sensitisation process, through which salaried employees have been exposed to an environmental analysis of South Africa. This has had the specific aim of motivating the need for change through the implementation of TPQ. All senior and middle managers have participated to date, whilst Laminate Industries and Bisonbord Boksburg have also put all staff levels through this process". SBU leaders had been constituted as a 'Performance Team' to meet on a quarterly basis "to debate and formulate issues that need to be addressed as part of the entire TPQ thrust", while SBU leaders and their senior managerial teams would participate in developmental sessions to analyse their managerial "team skills"[31] He reported that 'Participative Leadership' sessions, "to adjust managerial styles to a more participative and

consultative process", had been conducted by Itisa at Laminate Industries with "very gratifying results".[32]

It was in the area of "Work Relationship Development" (also known at that stage as "Interface and Value Sharing") where the most progress had been made in implementing TPQ by the end of 1988. In addition to the value sharing groups discussed below, Nel reported progress in several other areas by the end of 1988. For instance some SBUs elected 'TPQ teams' consisting of management and worker representatives, assisted by Itisa consultants, to help coordinate the programme.[33] Other priorities stressed in the 1989/90 plan included workshops to discuss TPQ for all managerial, supervisory and technical employees and their families from each SBU, performance reporting through which SBU leaders would give information regarding the performance of the SBU to all levels of the workforce[34], a better communications strategy for information about the business and TPQ in particular (including internal newsletters and a wide range of often mystifying audio-visual programmes used to illustrate the frequently confusing jargon that Nel introduced[35]) an induction programme to integrate new employees into the company and explain TPQ to them[36], a system of internal promotion, involving an embargo on recruiting outside the business and a 'TPQ Barometer' to monitor advances made within each SBU.

The initial planning also involved an approach to union involvement which was described as, "the exploration and development of industrial democracy strategy in consultation with most senior possible trade union and worker representatives ... (in order to) ... bring senior management and senior worker representatives together in defining the parameters for developing interdependent rather than adversarial relationships in ways that fulfill all

stakeholders' needs".[37] From the time he arrived at PG Bison, Nel openly acknowledged the difficulties involved in achieving his goal of a less adversarial relationship with the unions. As he explained it early in the process: "The inter-relationship between management and Trade Unions is an area in which no company in the country has yet developed major breakthroughs. The thrust of TPQ will definitely create resistance in the next year and can only be met through a dedicated focus by an individual who is well respected within the ranks of the Mass Democratic Movement and the Trade Unions".[38] The man chosen for this task was former UDF publicity secretary Murphy Morobe, although from the time he joined the company in 1988 until several months after his 1992 return from a PG Bison-sponsored study-year in the US, his role in this respect, and within TPQ and the business more generally, was a minor one - mainly because he was given leave to remain involved in UDF and later Codesa activities. Prior to 1992 his primary function was to serve as a political advisor and contact man for Nel (as part of a six person TPQ team based at in a separate department at the PG Bison head office from early 1988.)[39]

The idea was that this team would play a catalytic role in implementing TPQ, and that by mid-1990 they would have more or less worked themselves out of these jobs. As Nel put it in 1988: "Several factors of TPQ strategy will be driven from head office for the next 12 to 18 months with the specific intention of transferring the skills into SBUs by the middle of 1990".[40] His report added that "senior directors of PG Bison, and more particularly the Director of Total Productivity and Quality, Christo Nel, will be taking an increasing hands on approach to the driving of TPQ strategy. ... It is envisaged that at least one meeting per six to eight weeks will take place at each SBU during which half to full day will be spent with management, shop stewards, worker representatives, foremen etc, analysing TPQ progress

and requirements. This would form part of an integrated drive to ensure SBU independence by mid-1990.[41]

The problem, however, in getting the SBU leaders to assume control of the TPQ process, was that many of them did not embrace its goals and methods with the same enthusiasm as Nel and Cohen had hoped, and some were antagonistic to its underlying values, and more specifically to the implications for their short term power and longer term positions. The managerial and 'value sharing' programmes were therefore emphasised, and from the outset it was recognised that without strong support from the managers, TPQ would soon flounder. It is therefore worth discussing these dimensions of the initial plan in more detail.

9.3 SENIOR MANAGERIAL PROGRAMME

One of the first decisions taken by PG Bison was to decentralise the organisation of the business by increasing the powers of factory and regional managers - a move eventually reversed, when the company was restructured in 1993. At the time it was divided into 10 strategic business units (SBUs) - later reduced to eight - each of which had greater autonomy than before.[42] This was accompanied by a strong emphasis on altering the style of management employed within the organisation, along the lines that Nel and others had advocated in the final Project Free Enterprise report.[43] As Nel, put it in 1988: "They need to come to the understanding that rather than losing their 'managerial prerogative' they are gaining an influence and leadership of an entirely different sort. As opposed to management by rule and dictate, they need to embrace the need to manage with consent of the managed, or stated differently, by democratic sanction".[44] This managerial programme had two

essential thrusts. The first, 'Senior Managerial Development' or 'Senior Leadership Development Programme', was aimed primarily at the SBU leaders, group directors and others in senior positions. The second, sometimes described as the "Sensitisation Process" was focussed primarily on middle management, though senior managers were also involved.

The initial emphasis was on changing the attitudes of those in control of running the company with Nel arguing that in order to achieve the goals of TPQ, senior managers had to "champion participative goal-setting", in which all stakeh needed to be included in setting goals for the company and evaluating performance. This 'transformation action process' required improved communication throughout the organisation through the value sharing programme and the development of the idea of a 'larger corporate family'. This needed to be combined with a more participatory style of leadership, through the implementation of the 'in-a-group principle' involving fluctuating peers, and also required the "pro-active promotion of work-place democracy by helping to strengthen the unions and involving them in running the TPQ programme".[45] There was also a strong emphasis on changing the attitudes of white managers towards South Africa generally, and their black fellow employees specifically. In the plan that emerged, the first priority was to set the "TPQ parameters" by exposing senior management to the "broad principles" involved in this approach, and more specifically developing new corporate "Visions, Values and Mission".[46]

From the outset it was seen as essential to draw the SBU leaders into supporting the goal of "creating a non-racial democracy in the business"[47], or at least to minimise their opposition to this notion. To do this the 20 top managers (including the 10 SBU leaders) were taken on a three-day workshop, where they were presented with the basic plan to be followed. With

some opposition and a great deal of hesitation from several of those involved, they agreed to the process - perhaps, in some cases, because they had no real alternative. In effect, they were being motivated with offers they could not realistically refuse and had little option but to go along with the plan, or resign (and there were several resignations from senior and middle-level management in the first two years of the programme[48]). Those involved in driving the process acknowledged there was considerable opposition to the proposals, not always expressed openly. Former Laminate Industries director Andrew Gilbert, who was one of the more enthusiastic players within company's senior management, recalled: "The initial concept of TPQ wasn't readily accepted by the managers. It meant breaking down an entrenched hierarchical structure, and it meant going along with a value system which proposed a non-racial, democratic South Africa - meaning one man, one vote. We couldn't have got anywhere without that principle at the centre. So there were definitely some managerial conflicts as a result of the process, and even today not everyone is fully behind it. I mean, if you think about it, it is extraordinary how much people like Andries Vorster, the general manager at Piet Retief and a CP-supporting deputy mayor, had to confront."[49]

The initial method of coping with managerial opposition was to supply the SBU leaders with a steady stream of literature explaining the aims and methods involved, and through regular meetings, seminars and workshops with TPQ coordinators and fellow SBU leaders, aimed at encouraging them to take a 'pro-active' role in driving the programme. For this reason the SBU Performance Team was set up in 1989, rotating its meetings to cover each of the regional bases. At the time senior and middle managers were required to attend the 'environment analysis of South Africa' sessions while regular individual meetings were held between Nel and SBU leaders. An early 1988 document on 'Management of TPQ' noted a

key early objective was "to share ownership of the process with the SBU leaders" and "instil appreciation and acceptance of the role of the TPQ team in ensuring attainment of the vision".[50] This was to be done by "engaging with individual SBU leaders at least bi-monthly to discuss the application of TPQ, where it is and where it should be going".[51] The need to "discuss with the SBU leader what he wants to achieve and jointly determine how the team can help and set an action plan to achieve set objective/s", is stressed, as is the need to "sell him the holistic approach of TPQ".[52]

A further stage in the 'sensitisation' of senior management came with April 1989 visit to Zimbabwe. This trip, which was organised at considerable financial cost to the company[53], was compulsory for the entire senior management team, each of whose members was asked to bring their wives - making up a 50 person delegation. It was billed to them as a "five day intensive investigation of business processes and environments in Zimbabwe".[54] The visit included meetings with several Zimbabwe cabinet ministers, Zimbabwe businessmen and two sessions with a delegation from the ANC - the first-ever meetings between the ANC and a full management team from a South African company. Cohen, Nel and the other coordinators only informed the PG Bison managers and directors of this meeting the night before it happened. This caused considerable conflict within the group, and that night several managers initially refused to go saying they were not prepared to meet with "terrorists", and that contact with a banned organisation was "unpatriotic". They debated the issue through the night, several were in tears at the idea of meeting with the "enemy", but in the end, almost all the PG Bison managers agreed to hear what the ANC had to say.[55]

Gilbert described the experience as follows: "At the beginning some of the guys absolutely refused to meet the ANC. They were adamant and very emotional, and so were some of the women, who were more naive because they were not exposed to the factory environment. But in the end it was partly peer pressure that got most of them to change their minds. The meeting itself was not too successful, because it never really got beyond the issue of violence and there was a lot of antagonism from some of our guys, but afterwards we took the ANC delegation out for supper and everyone attended that, and then things began to change. For a helluva lot of the guys the experience of the Zimbabwe trip, was a watershed in their lives. Some see it as a life-changing experience, and there is nothing quite so radical as a convert. You speak to people about it, they don't remember much of the details; what they remember is the emotion. It was a totally emotional experience. For a lot of the guys it was the first time they'd met blacks at that level. When they met with the Zimbabwe Speaker of the House, he told them it was first time he'd ever met an Afrikaner, and he said he was helluva happy, but he wanted to understand why Afrikaners hated him. Then the Secretary of Finance said when he came into the government he'd been in the bush for 15 years. So there was a lot to think about".[56] Henry de Villiers, the previously rightwing general manager at the Boksburg factory, confirmed this perception, noting it had a profound effect on his approach: "I was initially antagonistic. I saw it as political and I was upset by it, but after my Rhodesian visit I changed my mind. In Rhodesia I could see that whites weren't chased out of the country, and that the heads of companies were still whites and that whites and blacks got on well. It changed my whole outlook to black and white and helped me to see blacks not as a threat but as an opportunity."[57]

This was followed by various other activities aimed at senior and middle management. By the end of the first quarter of 1988 all middle managers had been through a TPQ induction programme, the objective of which was to "develop a peer relationship with middle management with the view to merging the process with their environment".[58] By the end of 1988 most managers had also attended value-sharing workshops, and for the senior managers there were also several township visits, and visits to the homes of employees and employee hostels, organised within the company.[59] According to Nel by the end of 1987 managerial discussions groups had been meeting regularly, and their responses were "very constructive, with minimal negative reactions", but in an April 1988 "TPQ Status Report" he provided a less sanguine assessment: "The process of sensitisation has undoubtedly succeeded in its aim of loosening up the attitudes as a preparation for pursuing change-related strategies through TPQ. At a rough guess 20 - 25 percent of participants have accommodated the need for change and TPQ positively, and are willing to pursue it. ... Approximately 50 percent are probably neutral, and could be swayed negatively or positively. Senior managerial attitude and guidance will ultimately determine this group's dedication or resistance to TPQ. The balance of 25 - 30 percent should be viewed as inherently resistant, and could very well be termed "Maliciously Compliant". This spread is most encouraging, as the 'Creative Minority' of 20 - 25 percent is more than adequate to mobilise commitment to TPQ".[60]

Nel argued the discomfort felt by many within management was inevitable and necessary, and while it had to be confronted, it could not be allowed to impede the process: "We basically had to push it through, sometimes against the wishes of some of those managers directly affected. If they had been given the option, you can be sure that managers at, for example, Piet Retief, would not have accepted it. The irony is that to introduce democracy into the

company, we had to be autocratic to a point. Had it not been for Leon's determination, it would not have happened".[61] Cohen himself, however, was more ambiguous on this point, acknowledging the difficulties involved, but tending, in the early days of the process, to understate the level of opposition from his management, and therefore to overstate the consensus reached. In a 1989 speech he summarised his view of the tone of management's response at this initial meeting of senior management: "They openly, even though hesitantly at first, explored what full participation implied - discussed, agreed and reinforced their acceptance of the inevitability and in fact desirability, of change. Probing many of the issues raised led to extreme discomfort - exposing the ugly realities of apartheid - recognising the terrible and ignorant perceptions we were prepared to take as fact - and facing the false beliefs that we actually had good relations with the workforce, that we understood their needs, and finally accepting what existed was a superficial politeness that enabled us to tolerate each other without trust and mutual respect".[62] He said managerial suspicion about TPQ had been particularly acute among the lower levels of management and among white supervisors. "Underneath some are afraid, some are suspicious, some are resentful. But these people will feel the dynamic of the situation and will endeavor to come along with it".[63] In contrast to Nel and some of the other directors, he argued at the time that "management must be motivated to move in a new direction - they cannot be coerced", and expressed the belief that this was happening.[64]

Later, however, he offered a more critical perspective on this stage of the process, and particularly of Nel's role within it, expressing unease about the extent to which it was introduced to the business from the outside and never sufficiently integrated into its day to day operations. One reason for this was that Nel's didactic style and his role in forcing the

pace of the programme's implementation caused resentment among management, and it was this consideration which ultimately prompted his departure from the company in 1991. Having initially applauded Nel's role in setting up the programme, Cohen felt he was not the right man to develop the process further because Nel's continued presence was a source of tension with other managers.[65] This perception was confirmed by several other managers within the company. For example, according to one former PG wood manager, "Christo was very unpopular with the managers. We thought he was all theory and no action and that he was arrogant."[66]

As a result, many of the white employees appeared relieved to hear of his departure, including some of those who supported the basic parameters of TPQ. On the other hand, the company's Organisation Development coordinator, Maxine Hart, along with many others involved in implementing the change programme, came to the view that despite the controversy he engendered, his role was a crucial one in establishing the momentum of the process. "The problem most of the managers had with him was that his style was antagonistic, but I think was necessary at the start. If you want to shift the culture of your organisation radically, you need a bulldozer and Christo was a bulldozer. Leon once explained it to me that, 'you need a hunter to stake the field and a farmer to plant the vegetables, and he said he didn't want a hunter messing in his tomato patch. But with hindsight it could not have been done without him. He was needed to start the process but once the field was staked out, we needed someone to hold people's hands and that's not his style."[67] Cohen put forward a similar view, acknowledging Nel's argument that the change process could not have been achieved without a measure of coercion. "The problem was that we imposed that on the business, so that it happened simultaneously, but not in an integrated way in the business itself. It didn't

even incorporate the human resource people or functions that existed at the time. It pulled its own TPQ people into place, and enforced that situation, though I think we picked some superb consultants - people who specialised in the impact of change on individuals, which was massive, and who concentrated on getting them to realise they had to look at themselves and their behavior, which had to change. But from a lot of the white management it was regarded as a political move, especially in those days, though there's no doubt that it helped bring about change integrate a more non-racial culture into the business. I believe that real change has to imposed, but then you come back, having imposed it, and you have to get people to buy into it, through participation, and ultimately to achieve ownership of it by the people themselves."[68]

As discussed in the chapters below he programme gradually gained a significant measure of passive acceptance among the different levels of management, and active resistance decreased. As former TPQ Coordinator Thlopheho Modise, put it three years after the programme was introduced: "TPQ has created a lot of discomfort for whites, but as they went through it, their experiences changed and this started to change their attitudes, and they became more accommodating. They became more exposed to other people's perspectives and in this way gained more information which they wouldn't have had it not been for TPQ".[69]

9.4 VALUE SHARING

After initial consultations with PG Bison's unions, the first concrete step in implementing the TPQ programme came with the launch of a pilot programme focussed on breaking down barriers between black and white employees. Cohen explained this as follows: "As we were

to commence without trained resources and with no past proven history, we selected one of the units from which to gain the experience, knowledge and confidence that would enable us to introduce the programme more rapidly throughout the group".[70] The unit, Laminate Industries, was chosen because of its proximity to the head office and because of its relatively liberal senior management. Its employees were taken through two day value sharing workshops, each of which involved about 20 people, roughly half black and half white. They were put through a programme in which they were encouraged to explain their views on society, day-to-day problems and aspirations, political perspectives and their attitudes to each other and the company, in addition to being given an introductory lecture dealing with, among other things, aspects of the country's political history. It was judged to be a success and from then on the programme was implemented throughout the company.[71] Nel said the goal of these workshops was to narrow the gaps in the political and cultural perceptions of white and black employees. "The desired output at the end of this phase would be the development of a set of common values which reflect the needs of the entire workforce, management and labour included".[72] Later he reported: "During these workshops traditional barriers to interdependence are explored, and common values for the business are developed. Laminate Industries has been used as the development base with results that have exceeded expectations".[73]

The company moved with considerable speed in ensuring that all employees went through these two-day sessions (which took place during worktime). One year after the first pilot sessions were completed, a total of 24 workshops had been held - 10 at Laminate Industries, three at Boksburg, seven at Pietermaritzburg and four at Piet Retief.[74] The programme was launched in the rest of the company in 1989, and completed in early 1990, by which time

about 200 value-sharing workshops had been held.[75] These encounters represented the most explicitly political dimension of PG Bison's in-house change process. As in the pilot programme, each workshop brought together between 15 and 20 employees, with the general aim being that approximately half were black and half were white (although because of the company's racial breakdown, this was often not possible, and some within management had to attend several of these sessions). They were controlled by a workshop facilitator "to encourage free and open debate and to ensure that no-one would feel prejudiced by speaking up".[76]

An indication of what was intended to come out of these workshops was provided by the 1987/8 Value Sharing Workshop manual. The standard programme began with introductions, and then moved on to a lecture on "PG Bison - where it stands" . After explaining the purpose of the workshop, a second lecture, "South Africa: An Overview" was given. These inputs were provided by the facilitator (in most cases Thlopheho Modise, though in some sessions the lectures were delivered by Christo Nel). Thereafter the participants were asked to discuss and write down their "fears and hopes", after which they were given further input on black and white perceptions and experiences, and were asked to give written inputs on the process. The second day involved discussion on the previous day's experience and content, and a "re-look at PG Bison's Vision, Values and Business Commitments". It ended with an attempt to get the participants to agree on "mutually set actions towards independence".[77]

The workshop manual, handed to all participants, started with a section on "Workshop Purpose" which stressed the "macro impact on the company" of "outside factors" including "population demographics, perceptions and prejudice, productivity, polarisation and

politicisation". It noted: "This then calls us to become much more aware of the broader social, political and economic issues as they are very important in shaping our company towards excellence. Failure to do so will certainly result in decreased performance and even failure in our company".[78] It went on to say how the country would look "approximately 13 years from now", noting factors such as a 134 percent black population increase, an over 500 percent increase in black matriculants, a doubling in the number of urbanised blacks, an ongoing decline in productivity, the "deep rooted perceptions and prejudices because of our historical background", and the polarisation in society and the workplace.[79] One of the 'inputs', "South Africa: An Overview", focussed on the history of apartheid and racial discrimination, the laws restricting blacks from participating equally in society and the implications for the ability of blacks to compete with whites[80], and was accompanied by lectures on the history of black resistance, including details about the ANC and PAC and the armed struggle.[81] It also presented a "comparative development process" on a "typical" black employee, "Teboho Letsatsi" and a typical white employee "Jan Alleman", both the same age. The former began life in Sophiatown, played with wire cars, started school in a class of 60, learnt of his uncle being killed at Sharpeville, had a father who lost his job for failing to produce a passbook, completed school in standard eight at the age of 16, later became a teacher but was fired and jailed on Robben Island for five years for political activities. On his release he became a trade unionist, and was detained several times. In contrast, Alleman began life in Mayfair, was raised with educational toys, started school in a class of 20, had a father who was promoted to become a company manager, went to the army after matriculating, then to study engineering at Stellenbosch, believed the ANC was a bunch of communists, travelled overseas, became a managing director, voted for the NP, and was concerned about violence.[82] Following an account of the 'life histories' of these two archetypes, the

participants were asked to relate their life experiences to those "Teboho" and "Jan". Questions included: "How has the government affected your life?", "What have you been taught to believe of the other race groups and your own?", and "What are the most important events that have shaped your life?". A further set of questions asked about the participants's sources of political information, their attitudes to the company and the effects of events in their communities on the company.[83]

According to Modise, the workshops created "a lot of discomfort" for white employees in particular, "but as they went through with it, their experiences change and this starts to change their attitudes, and they tended to become more accommodating. They became exposed to other people's perspectives and in this way gained more information." He said that prior to February 2 1990, when the ANC and other political organisations were unbanned, there was a far stronger negative reaction to information relating to topics such as the history of the ANC and the reasons for the armed struggle. "Whites tended to come in with closed minds. They regarded the ANC as a violent organisation which was banned and therefore they did not want to hear about it or were very antagonistic. But as the black workers discussed the reasons behind the ANC taking up the armed struggle, for example, they started to listen. It was the first time they were hearing the perspectives of their colleagues. After February 2 the whites were more eager to talk and find out what the ANC stood for, and that made the whole process easier than before".[84]

Cohen said both white and black employees had problems with the workshops, though for very different reasons. "This was not an easy process. There was a lot of fear, mistrust and suspicion. People did not understand why we were doing this. Some whites thought it was

political and only in the interests of the blacks. Some black workers thought it was a form of co-option. There was much resistance initially. People did not want to change; they wanted to remain in their comfort zones. They were afraid. Nevertheless, we continued. We believed in the humanity of all employees and their capacity to change. It was encouraging to learn that people were not motivated by revenge or hate, but by a real desire for an equal opportunity and stake in the system. Through this process, we began to open up the system. We created a discomfort, a need for change. People began to think critically about their traditional views, and see common bonds and goals".[85] He argued that this process of confrontation was essential in creating a measure of trust between workers and managers, and was a necessary step to take before the rest of the participative programme could be implemented. "Black and white had to recognise each other as people, and that they played a part in the business. What came out of the value-sharing workshops was very encouraging: people were having their minds opened. They looked at things they had not considered before. Once people were not afraid that their jobs were prejudiced by saying things they wanted to say, a lot was said candidly".[86]

He mentioned several examples: "A black asked a white whether he would attend - the white said he would and asked "will you?" - the response was: "I never thought I would ever trust a white man". A black Nactu member who had never recognised our Cosatu union would not attend for over three months - finally he did, and is now one of the best advocates of TPQ in his SBU. In one workshop there was the following interesting dialogue between a foreman and an employee who worked in his department: The foreman asked the employee, 'As this is an opportunity to speak freely, what is wrong with you - what must I do to get you to work more effectively'. The employee then explained it had nothing to do with him - that what he

did not understand was that he had to travel two and a half hours to work and two and a half hours home each day, that he shared a house with three families, that he had to listen to two of the wives arguing all night and was then expected to work harder the next day. What he wanted to know was when would he earn enough money to buy his own house. The foreman stated openly that he had no idea what this was the problem".[87]

Positive perspectives on these sessions were also given by most black shop stewards and workers interviewed. Former Laminate Industries shop steward and assistant warehouse superintendent, John Nkosi, said the value sharing groups workshops were useful in shifting attitudes of middle management, and in creating greater understanding among workers of the way white employees perceived them and the company. "These workshops helped a lot of managers to understand the workers's cultural beliefs, the values of the black man, and for us to understand their culture, and work out an understanding for the business to survive".[88]

By 1990 the value-sharing workshops were completed, and the process was not repeated. After this, new employees were not taken through the same process, meaning that each year a reduced proportion of workers and managers had experienced this process. This did not mean, however, that the question of 'values' had been dropped, although, as is argued below, it would be true to say that the political dimension is no longer stressed to the same extent as during the 1987 - 1990 period.

9.5 CONCLUSION

By 1989 the structured component of the managerial programme had been completed, and by early 1990 the value-sharing workshops were also completed, with nearly 4 000 employees going through them. In addition, as discussed in chapter 10, by 1989 the first in-a-groups had been established, the communications strategy was also in place, with Ubuntu, a newsletter aimed primarily at black employees first being published in November 1989, and TPQ Times - aimed at both management and workers, first being published in April 1990. By late 1989 the pilot stage in setting up a company-wide literacy and numeracy programme (called Learning for Empowerment and Progress - LEAP) was being completed, and the company's housing programme was being implemented. The recruitment embargo came into being in late 1989, though its implementation was, at best, piecemeal. Less progress was made in the "Payback Cycle" (or "hard" aspects of TPQ) with the complex systems of performance measurement and monitoring never fully implemented, and the performance-related reward system first being implemented in 1991, with limited success.

In looking at these first three years of the TPQ process, three discernable sub-phases can be recognised. The first, in 1986 and 1987 (which Leon Cohen called "From Status Quo to Change"[89]) involved the initial conceptualisation of the plan, during which the parameters of the programme were set, the initial plans were made, mission statements, principles and 'philosophies' were formulated, and the first steps were made in preparing the top level of management for what was to come. The second phase, from late 1987 to early 1989 (which Cohen called "From Fear to Understanding"[90]) involved the establishment of the TPQ department in the company head office, the further 'sensitising' of senior managers and later of lower levels of management through the managerial programme, the value sharing workshops as well as a variety of other educational activities. It also involved the initial

communication with the unions, and particularly their shop stewards, and the early initiation of joint management-worker structures, mainly in the form of the in-a-groups. The third stage, in 1989 and early 1990 (which Cohen called "From Expectation to Delivery"[91]) involved the completion of the value-sharing groups and related educational programmes, the establishment of the in-a-group networks, as well as the initial implementation of a range of new programmes such as LEAP, the housing scheme, and the communications programme.

It is notable that despite the detailed plans described above, the actual implementation of the programme was slow to get off the ground, partly because it was felt that there was little in the way of useful precedent to draw from, but also because logistical factors - the size of the company, its existence as three separate organisations and the number of sites involved - and because of the caution and opposition from many within the managerial structures. According to Cohen, "it took a good 12 to 18 months to convert an idealistic desire into a describable vision and a committed course of action"[92], while elsewhere he said: "I would put it at about 18 months from the time of concept, to the time we really started doing something, committing money to it".[93] And even then it was only the senior managerial development programme and value sharing workshops which were implemented on a substantial basis by the end of 1989 (two years after TPQ was first launched). These programmes, however, set a strong basis for what was to follow from 1990 onwards, and certainly helped to create a measure of trust between black workers and the company's senior management, even if, in many cases, this did not extend to the line management. As is argued further in chapter 12, the managerial programme contributed towards establishing a less confrontational style among management and also towards a better understanding of the problems faced by black workers. This tendency was consolidated by the value sharing workshops, which also contributed to a

better understanding between black and white employees and in breaking down aspects of the communications barrier.

As a result, this dimension of TPQ was viewed in a largely positive light by workers and despite suspicions that it was part of a "co-opting" agenda, it did not attract opposition from the unions - mainly because it did not compromise their position in any way. This climate certainly eased the path of management when the first level of the more permanent participative structures, the in-a-groups, was introduced in early 1989 - partly because in their initial form they resembled aspects of the value sharing workshops (bringing together managers and workers in a common forum to discuss problems and perceptions), and it was only when Nel tried to extend participation and cooperation beyond the "fluctuating peer" level by creating a national shopstewards council, that the unions started to dig in their heels and began to view the whole TPQ programme with more overt suspicion.

Despite the two year 'free ride' from the unions, Cohen subsequently argued that at that stage they could not have moved much faster without killing the process altogether, both because of the trial and error basis for its implementation and because without laying a strong "value-oriented" groundwork the caution shown by both managers and workers could easily have turned into antagonism. As it was the programme stretched the tolerance of many employees to the limit, particularly within managerial ranks. "Through this experimental learning process, we were able to develop a model which could work for us," Cohen said. "We began the process with team members going into business operations and imposing changes in isolation. Managers felt overwhelmed. They were struggling to cope. There was much confusion. People

could not see how all these processes related to one another; or how they related to performance."[94]

As a consequence of this managerial "confusion", as well as worker suspicion, Cohen said senior management began to re-assess some of the parameters of the programme, and, as is discussed in chapter 10, a range of new participative structures were implemented between 1989 and 1992. (W)e began to realise that we ... couldn't work in isolation," he explained. "The approach had to be holistic. We had to integrate these processes into the daily running of the business - and show how they contributed to the bottom line. People had to see the relationship between external culture, internal culture and performance. We could not improve the bottom line or industrial relations without addressing all of these issues. Performance and good industrial relations are an outcome of addressing all of these issues."[95]

This three year stage ended with what was meant to be the launch of Part Two of TPQ in which the programme was put on a new, far more self-sufficient basis from 1990 onwards. Instead the formation of a joint shop stewards council in October 1989, prompted opposition from the main union, Ppwawu, which, in August 1990 led to the temporary suspension of TPQ, followed, in March 1991, by its re-establishment on an adjusted basis.

NOTES

1. 'TPQ' was used to encapsulate PG Bison's participative programmme until 1995, though less frequently after Nel's 1991 departure when it was accompanied by other jargon such as "Continuous Improvement" and "Participative Processes", although, James Smith there was a clear distinction between the terms: "TPQ refers to the company's vision; continuous improvement to the methodology to achieve that vision, and Participative Processes are one part of that vision." (Interview, January 17 1992)

2. Leon Cohen, "Social Responsibility: The Practical Role of the Formal Corporate Sector", unpublished paper, March 13 1989, p 6.

3. Interview, Christo Nel, February 3 1989.

4. "PG Bison TPQ Philosophy," company document, February 9 1988.

5. Interview, Christo Nel, February 3 1989.

6. "TPQ: Implementation Framework for 1988", 1987, p 1.

7. Ibid.

8. Ibid, pp 1 - 2.

9. "PG Bison Vision of Change through TPQ", 1988, p 1.

10. "PG Bison: Total Productivity and Quality," 1989, p 3.

11. "PG Bison Vision of Change through TPQ", op cit, pp 1 - 3.

12. "PG Bison: Total Productivity and Quality," op cit.

13. "TPQ: Implementation Framework for 1988", op cit, p 2.

14. Ibid.

15. Ibid, p 3.

16. Ibid.

17. Ibid.

18. Ibid, pp 3 - 4.

19. Ibid, p 4.

20. Ibid.

21. Ibid.

22. Ibid.

23. Ibid, pp 4 - 5.

24. "TPQ Strategy 1989/90", December 1988, p1.

25. Ibid.

26. "TPQ Strategy 1989/90", op cit, p 4.

27. Professor John Hull.

28. "TPQ Strategy 1989/90", op cit, pp 2 - 3.

29. Ibid, pp 3 - 4.

30. "TPQ Status Report", May 1988, p 1.

31. "TPQ Strategy 1989/90", op cit, p 6.

32. Ibid, pp 8 - 9.

33. "TPQ Strategy 1989/90", op cit, p 9.

34. Ibid, p 7.

35. The strategy involved extensive use of diagrammatic material because, as Grealy put it: People are better able to understand concepts in pictures than words." (interview, February 17 1989). The "Performance Barrel", designed to show that small inputs lead to greater outputs, was a staple of the TPQ diet, used to explain diverse aspects of TPQ strategy. One TPQ document used five 'barrels' among its 36 diagrams and graphs. (PG Bison: Total Productivity and Quality", op cit). Interviews with managers and workers suggested that such graphics were mystifying to anyone outside of his staff, and created more confusion than clarity.

36. "TPQ Strategy 1989/90", op cit, p 9.

37. Ibid, p 12.

38. Ibid.

39. Interviews: Morobe, July 22 1992 and Lurie, April 20 1992.

40. "TPQ Strategy 1989/90", op cit, pp 16 - 17.

41. Ibid.

42. Additional SBUs were the exports division and the Boksburg Upgrading plant.

43. "Project Free Enterprise Final Report - Economic Participation in South Africa", Unisa, 1986. See 5.2 below.

44. Christo Nel, "Total Productivity and Quality: An Holistic Strategy for Business Change," pre-published version of paper for Institute of Personnel Management, August 1988, p 3.

45. Interview, Christo Nel, February 3 1989.

46. "TPQ: Implementation Framework for 1988," op cit, p 1.

47. Leon Cohen, "PG Bison: A Case Study", paper presented to the IPM Industrial Relations Conference, Sandton Sun, August 15 1991, p 5.

48. Interview, Maxine Hart, March 7 1989.

49. Interview, Andrew Gilbert, November 28 1989.

50. "Management of TPQ," 1988, p 1.

51. Ibid.

52. Ibid, p 2.

53. It cost R 150 000. ("TPQ Strategy 1989/90," op cit, p 5.)

54. Ibid.

55. Interviews: Nel, June 17 1989 and Grealy, April 20 1989.

56. Andrew Gilbert, op cit.

57. Interviewed in "PG Bison: Total Productivity and Quality," PG Bison Management Videos, 1990.

58. "Management of TPQ", op cit, p 1.

59. Interview, Joan Lurie, April 20 1993; Leon Cohen, "PG Bison: A Case Study," op cit, p 5.

60. "TPQ Status Report," op cit, p 1.

61. Interview, Christo Nel, February 3 1989.

62. Leon Cohen, "Social Responsibility: The Practical Role of the Formal Corporate Sector," op cit, p 7.

63. Interview, Leon Cohen, July 16 1990.

64. Leon Cohen, "Personal Perspective and Motivations for Embarking on Transformation Strategies: A Chief Executive's Views," unpublished paper. June 7 1989, p 16.

65. Interview, Leon Cohen, January 26 1994.

66. Interview, Dan Retief, March 19 1993.

67. Interview, Maxine Hart, July 30 1992.

68. Interview, Leon Cohen, January 26 1994.

69. Interview, Thlopheho Modise, July 16 1990.

70. Leon Cohen, "PG Bison: A Case Study," op cit, p 6.

71. Interview, Christo Nel, August 6 1988.

72. "TPQ Status Report", op cit, p 1.

73. "Synopsis of Value Sharing Workshops", p 2.

74. Interview, Christo Nel, July 20 1990.

75. Leon Cohen, "Social Responsibility...", op cit, p 8.

76. "Value Sharing Workshop: TPQ Programme," company document, 1987, pp 1 - 2.

77. "Value Sharing Workshop: TPQ Programme, company document, 1987, pp 1 - 2.

78. Ibid, p 3.

79. Ibid, p 4.

80. Ibid, pp 5 - 8.

81. Interviews: Thlopheho Modise, July 16 1990 and Christo Nel, July 20 1990.

82. "Value Sharing Workshop: TPQ Programme," op cit, pp 10 - 15.

83. Ibid, pp 16 - 18.

84. Thlopheho Modise, interview, July 16 1990.

85. Leon Cohen, "PG Bison: A Case Study," op cit, pp 5 - 6.

86. "Leon Cohen at PG Bison," IPM Journal vol 8 no 2, July 1989, p 14.

87. Leon Cohen, "Social Responsibility...," op cit, pp 8 - 9.

88. John Nkosi, interview, August 8 1991.

89. Leon Cohen, "PG Bison: A Case Study," op cit, p 4.

90. Ibid, p 5.

91. Ibid, p 7.

92. Leon Cohen, "Social Responsibility: The Practical Role of the Formal Corporate Sector," op cit, pp 3 - 4.

93. "Leon Cohen at PG Bison," op cit, pp 3 - 4.

94. Ibid, p 10.

95. Ibid.

CHAPTER TEN

THE CONSOLIDATION OF TPQ: 1990 - 1993

10.1 INTRODUCTION

After 1989 the participative management programme at PG Bison became well established within most of its business units, and over the next three years most of its central elements were introduced, including the National Forum, SBU Forum Committees and other leadership structures, the in-a-groups, a new approach to information sharing and a literacy drive, as well as its internal social responsibility initiatives focussing in particular on housing and health. The first production-related agreements were also reached in this period at some of the SBUs. A subsequent development was the company's job creation scheme, which first came into being with the closure of a factory, and later became a priority with the one business initiative.

In 1992 Cohen updated his chronology of this 'change process'[1] by adding a fourth and final stage to the previous three (awareness/sensitisation; acceptance; ownership/empowerment)[2]. This "delivery" stage, was characterised by "participation" and involved a focus on improving communication, business structures, development and "value-driven performance". While the entire process was performance-oriented, it was only the fourth stage which involved "fundamental transformation".[3] He subsequently argued that while PG Bison took five years to reach this point, it was possible to achieve it in a shorter time, though it was unlikely that any of these stages could be avoided. "Today what we have achieved could be done much more quickly. Not only is the political climate more conducive, but there are now several

other companies which have taken this path. The first period, awareness sensitisation, could be reduced to six months and the whole process could take place in two years".[4] What this linear version of events omits is that TPQ's progress did not occur in an uninterrupted manner, and was marked by conflict at key points. It might therefore be worth adding to his schema by noting that during the period of TPQ's consolidation (1989 to 1993) there were also four important breaks in the process - each significant in altering the course of PG Bison's participative programme.

The first break came with opposition from the two main trades unions, Ppwawu and Numsa, to the introduction of a shopstewards council (a national forum for management to meet with shop stewards from all the unions) in 1989, as a result of suspicions that its purpose was to co-opt shopstewards and divide them from their unions' officials. Their intractability on this point led to the scrapping of this structure after seven months. The second, related break, prompted in part by the conflict over this issue, came with the decision of the unions to suspend the entire TPQ programme - between August 1990 and March 1991. Underlying this was intense opposition from the Ppwawu leadership to the notion of co-determination, and deeply rooted suspicion about managerial motives, as well as strong criticism of some of the structures which had been set up. This led to a re-evaluation of all TPQ structures, and was the catalyst for the launch of the National Forum. It also had a significant effect on the attitudes of the unions, and Ppwawu in particular.

The third change came with the departure of Christo Nel shortly after the first National Forum session in June 1991 (after three months period when he served as a non-executive director). This coincided with Thlopheho Modise's promotion to the position of Plyproducts general

manager, and led to several important changes in TPQ. For four years Nel had steered the programme and had been given the power, through his position as an executive director, to secure its implementation. With Nel out and Modise redeployed, there was no-one else on the TPQ team with the status of a director, or even senior manager. The role of the TPQ office became one of servicing the needs of SBUs with respect to the participative processes. This could be interpreted as a reduction in TPQ's status but was also as an indication that its goal of being 'self-driven' had been met in part. With the value-sharing workshops completed in early 1990 (and, partly as a result of Nel's departure, never repeated), the process became integrated into the day to day running of the business within some SBUs, though the reduction in the programme's profile allowed management at other SBUs to downgrade it. Overall, however, with the exception of the literacy programme, the key components at this stage were less reliant on the inputs of resource people than had been the case with the earlier, more policiticised and didactic aspects like the value-sharing groups and management programmes. With assistance from the TPQ team, the SBU leaders, together with the shop stewards, became more centrally involved. Nel's departure also led to a marked change in jargon and style. The name TPQ itself was gradually phased out and a new set of conceptual and diagrammatical models was devised. Gone were the 'performance barrel', 'productivity triangle' and 'transformation arrow', and in their place came a simpler model with 'Continuous Improvement' as the stellar centre and eight 'satellites' surrounding it, representing "values", "creative structures" (National Forum and in-a-groups), "participative processes", "community involvement" (environment, housing, health and benefits), Leap and business literacy, performance, communication and leadership.[5] The TPQ office under Nel had distributed documents crammed with political facts and diagrams[6], but after his departure

the focus was on supplying documents of a more functional nature, to assist SBU leaders with running information sharing sessions, in-a-groups and other participative forums.[7]

The decline of TPQ as a coherent model of industrial change set-in during the second half of 1992, when it was decided to prioritise the restructuring of the company into a single business. This led to the fourth, and most decisive break in TPQ's progress from which it never fully recovered. Though in some respects the level of participation was subsequently deepened - particularly regarding the direct role of the unions in company policy - the initial participative thrust through innovations such as the in-a-groups, SBU leadership forums, the external recruitment embargo had largely dissipated by mid-1993.

But before returning to the reasons for the decline of TPQ (and the introduction of a different kind of participative programme) in chapter 11, it is necessary to examine the component parts of the programme during the period of its consolidation, and then, in chapter 12, to consider the responses within the factories and outlets of those most directly affected: managers and workers.

10.2. COMPANY VALUES AND VALUE SHARING

By 1990 the value-sharing workshops were completed, and never repeated, though value sharing did form an aspect of the function of the in-a-groups in some SBUs and was often discussed in the various leadership structures. The question of 'values' in a more abstract, and at the same time more formulaic, sense remained an important element of the process, as these served as a common point of reference for management and workers to which each could

appeal at points of disagreement. This was particularly important to the progress of the primary participative structure, the National Forum, which was established in 1991.

At the first National Forum meeting management placed the company's 'values' at the centre of the agenda, and sought to win union approval for a common approach in this regard. Its statement of values stressed basic human rights and freedoms, non-racialism, the need to win the commitment of employees, the need for training, opportunity and recognition and a commitment to the environment, and to society generally.[8] After some discussion these values were accepted. At the same time a strategy document, relating to the values was adopted. Amo ng other things, this stressed the company's policy of no retrenchments (resulting from short-term economic downturns), no employment of casual labour and a redundancy policy involving jobs training and internal recruitment.[9] A related document on the culture of the business was also adopted. This stated that violation of the values was to be treated as a disciplinary offence. It established a policy of non-discrimination (neither formal nor informal), with equality of benefits per grade, and equal pay for equal work regardless of race or sex. A section on participative processes stated that people within departments should have a direct say in the recruitment of managers, peers and team members, in the development and implementation of training programmes, in performance evaluation of peers, seniors and juniors and in goal setting, and that management was obliged to ask the opinion of employees before making changes in these areas. It also stressed a commitment to information sharing, incl. .g the obligation of each business unit to give regular performance reports and eliminate illiteracy.[10]

A section on 'Career Paths' emphasised the company's commitment to internal recruitment in preference to outside recruitment and stressed there should be regular assessments of each employee's training and development needs and that management and worker representatives jointly identify people for "developmental potential". A section on 'People Performance' reiterated the company's commitment to training and stated that all employees should be involved in measuring their own work performance and setting productivity standards. The section on 'Trade Union relations' expressed a commitment to regular meetings between management and union representatives and to providing "appropriate resources eg full-time shop stewards, facilities and training" to the unions. It also stated that the unions should be involved in the internal promotion programme and that all company policies, "eg literacy, recruitment embargoes, employment practices" were to be negotiated with the unions and that employees and unions should not take unilateral actions. A section on structures stressed the need for effective in-a-groups, and committed the company to delegating decision-making authority to "lower levels of the organisation".[11]

The first National Forum meeting agreed to all these objectives and proposed they should be written up in six languages in an "easily readable booklet and distributed to all employees". Each SBU was obliged to make this available to all employees, and to conduct a bi-annual evaluation of the extent to which these values and objectives had been fulfilled. The results were to be examined by the National Forum, SBU leadership teams and in-a-groups. It was agreed these values should become the "standards and point of reference for relationships, decisions and actions within the company" and that violations should be resolved first at local level, and from there to the SBU Leadership team and then to the National Forum if necessary.[12] Each subsequent National Forum meeting involved management and union

reports from each SBU on the implementation or otherwise of these values. In these and other meetings between management and the unions, the agreed values were frequently referred to by the unions and became a way of checking the unilateral action of management. For example, the July 1993 SWOP report for Ppwawu on restructuring, which was subsequently accepted by management, criticised management at some SBU's for violating company values on retrenchments, redundancies and sub-contracting.[13]

10.3 IN-A-GROUPS

In 1989 the company began introducing in-a-groups into the TPQ programme. The idea, according to Nel, was to establish forums within each section of each SBU "through which management and workers are able to optimise both their interaction and performance as teams within their specific business units".[14] An added motivation was to improve and deepen the participative processes, which until then had not gone much beyond the internal educational forums such as the value-sharing workshops.

According to the then-TPQ coordinator, Maxine Hart, who was responsible for the implementation of in-a-group structures, the idea behind this innovation was that "the person doing the job understands it better than anyone else, and therefore there is a need to ensure the devolution of authority and power to lower levels".[15] From this view came an attempt at involving people at different levels within the company hierarchy within the same decision making structures, with each member ostensibly enjoying the same status within the group. A key to this system was the notion of 'pipelining', through developing horizontal as well as vertical decision making structures.[16] The idea was to bring together all employees, from

managers to cleaners, within each section of every SBU, and get them to meet on a weekly basis to discuss issues facing them both in and outside of work - home environment, discipline, values-related issues, punctuality, transport, canteen problems and others - and find solutions to day-to-day shopfloor problems. According to the plan, members were also to be given a say in the hiring of new employees in the work area of that group. In theory this meant that throughout the company natural work teams would be playing a significant role in running the company. Each employee would be designated to at least one in-a-group, according to job definition and tasks in relation to those of other employees though the groups were usually limited to about 10 members, which meant that in a section with 30 people there would usually be three in-a-groups. In 1992, however, there was a shift towards the idea that each functional area should have an in-a-group, and where this was too large, an element of representivity was to be introduced.[17]

The concept behind this was rooted in the Japanese quality circle system, with its emphasis on small teams of employees from various categories solving problems and improving productivity and product quality. Cohen, however, stressed the differences: "When we talk of a participative system, many people confuse this with quality circles. QC's are in fact only a manifestation - in Japan, there was built-in participation all the way from government through to the shop floor of industry. It was part of their culture, and therefore QCs were a natural occurrence".[18] While the context was clearly different - at PG Bison it was hardly a 'natural occurrence' - there were clear similarities in the kinds of structures set up, and in some of the aims involved, though not necessarily in the way they were implemented.

Both of these elements emerge clearly from the in-a-group manual, released to SBU leaders in 1990, which notes that the features of an hierarchical structure include: "fixed positions within hierarchy; anti-communication; dilution of information/message; no pipelining/no interdependencies; encourages 'passing/losing the buck'". On the other hand, in-a-group features include: "value-adding; horizontal up and downstream pipelining; participatory processes; taps all available creative human potential".[19] The document states that the opportunity for these structures comes from the fact that "people want to be involved and participate but often have no avenue to do this". It adds: "South Africa is confronted by major shortages in managerial and technical skills which causes decision-making to be autocratic and extremely centralised. The need exists to develop formal participative structures (which do not infringe on union activities) that allow employees at all levels to be involved in decision making and to increase their own knowledge, growth and contribution within the company".[20] Their purpose is to "design formal democratic participative structures for TPQ as a supportive process to current union and management structures (not in opposition to them or as a replacement for either)".[21] The benefits for people involved are that they "gain greater control over their own destiny and increase their security by becoming more involved in decisions that affect their lives at work", while the benefits for the company are that "authority and responsibility is developed (sic) to lower levels ensuring that problems are solved more effectively and the creative capacity of people is harnessed and developed".[22]

The manual describes the system as one of "fluctuating peers", through which "natural work teams" are more directly involved in the management of the company.[23] It motivates this as follows: "The only people that still know what they are doing are those at operational levels. The person doing the job understands it better than anybody else. Every business manager

must develop and use the entire person, not only use an employee's arms and legs". And for the managerial doubters, it notes: "Participative leadership does not erode managerial prerogative. It makes everyone a manager. A leader of managers is infinitely more capable than a manager of dead souls".[24] It lists the following five phases in establishing the system: "1. Identify the natural work group; 2. Put own department in order; 3. Recognise interdependence of customers and suppliers and introduce specialists; 4. Pipelining: Across department communication; 5. Additional TPQ components introduced".[25] It advocates innovation ("use what is available: perfecting existing 'wheels' rather than recreating new wheels") and advises against instantaneous implementation of the system, suggesting instead that groups are set up one-by-one in each SBU ("longitudinal development training through bite si- chunks").[26] In practice, however, the process of implementation was slower and less universal than envisaged, while the form and purpose of the groups varied considerably from SBU to SBU. There was also some resistance to this new system from both management and from the unions, and the suspension of TPQ in 1990 slowed its development. Cohen said "people did not automatically accept" the in-a-groups. "Managers resisted them at first as a direct threat to their power. Workers, although asking for participation, saw them as an attempt to break their unity, and a way to impose productivity increases that might cost them their jobs".[27]

As discussed further in chapter 12, four company surveys conducted in 1992 and 1993 confirmed this perception that there were major weaknesses in some SBUs in the implementation of in-a-groups, particularly in the extent to which they operated to give non-managerial employees power in real terms or to which these managements regarded them as anything other than as a conduit for their own wishes.[28] By late 1992 and 1993 they

began to decline or die-out at several of the sites, partly because the energies of the head office were focussed on restructuring. Some of those most directly involved in overseeing their success were seconded to the committee involved in planning and strategising the restructuring[29], and this certainly became the absolute priority of Leon Cohen and the other executive directors. The result was that factory, branch and outlet managers who were not inclined towards in-a-groups in the first place were able to close them down or allow them to fall into disuse. From early 1993, the unions were also primarily concerned about negotiating the implications of restructuring and therefore placed less of a priority on devolved participative structures.

While in-a-groups had the effect of increasing the level of direct, task centred participation at some SBUs, particularly between 1989 and 1992 (though in some cases well beyond this point[30]), more generally they failed as means of introducing a less hierarchical, 'horizontal' style of leadership throughout the company, partly because the energy put into their introduction and maintenance was not consistent from SBU to SBU, partly because SBU leaders were able to mould them according to their priorities, but more fundamentally because their imposition was not accompanied structural changes in management. In most SBUs there were simply too many managers with vested interests in maintaining existing hierarchical arrangements, for the in-a-group system to operate in the way Nel originally intended.

10.4 COMMUNICATION AND INFORMATION SHARING

After the value-sharing phase was completed, the approach to providing information to employees shifted from the didactic to the inclusive. This was partly a result of the

completion of the educational phase of the programme, partly because of union pressure for more information and new ways of communicating it, and also a reflection of a shift in tone after Nel's departure. The ethos of the early approach was apparent from the "Communication Strategy" outlined in a 1989 TPQ strategy document: "The SBU leaders have clearly indicated the need for a much stronger and more cohesive communication strategy regarding business strategy in general and TPQ strategy in particular. An integrated communication strategy is being planned. ... The process of TPQ will become increasingly dependent upon creating an acute understanding of what TPQ means. This will become particularly relevant as the potential resistance from both white workers as well as trade union members increases. This is a classic problem in any change process and can only be addressed through effective communication."[31] Arising from the recommendations which followed, a video for managers, expounding the virtues of TPQ[32] and two newsletters, emerged.

TPQ Times, described as the newsletter of the TPQ department was aimed at all employees and particularly those in managerial and supervisory positions. It first appeared in April 1990 carrying stories such as "The New Way to run a business of the future", explaining the need for TPQ, "Good relationships with trade unions", "Everyone is a Stakeholder", "Dignity, Respect and Non-Racialism", "Information is for Everyone", "Participation and Workplace Democracy", as well as stories about the business.[33]

Ubuntu had a stronger political bent, with a subtext indicating the company's support for "people's" struggles, concerns and symbols - motivated in part by a desire to neutralise union suspicions that TPQ had a conservative agenda. Its first edition in November 1989 had "PG BISON MAKES HISTORY" as its lead the story, on the "First ever national Shop Stewards

congress in a company". The tone was set by a front page picture showing shop stewards, union organisers, Nel and his Itisa partner Roger Roman, all with their fists raised. Its eight pages included articles such as "Trade Unions' Role Vital" in which Nel was quoted on this issue, while his views on some of the issues faced by the congress were also included, along with a summary of the positions reached. There was also an article the role of shop stewards, one on "A Woman's place is in her union", profiles of the national shopsteward's committee chairperson and the company CEO and an endorsement of TPQ by the Ccawusa organiser.[34] The second edition in April 1990, was more directly political, with 12 pages on 'struggle'-related issues, some aimed at white employees. The front page lead, under Nel's by-line and headed, "At the Crossroads of History", dealt with the unbanning of the ANC and went on to explain Morobe's role at PG Bison. "When Murphy Morobe ... joined PG Bison as a consultant, several people were shocked that PG Bison was willing to have anything to do with such a supposed 'radical'. Yet managers that have met Murphy Morobe have come to realise that he is an exceptionally good listener with a great love for our country and all our people". The article, which included front page pictures of "Com Nelson Mandela", F W de Klerk and Nel, had the sub headline "PG Bison is a company that recognises the need for a non-racial democracy" and stressed how the unbanning of banned organisations and release of political prisoners eased PG Bison's task. The back page was devoted to another Nel article, "Are all Comrades commies?", in which the answer given was an emphatic 'no'. Inside, the words and history of two national anthems could be found and an inside spread included articles on the history of the organisations on the 'left' including the ANC, PAC, Azapo, Inkatha, the UDF, the SACP, the Indian Congresses, the Unity Movement, Apdusa, and the Cape Action League, with the pieces on the ANC and its allies comprising most of the five pages. It also included an article on Leon Cohen entitled "What's my role in TPQ?",

a piece entitled "Dignity and Respect" on the need to challenge managers who behave in a disrespectful manner towards employees, and an upbeat picture story on Laminate Industries employees celebrating Mandela's release with a 'toyi-toyi'.[35]

While these publications played an important role in reinforcing some of the content of TPQ, they did not constitute the entirety of the company's initial internal TPQ communication strategy. Notice boards carrying TPQ information, posters bearing the TPQ barrel, and a steady flow of TPQ related documents descended on the company's frequently perplexed management. More important was the role played by the value sharing workshops and the various strands of the managerial development programme, in ensuring that the workforce as a whole was reasonably well-informed about the aims and political content of the programme. Early TPQ documents expressed the need for more information on the business itself to be communicated to the workforce. For instance the TPQ strategy document prepared in late 1988 made the following commitment: "1990 will see the implementation of performance reporting through which SBU leaders will give information regarding the performance of the SBU to all levels of the workforce". It asserted the need for simplified company performance reports, visually depicting the "slicing of the pie".[36] In practice however this aspect of the communication strategy was only implemented on a systematic basis from 1991 onwards - as a result of union pressure (arising from negotiations during the TPQ suspension period). After March 1991 management committed itself to "opening its books" and making a greater effort to communicate information about its performance.

Cohen said an obstacle to a more open approach to "information sharing" was the "culture of secrecy and silence", which needed to be overcome. Another problem was the inability of

workers to understand management reports and their lack of trust in the information provided by management. "Although workers had asked for information and company results, when we started producing figures workers did not always trust the information they were getting. Managers on the other hand were afraid that workers would use the information to demand higher pay". he said. The way around the problem was a far more concerted "information sharing" drive. "If we were to see all employees as committed and equal stakeholders, they needed to understand how the business worked. They needed information to be able to make sound judgements and decisions. We began business literacy courses, ... training people in how a business functions and reporting on how or own business performs in simple, accessible terms".[37]

With Nel's departure Ubuntu and TPQ Times and the TPQ video series, were discontinued. In 1993 the company began producing Billbord, a new quarterly publication for all employees, with a markedly less politicised and didactic tone. It included articles on participative programmes - such as the National Forum, in-a-groups and literacy classes, details of the Community Involvement programme, information on the company's performance, as well as upbeat stories from selected branches and factories.[38] This 'information sharing' drive was strengthened by the introduction of the National Forum in 1991. One of the union demands was for more information about the company and the Forum played this role - prompting, and in some cases forcing, SBU managers to supply detailed information not only on the success or failure of TPQ programmes in their factories and branches, but also on other issues of union concern, including details about the business that were previously not readily available to workers. After June 1991, when the forum first met, the company published an annual PG Bison Performance Reports and half-year performance reports, which depicted in a graphic

and relatively simple manner the company's performance (in value-added terms), and the distribution of income by means of what Nel called "slicing of the pie" graphics. These award winning reports[39], which were distributed to all employees, also contained information on the company's values, social commitment and TPQ programmes.[40]

IR and Information director James Smith and TPQ coordinator Maxine Hart explained the development of this approach as a natural growth from the in-a-group structures. "The early attempts to encourage participation at work team level led to demands for more information, and in particular performance data. How could workers make meaningful decisions ... when they were denied access to details on their company's [illegible] their team's performance? So we introduced annual and mid-year Performance Reports for employees, as well as site and departmental reports", they wrote.[41] In most SBUs these were presented in written and oral forms, and were discussed with employees at general sessions and/or through the in-a-groups and SBU Forum committees.

As is discussed further in chapter 12, the shift towards 'transparency' during the early years of TPQ played a crucial

role in securing a level of participation from the unions in the programme, particularly during the sensitive period of the company's restructuring when, to the surprise of Ppwawu, the company agreed to a union demand for an investigation into all aspects of the company's operation by independent researchers, paid for by management.[42] Overall, it appears that despite inadequacies, the information sharing dimension was one of the more successful aspects of the TPQ package in that it provided management, workers and unions with a steady flow of reliable facts and figures about TPQ, the organisation of the company more generally

and about the financial side of the business, all of which increased the possibilities for employee participation in other spheres. While the initial concept of a communications strategy was largely didactic - selling the advantages of political and industrial change to white management and of TPQ to all employees, by 1991 it had shifted towards the idea of transparency through ensuring that all employees had access to adequate and easily digestible data about the organisation.

10.5 LEADERSHIP STRUCTURES

After 1989 management made several attempts to create leadership structures involving worker representatives. On some occasions this was done in conjunction with the unions and at others the unions were consulted after the event. These included the TPQ strategy committees, set up in some SBUs from 1989 and 1991, the National Shop Stewards Congress and Committee, which lasted from late 1989 until 1990, the National Forum set up in 1991 following the suspension of TPQ, as a result of negotiations with the unions, and the SBU leadership forums, first set up in 1991. The idea behind these structures was that TPQ could only succeed if it was part of a process of co-determination between management on the one hand and workers and their unions on the other. For TPQ to progress it had to be 'driven' by joint worker-management leadership structures. The involvement of worker representatives was therefore seen as imperative to the success of the venture.

10.5.1 TPQ Strategy Committees

TPQ Strategy Committees were the first participative leadership structures established at PG Bison, with the idea being rooted in the CARE groups at Cashbuild.[43] According to management, their aim was to give workers a say in the planning and implementation of the TPQ programme at each SBU. As Leon Cohen explained it: "Our first objective was for each SBU to form a TPQ strategy committee which would be freely elected by secret ballot - made up from 10 to 20 members, with provision for top management and leading shop stewards to be involved. They would act as a team to be concerned with small group activities, organising training in participation and leadership techniques, participating in the establishment of incentive reward systems towards the achievement of better living standards through increasing wealth generation and just wealth distribution, and monitoring whether we are living up to what we say".[44]

Nel saw these committees as a key dimension to involving workers in the company's leadership. "The most difficult value system to break down is that of racialism. Almost as difficult is that of understanding that you cannot change a business unless the power relationships between management and labour are also redressed. It requires that managers accept that they are not capable of sustaining growth and performance enhancement if they insist upon maintaining their so called 'managerial prerogative'. More often than not this is seldom anything other than a thinly disguised need to maintain the past comfort of autocratic and unilateral management styles. They need to come to the understanding that rather than losing their 'managerial prerogative' they are gaining an influence and leadership of an entirely different sort. As opposed to management by rule and dictate, they need to embrace the need to manage with the consent of the managed, or stated differently, by democratic sanction".[45] However, his radical agenda for changing the relation between management and

workers was opposed by several of the SBU leaders for the very reason that they felt it would undermine their prerogative. Cohen said the major difficulty in implementing this structure was resistance from this quarter. "We had to be aware that this could be seen by management as eroding their power - we had to train management into understanding that authority was not leadership ....".[46] The result was that the implementation of this aspect of the programme was piecemeal and varied from SBU to SBU, with some having elected strategy committees (with Laminate Industries being the most successful), and others (such as the Piet Retief factory) making little attempt in this regard. In 1991, when the National Forum was established, in the SBUs where TPQ strategy committees were operating, they were transformed into SBU Forum Committees (also known as SBU Leadership Committees)[47].

10.5.2 The National Shopstewards' Committee

The National Shop Stewards Committee was a structure formed as a result of the three day National Shop Stewards Congress, held at Broederstroom from October 18 1989. This was attended by Nel, Roger Roman of Itisa, Murphy Morobe and 70 of the company's shop stewards and organisers from Numsa, Ccawusa and Uwusa (but not by Ppwawu officials, who opted to stay away, though their shopstewards attended). The programme involved discussion about a range of issues facing the company, including the aims and goals of TPQ, the institution of full-time shop stewards, overtime pay, stay-aways, management attitudes, workplace democracy and company financial reports.[48] The congress decided that the role of the Shop Stewards Committee would include coordination of union activities, communication of progress made by each company within the group, and communication of settlements and forms of industrial action being considered or taken as well as keeping shop

stewards and other workers informed of developments within each SBU.[49] It was also used to negotiate and help coordinate the LEAP literacy programme.[50]

Opening the event Nel stressed that the company's commitment to workplace democracy was not an attempt to undermine the authority and role of the unions. "TPQ will not succeed without the unions. Our attempt at creating a just and democratic workplace cannot start, survive or continue without the full involvement of the trade unions. Trade unions are the accepted voice of the workers and their officials - shopstewards included - are the elected representatives of the workers. We consulted and negotiated with the trade unions every step of the way and their role in the workplace is vital if we are to achieve our objective of a just, democratic and non-racial workplace."[51] This appeared to have been accepted by most of those present and afterwards there was a triumphalist tone among the TPQ coordinators who viewed the establishment of the shopstewards' committee as a major advance in worker participation and as a demonstration of management's good faith with regard to elected worker representatives.[52]

But while many of the shopstewards and organisers shared this enthusiasm, it was not matched by the response from the Ppwawu officials who regarded it as an attempt to co-opt shopstewards and bypass the unions and their officials, and therefore instructed members to withdraw from the structure. As the then-Ppwawu branch secretary, Kenny Fihla, put it: "PG Bison is not anti-union in its approach, but they do sort of co-opt the shopstewards through, for example, the national conference of shop stewards, to be part of the implementation of TPQ. What management wants to do is to isolate the union officials and talk directly to the workers".[53] Nel's successors acknowledged they had been mistaken in not negotiating the

structure with the national offices of the unions prior to sending invitations to shopstewards and officials[54], while some unionists subsequently said they had been mistaken in not participating. Fihla said his union had taken the wrong approach in boycotting the event: "I think we made a mistake in rejecting the conference, when we actually should have participated in it"[55], though this opinion was not shared by the unions head office officials.[56]

The shop stewards council had a short life - being born in late 1989 and disbanded in August 1990. The controversy surrounding it was a major reason for Ppwawu moving against TPQ during this period. In May 1990 the Ppwawu head office sent a fax to PG Bison shopstewards stating: "TPQ is there to co-opt the workers and undermine the militancy and undermine the militancy of the union. Workers need to meet and plan a strategy to stop this."[57] In August 1990 Ppwawu officials went further, informing management they believed TPQ had been unilaterally imposed and that the entire package had to be renegotiated. Until that point TPQ existed in a state of formal suspension. This move was subsequently supported by Numsa and Saccawu and therefore applied throughout the company. As a result, for over seven months, a suspension of TPQ remained in effect, with all elements of the programme, except the LEAP literacy scheme, the housing initiative and the business courses (each of which shopstewards insisted on maintaining), grinding to a temporary halt[58] - a move which many managers had difficulty in understanding. As Cohen put it: "We realised that people were still operating in a 'win-lose' conflict paradigm. We had to move rapidly to create a culture based on the philosophy of cooperation and 'win-win'. We had to explain to managers what 'win-win' meant and the value of negotiation and consultation. Unions also found this shift

in mentality difficult. ... Confusion and insecurity resulted. It provided an opportunity for those who opposed the process to say, 'You see, we told you it couldn't work'".[59]

10.5.3 The National Forum and SBU Forum Committees

While contact between management and unions continued throughout this period, it was only in March 1991 when shopstewards, union officials and managers held a national meeting, that agreement was reached that all TPQ processes should continue. This led to the establishment of a National Negotiating Forum to negotiate policies and procedures for the business. Two months later the Cosatu unions held a two day conference with senior management to further discuss the literacy programme, at which 35 officials and shop stewards from the three unions were represented. Out of this, the National Forum was born with the idea of being a site for the unions and management to negotiate matters falling outside of the collective bargaining procedures. It became the primary arena for contact between the unions and management. The plan was for three National Forum meetings to be held each year, though in fact they were held only twice a year, with the process broken during the negotiations around restructuring in 1993. At each forum meeting about 25 managers and about 25 shopstewards and union officials from the four unions discussed a range of policies and principles affecting PG Bison employees. It operated on consensus, and did not have provision for voting. Before and after each Forum meeting, site managers and shopstewards were responsible for posting and circulating agendas, minutes and other documents relating to the forum, to all employees.[60] It proved to be a far more successful innovation than previous leadership structures. One reason was that it was formed as a direct result of negotiations with the trades unions and was therefore viewed by the unions as a project in which they had a significant stake. In general

the participation from Ppwawu was more positive and supportive than it had been prior to the suspension, with comments from its officials suggesting that their previous antagonism to TPQ dissipated to a significant extent, and, notwithstanding breaks in this support, was replaced by an attitude of critical support which was strengthened after the negotiations around restructuring in 1993.[61]

It is worth giving a picture of what each of the National Forum meetings covered in the period prior to restructuring. The first Forum, held from June 9 - 11 1991[62], discussed four main issues: the Forum's purpose and structures for participation, a range of TPQ-related issues, the union demand for full-time shopstewards and centralised bargaining. It was agreed the Forum would not replace existing collective bargaining structures, and would not affect rights involving strikes or lockouts. Its role was to serve as a "problem solving body" whose responsibilities included formulation of company policy and values. Agreement was reached on the company's 'Values, Statement of Objectives' documents. Particular stress was placed on the need for an implementation plan for in-a-groups involving all employees. In addition, 'task forces' were appointed to examine questions regarding training, promotion, health, hygiene, safety and the environment, employee housing needs and community involvement. The LEAP literacy programme was unanimously endorsed, and it was also agreed that each SBU should provide performance reports to employees and business literacy training. A proposal endorsing the concept of full-time shop stewards was endorsed (while leaving the implementation to each SBU), and it was agreed to begin negotiations on the desirability of centralised (as opposed to SBU) collective bargaining. No consensus was reached on management's call for non-unionised staff to be represented.[63]

The second Forum meeting from October 13 - 15 1991[64], focussed on the issue of the inclusion of non-unionised employees in the Forum and in SBU decision-making bodies. This was an issue the directors felt was a priority, but which union representatives said was non-negotiable. The unions felt the inclusion of non-union representatives would undermine their own bargaining power and dilute the representivity of the forum, while management felt that by denying representation to non-union members, a large proportion of employees would be without any form of representation within the most important participative structure in the company. Despite management's persistence, at the next forum meeting they agreed to drop it, and the dispute on this issue was never resolved.[65] Reports on progress made at each SBU were also given (with all but Laminate Industries offering separate management and shop steward reports). It was agreed that a "total strategy" for Human Resource Development was needed, including the issues of career development, internal promotion and training, and that each SBU should set up a National Forum committee to meet monthly to monitor progress on Forum agreements and liaise with the national organising committee.[66]

The third Forum was held from March 11 - 13 1992[67]. It began with speeches by Murphy Morobe, on progress in political negotiations, by ANC and University of Natal economist Moss Ngoasheng on the economy, by Ppwawu general secretary Sipho Kubheka on the union movement (and on his views on the change process at PG Bison), by Leon Cohen on PG Bison's overall strategy and by financial director Angus Band on the group's performance. Task force proposals on housing and bursaries were accepted and each of the SBUs reported on progress made in the areas of leadership, values, creative structures, participative processes, community involvement, LEAP, performance and in-a-groups. It was agreed that decisions taken at previous Forum meetings were not fully implemented by some SBUs.[68]

The fourth Forum meeting, held from October 18 - 20 1992[69], was hit by a boycott by Piet Retief worker representatives, who also decided to suspend their participation in all TPQ structures other than the LEAP literacy programme. Behind this decision was worker anger over two industrial accidents in which three workers were killed, as well as increasing unhappiness over managerial racism. Nevertheless, the meeting went ahead. Reports were given on a pilot shop stewards training programme, on the SBU checklist on past forum agreements which had been compiled by management and shop stewards, on the company attitude survey[70] and on the action plans of each SBU In addition, the issue of including salaries union members in annual negotiations, the dismissal of two workers[71] and the retrenchment of union members at one of the distribution outlets[72] were discussed.[73]

SBU forum committees were established at most sites in late 1991 and 1992 (as a result of a decision taken at the second National Forum in October 1991), although at some SBUs representative leadership structures, along the lines of the original TPQ strategy committees, already existed.[74] These structures included management and shop steward representatives, while at two SBUs non-unionised representatives were also included, and several others also included union organisers on invitation. Their roles involved reporting on National Forum meetings, overseeing in-a-groups, disseminating information about performance, and discussing day-to-day problems at the various business units.[75] According to Hart in some of the SBUs these committees became "empowered structures" which monitored developments on the factory and shopfloors.[76] However, former IR and Information director James Smith conceded that this aspect of building participative leadership was not entirely successful. "It wouldn't be true to say that all business units had elected, functioning TQP leadership committees. Rather you could say that some formed TPQ committees elected by secret ballot,

while others devised their own representative structures to broaden participation in the planning and implementation of TPQ".[77]

Early in 1993 shopsteward delegates decided nationally they would suspend involvement in the Forum as a result of their concern over the restructuring process. Following a proposal from Ppwawu which was accepted by management, over the next year the National Forum was transformed into a Restructuring Negotiation Forum between management on the one hand and Ppwawu and Uwusa on the other (with Numsa choosing to negotiate separately). Three such forums or 'mini-forums' were held in 1993[78], before fully constituted National Forum meetings were briefly resumed in 1994.

10.6 AFFIRMATIVE ACTION

PG Bison's statement of values, agreed to by both management and the unions at the first National Forum meeting, asserted that "there are no jobs that are reserved formally or informally for any race or sex group".[79] This was intended as an expression of the company's commitment to non-racialism and non-sexism and of its intent to oppose any form of de facto managerial job reservation. However, it was also interpreted by some SBU leaders as a statement of opposition to any form of affirmative action. At the same time, the company's embargo on external recruitment allowed SBU leaders to avoid recruiting black managers from outside the company, though they frequently ignored this when it came to recruiting white managers externally.

As a result policies intended to reinforce the priorities of TPQ and to strengthen the non-racial ethos within the company, had the opposite effect. As Hart put it soon after leaving the

company: "The policy was never really applied with any rigour, which meant that management could do as they pleased with recruitment. Most preferred recruiting people they knew and felt comfortable with - those are the people they wanted around them - and the people they knew and felt comfortable with were white men, so that's who they recruited, and that's why at a place like Piet Retief you could have a situation where there were no managers who weren't white. It's also why at the Boksburg Upgrading plant, where Thlopheho Modise was in charge, almost all the managers are black, but he was the exception. Most of the SBU leaders made very little effort to recruit or train black managers."[80] In practice, all but a small minority of jobs at or near the top of the company's hierarchy were held by white males, and most of those at or near the bottom were held by black males. While there was some progress in terms of black advancement (but little in terms of women's advancement), in general this was one of the least impressive aspects of the company's change process, particularly at the upper reaches of the company. Again, as Hart put it: "If you look at PG Bison, having started way ahead of other companies in the culture change department, to have come up with a new structure which hasn't got a single black director on it is pitiful. No women and no blacks are directors - all white men, and it's business as usual."[81]

In this respect, PG Bison's performance lagged behind that of many other large South African companies. A survey of 71 companies in various sectors of the economy, conducted by the human resource consultants FSA-Contact and published in February 1993, found that 58 percent of companies included in the sample had affirmative action programmes of one kind or another, most implemented after 1990, though only 28 percent had a formal approach to affirmative action. The survey indicated, however, that most companies intended to radically change the composition of their work-forces over the following three years.[82] At PG Bison

there was no formal affirmative action programme and the company avoided the idea of black advancement based on quotas and insisted on a "colour blind" rather than a racial approach to promotion and recruitment.[83] As a result, several senior directors expressed concern about the lack of progress in this area. In late 1991 the then Laminate Industries MD Stuart Wood, said the company as a whole was aware of the urgency of the problem. "We see black advancement as a priority. I don't know how highly we rate. At Laminate Industries we've made a lot of progress at the supervisory level - more than Bisonbord or PG Wood, but not at the top. Most of our supervisors are black including all our shift supervisor, and our five warehouse managers are black, but at senior level we have a long way to go. One reason we're behind some other companies is that our skills training isn't great, but we're conscious of the problem and we accept it requires a high degree of affirmative action".[84]

Shortly before the restructuring process was initiated, IR and Communications director James Smith said PG Bison was monitoring developments in this regard, and that some progress was being made at the lower and middle levels, but he noted that the company had no statistics on black advancement and had rejected the idea of affirmative action based on quotas. "Increasingly foremen, supervisors and sales reps - people in those kinds of categories are black, and there is a slowly but steadily growing number of blacks in managerial positions. In general an increasing proportion of salaried employees are black. In fact, there are well over 100 salaried black union members, who joined the unions as wage earners and were later promoted. But I'd say that the company hasn't done enough in this regard. We certainly aren't satisfied with what been done in terms of promoting blacks within the organisation. It needs much more attention. If I was to locate a cause, I'd say our weak point was our training."[85]

The FSA-Contact survey on affirmative action found that in most companies chief executives tended to be more enthusiastic about such programmes, and line management and general staff far less so. "This is an important indicator of the future success of a programme in that without the Chief Executive's total support, such a programme will not get off the ground. It is the CE as the leader and visionary of the organisation who will provide the programme with its momentum," the report states.[86] At PG Bison this was not a particularly strong area of Leon Cohen's commitment. While the TPQ programme as a whole owed a great deal to his initiative, affirmative action was not seen as a central dimension of the package. Particularly at the higher levels in the company it was not regarded as a priority, partly because Cohen opposed such a move as a form of tokenism which would be contrary to the company's non-racial principles. As he put it shortly before his retirement: "I've not looked at affirmative action from a numerically quantified point of view - that so many people will be in such a place. To me affirmative action is the upward mobility of people throughout the organisation, and the important issue is putting in the system which will allow that to happen. There has to be a system people can follow and it has to be centred around empowerment of people."[87] As a result he opposed what he regarded as opportunistic, window dressing appointments of black people on the board and in senior managerial positions. "I'm resisting that, and I think there's a risk of tokenism. Instead we're slowly building it from underneath rather than the top, and at the end of another three years I believe we'll have excellent people in those positions."

However, looking at the company's hierarchy in the year prior to his retirement, the extent of the shortfall in black managerial recruitment was apparent. There were no blacks (Africans, Indians or coloureds) on either the PGSI Board or the PG Bison executive board and only one

black (Indian) executive director.[88] The most senior African employee was the former TPQ coordinator Thlopheho Modise, who was the Operations Manager in charge of the upgrading division at the Boksburg factory[89] prior to his 1994 appointment to head a senior managerial task force on job grading and skills development. In the head office the most senior black employee was former UDF publicity secretary Murphy Morobe, whose position was Manager: Corporate Social Investment[90]. There was a slowly growing number of black middle managers in most of the SBUs and by 1992 a majority of employee's in supervisory positions were black.[91] In general black upward mobility at the lower levels made modest strides, but progress was slower further up in the hierarchy.[92] This shortfall was even more marked regarding the role played by women within PG Bison - despite the stress on non-sexist job allocation in the company's values. While 12 percent of the company's employees were women at the time the restructuring process started[93], all of the company's five executive directors and 27 non-executive directors were men, and until 1994 no woman had the title 'manager' (with the two most senior female employees being the Organisation and People Development co-ordinators[94]). For some time management had acknowledged this as a problem (though without addressing it). In October 1990 a conference on "The Role of Women in a TPQ Environment" was held at Bisonbord Boksburg, focussing on sexual discrimination at the workplace. Addressing this issue in his opening speech, the then Bisonbord MD Rob Cohen, said: "We need to take a long and honest look at our narrow definitions of high status and low status jobs and to determine the degree to which this judgement is made on who does the work. We need to look at the criteria that we use in selecting people for jobs and the degree to which women are automatically excluded from these criteria. We need to be more open, broad minded and creative in the selection criteria that we use".[95] A more assertive approach was taken to affirmative action, and particularly

black managerial advancement, after 1994, though the company continued to be outstripped by its competitors in this regard.

10.7 EDUCATION PROJECTS

Soon after TPQ was launched the need for extensive literacy and numeracy training, and business education courses, was recognised by management. The main motivation was one of enabling black workers to participate more fully in TPQ-related activities, to communicate better with management, to improve job skills and to be eligible for promotion. After Nel's departure, greater stress was placed on the links between different aspects of the Continuous Improvement model, and particularly the need for worker education to be an integral part of the participative process and the subject of a continual dialogue with the unions.

This is illustrated by a 1993 article on behalf of the company by Smith and Hart, which explained this "interconnectedness" as an essential dimension of the revised programme, and viewed the education programme as a vital part of it, rather than as an adjunct to it. "PG Bison began its change process with 'value-sharing workshops' ... An early conclusion from these sessions was the difficulty of real communication, once the encounter moved beyond the giving and receiving of instructions. The value-sharing sessions led to a desire for permanent participative structures ... and meaningful participation was clearly not going to succeed without literacy and language classes. ... Another example of interconnectedness: the early attempts to encourage participation at work team level led to demands for more information, and in particular, performance data. How could workers make meaningful decisions ... when they were denied access to details on their company's and their teams'

performance? So we introduced annual and mid-year Performance Reports for employees, as well as site and departmental reports. This in turn exposed the need for business literacy courses, since workers couldn't understand the performance reports they were receiving. To avoid rejection of training courses as management propaganda, shop stewards and managers jointly explored and agreed on bu. . ess literacy courses now being taught at our factories and branches. In some instances the trainers have been chosen through negotiation between managers, shop stewards and learners. The success of some of our education programmes reflects a second lesson: that barriers of trust can be overcome if programmes are negotiated rather than implemented unilaterally. Such negotiations can seem tortuously slow and cumbersome. Yet the process of negotiation is itself an educational process - and certainly participative".[96]

10.7.1 Literacy

It was recognised early in the process that over 70 percent of the PG Bison African workers were functionally illiterate (though this varied considerably from SBU to SBU. The majority of African workers were not completely conversant in English, while very few whites were conversant in African languages. The result was a communication gap, and the solution was seen to be a comprehensive literacy and numeracy programme for the company.

Leon Cohen said that management's appreciation of the extent of this need came through the value-sharing process. "We realised through the value-sharing workshops that if we wanted people to communicate with one another and participate actively and effectively, language and literacy barriers had to be overcome. Given our values of equalising opportunity in the

business, we accepted that everyone has the right to learn, improve and develop themselves".[97] Smith and Hart also situated the origins of the literacy programme within the value sharing workshops. "An early conclusion from these sessions was the difficulty of real communication, once the encounter moved beyond the giving and receiving of instructions. The value-sharing sessions led to a desire for permanent participative structures, not just one-off workshops, and meaningful participation was clearly not going to succeed without literacy and language classes."[98]

However, Nel motivated this to management in terms containing more of a performance-related bent: "A legacy of the apartheid system is that it has left the vast majority of our workers functionally illiterate, very often leaving them incapable of reading and writing or speaking a common language. On the other hand very few whites speak a black language. This clearly makes it impossible for any business to fully utilise the potential of its workforce. A major focus will be on the development and implementation of a literacy programme which would endeavor to develop our workforces' capacity to communicate with one another. In practice it would entail the development of literacy amongst our black workforce to thus enable them to contribute to the overall performance enhancement of the business and their own capacity to share in that performance enhancement".[99]

The result was that in mid-1989 PG Bison employed Joan Lurie, a Wits University literacy specialist, as a full-time learning programme coordinator. She proposed that it go beyond the teaching of functional, second language literacy skills, and be viewed as a comprehensive adult learning programme. While this was accepted, there was some opposition to calling the package, 'Learning for Empowerment and Progress'. "Several senior managers resisted the

name LEAP when I suggested it. In particular they did not like the term 'empowerment' because they thought it had all sorts of negative connotations, and equated it with 'black po er'. In the end they accepted it, and since then the word 'empowerment' has become an established part of business jargon, PG Bison included".[100] The first stage involved interviews with 3 000 workers to assess literacy needs. The survey showed over 90 percent were keen to participate. These results, and the content of the proposed programmme, were then discussed and agreed on at the National Shop Stewards Conference.[101] In 1990 the first pilot programme was launched at Piet Retief - this being the SBU where the greatest need for a programme was expressed by the workers. It was then discussed at a formal level with the unions, receiving a clear endorsement from Numsa and strong criticism from Ppwawu - relating to their view that it should have been negotiated with the unions prior to the survey. Lurie subsequently acknowledged that the process of introducing the initiative had been inappropriate, and said that in retrospect it should have been separated from the rest of TPQ. "The way it came into place was that management felt the need for a literacy programme and approached me to do a needs analysis among the workers to determine whether this was required, and what kind of programme would be appropriate, and at what levels it should operate. After we found the idea was popular and what the needs were, we approached the unions. Ppwawu correctly saw it as part of TPQ, which they had suspended. They said we should have negotiated with them from the start instead of going to the workers first, and I think they were right because if we'd done it that way we would have saved a lot of time. They said they were not opposed to literacy per se, but objected to it being part of TPQ. That would have made the process much easier. Numsa had a different response. They didn't raise problems about the process, and participated more actively."

As mentioned above, in August 1990 the entire TPQ programme was suspended after a directive from the Ppwawu head office. However, the shop stewards at the SBUs involved, opposed any suspension of the LEAP programme, because of its popularity with the workers - a fact that caused some conflict between shopstewards and union officials. According to Lurie, the resistance from shopstewards to the suspension was particularly strong at the Piet Retief (where LEAP was most advanced). "The senior shopsteward contacted me and complained that the head office officials - Rob Reece and Sakhele Buhlungu - should not be unilaterally stopping this. He said, 'they have their education. They can't block us and stop us from getting ours'. Earlier when I'd spoken to Sakhele he told me the workers didn't know enough, and couldn't make a decision themselves. I told the senior shop steward I could not intervene, and if he wanted to he should take this up himself. After that there were no moves to stop it because the workers wanted it and therefore the shopstewards and organisers agreed."[102]

However, over the next four months there was no union participation in the process and no new LEAP structures were created, although all existing programmes continued. Then in December 1990, while the suspension of TPQ was still in effect, the Ppwawu leadership conceded to the demands of their members and agreed the LEAP programme could proceed nationally, subject to negotiation on its content and certain other conditions[103], though it took another three months before the suspension on the other aspects of TPQ was lifted. In May 1991 a three day conference was held involving representatives from the three Cosatu unions, shop stewards and management, with the aim of fine-tuning the process.[104] This resulted in the creation at each SBU of joint management-worker LEAP committees which had the roles of establishing literacy needs, planning the programme, implementing it,

coordinating it once it had been set up, and evaluating and monitoring it. One of their tasks was to elect a full-time LEAP trainer, who, in turn, was then required to teach the programme. The overall national 'authority' for the programme became the National Forum, which, in October 1991 gave a formal commitment to making PG Bison into a "Learning Organisation" by having a completely literate workforce within five years.[105] After 1991 the LEAP programmes included: 1. basic literacy and numeracy skills. 2. English second language skills. 3. training in African languages. 4. oral and written communication skills. 5. "Literacy for Living" (programmes providing education for health, legal and financial "empowerment"). 6. cognitive development (teaching people to access information.[106]

Over 300 people had completed Leap courses by September 1991[107], and by April 1993, when the one business initiative was launched, the number involved had risen to about 500 (including 30 managers and others who attended courses in African languages). By this stage there were full-time literacy coordinators at all eight SBUs and 15 literacy teachers.[108] Throughout this period, the response of workers, shopstewards and union organisers was largely positive with the main criticisms relating to the fact that in some areas it was not fully implemented.[109] Of those interviewed, the most cautious endorsement came from Ppwawu's national education officer Welcome Ntshangase, who said: "We don't have much to complain about. It's okay within the limits which exist in this country - where there is nothing good enough in terms of literacy. It's not bad".[110]

10.7.2 Training

Training was viewed as a central plank on which TPQ would be built, and throughout PG Bison's existence it organised a variety of training programmes for employees, in addition to its LEAP programme. Despite this, training was the weakest areas of the company's 'change' programme, and one of the reasons for the lack of progress with affirmative action. This weakness exacerbated difficulties in creating a participative environment at some SBUs. Despite this, several of the training schemes are worth mentioning. In 1989 and 1990 managerial, supervisory and operational staff at several SBUs were taken through "Cycle of Business" courses[111], while others went on business literacy courses[112]. Productivity management training was also provided by an outside consultancy[113] at some SBUs.[114] In addition managerial and supervisory employees were periodically sent on a variety of outside professional, managerial and technical training courses[115] at secondary and tertiary educational institutions to improve their qualifications.[116]

After the establishment of the National Forum, business training courses were negotiated with the unions and made available to workers. According to Smith and Hart this need became apparent to both management and the unions as a result of worker responses to the initial the annual and mid-year performance reports. "This ... exposed the need for business literacy courses, since workers couldn't understand the performance reports they were receiving. To avoid rejection of training courses as management propaganda, shop stewards and managers jointly explored and agreed on business literacy courses now being taught at our factories and branches. In some instances, the trainers have been chosen through negotiations between managers, shop stewards and learners".[117] While the method of implementation varied from one site to the next, after 1992 all SBUs offered such courses to their workers, using the same business literacy framework.[118] The courses were designed mainly for wage earners, but

some salaried employees, including managers, also attended them.[119] After 1991 the training process was coordinated by the National Forum, which, in June that year decided that each SBU should establish a training function or department to identify training needs, set up courses and monitor and evaluate them. Possible areas identified included: technical and operational skills, quality training, safety/First Aid training, apprenticeship and artisan training, management and supervisory skills, facilitative skills, communication skills, induction training, industrial relations training, advanced education (degrees, diplomas) and sales and marketing skills. The Forum stressed the close connection between LEAP and training. "They are integrally linked to one another. Where LEAP aims to address the basic and non-formal learning needs of individuals and the organisation, training aims to address the more formal skills development of all employees on an equitable basis. Neither of these can be addressed independently".[120] Reports to the National Forum from the SBUs suggested a wide variation in the extent to which the decision to set up a specific training department or function had been carried out, although all SBUs had their own training programmes of various kinds.[121]

However, the 1993 SWOP report for Ppwawu stressed the shortfall in appropriate skills training, noting that training in production skills was uneven across the branches and factories, and arguing that there was need to move beyond the emphasis on literacy, first aid and firetraining, to credentialed semi-skilled and artisanal training. "What is happening is that workers learn on the job and sort of manage. Old people teach new people and so the system continues. But they have no way of claiming to be compensated for doing jobs that are supposed to be skilled and better-paid. ... Many workers handle or do highly responsible (and sometimes potentially dangerous) jobs without any training and they have no form of formal qualification or certification to show once they leave the company. ... They just learn in the

course of their work, and get shifted to something else whenever it suits management. ... What we found was a predominantly untrained and under-skilled workforce."[122]

Senior management acknowledged the inadequacy of the company's training schemes, and how this has retarded other dimension of the participative programme. As Smith, put it at the time the one business initiative was being planned: "Our weak point is training. While we have training programmes at every site, these tend to be task oriented rather than process oriented. I think this would be true of most South an companies. We train people in how to run a machine, but not how to organise and initiate. There needs to be a focus on a team of people running a site, and on how to communicate, present and to listen".[123]

10.7.3 Bursary Programmes

A national bursary scheme policy was accepted at the October 1992 National Forum, and implemented from 1993.[124] In its first year, it provided 100 PG Bison bursaries for children (from grade 1 to standard 10) of employees who earned less than R36 000 per year[125]. An additional 100 bursaries were offered the following year - rising to a maximum of 1 200 in the 12th year (2005). The entry points for children involved in the scheme were grade one and standard six. It was administered by the PG Bison Head Office with assistance from the SBUs.[126] In addition bursaries and sponsorship schemes were offered on a limited basis to employees wishing to study at university and technicon level.[127]

10.8 INTERNAL COMMUNITY INVOLVEMENT

The company used the term "Community Involvement" to refer, sometimes interchangeably, to two distinct concerns. The one is what is more widely known as Corporate Social Investment, and refers to programmes conducted for the benefit of the broader community, beyond the immediate circle of the company and its employees. The other refers to involvement in projects for the benefit of employees and their families and is sometimes referred to as internal community involvement. The main dimensions of this included projects related to housing, health, safety and the environment and what were termed "benefits". These were included under the TPQ banner, although there direct connection to the company's participative goals - beyond the level of employee involvement in running these programmes - was tenuous.

10.8.1 Housing

In 1989 PG Bison developed a housing policy, within the framework of TPQ strategy. This was motivated by Nel as follows: "A crucial driving factor of productivity is housing and stability of home life. The South African environment is characterised by very poor housing for the black population. PG Bison's own employees are often living in very over-crowded and slum conditions. There is no clear understanding of housing needs for our employees, and our employees are not being enabled to make use of housing opportunities. Management is often not allowing employees the opportunity to complete the necessary administrative problems (sic) and processes to gain housing".[128]

As a result a private consultancy[129] was retained[130] to conduct a company-wide survey of employee housing needs.[131] What it found was that a "massive need" for housing and

housing assistance was expressed by employees, and particularly black workers, with most either living in hostels belonging to black local authorities or living in overcrowded conditions in township houses. Many in the latter category had the added problem of spending long periods on public transport to get to and from work.[132] The report showed that by the beginning of 1992, 22 percent of the 24 percent of PG Bison employees[133] who were earning R1 000 per month or less lived with their families, 17 percent were homeowners, 13 percent in shacks, 11 percent in hostels, 11 percent in council houses, and five percent in other accommodation while the housing situation of 21 percent was unknown. For the 67 percent of employees earning between R1 001 and R1 500[134] the figures were four percent (hostels), 16 percent (shacks), 33 percent (home owners), nine percent (council houses), 27 percent (families) and 11 percent (other). For the nine percent earning over R1 500 per month[135] the figures were: 57 percent (unknown), six percent (hostels), one percent (shacks), 18 percent (homeowners), eight percent (council houses), seven percent (families) and three percent (other).[136]

What emerged was a policy aimed at assisting employees with housing needs, rather than building houses for them. At the March 1992 National Forum the proposals of a "Housing Task Force", which fine-tuned the existing company housing programme[137], were accepted. In addition to the housing schemes already in existence at some of the SBUs[138], the options included: 1. The Deposit Guarantee Programme involving the provision of collateral assistance by the company (a paper guarantee to a financial institution for the difference between the deposit required and the personal contribution from the employee).[139] 2. Micro-Loans for improvements to fixed property[140] - with the company standing surety[141] and the employee repaying a minimum amount each month[142]; 3. Conventional home loans[143], primarily for management, with the company providing financial assistance.[144] The report recommended

the use of the Independent Development Trust for lower paid workers[145] and called for regional and national housing committees, the retention of housing consultants at the discretion of the SBU leaders and half yearly bulletins on housing concerns.[146] These recommendations were accepted and implemented. The Microloan facility proved to be popular with employees and by June 1994 433 employee had used it[147], while 28 employees were using the Deposit Guarantee Programme.[148] The company provided training on housing matters to regional HR officers, who then operated as housing consultants for employees, and several of the SBUs established committees or used existing structures to deal with housing, while company publications included intermittent reports on these concerns.[149]

As with most other aspects of the TPQ/Continuous Improvement programme, there was considerable variation between the different business units in terms of what had been attempted and achieved. This was acknowledged by Hart a year after the new housing programme was introduced: "What I've seen is that some sites and SBU have done far more than others in implementing the housing policy - but then there is far more need in some areas than others. In Natal, for instance, there's a huge housing shortage. In general though it's true that a lot of people have been helped, who wouldn't have had it not been for this policy. A lot of the squatters now have homes, for example. But the problem remains that our housing policy is tied in with that of the banks and building societies, and you have to earn a certain minimum to get assistance. At the distribution sites a high percentage of workers don't earn this minimum, so the best they can do is use micro loans for home improvement. At Laminates on the other hand far more have got bonds because the workers there are paid a lot more. The bottom line is that PG Bison can provide housing assistance, but it can't build houses for employees. Ultimately the housing situation here reflects a national problem".[150]

10.8.2 Health, Safety and Environment

As a result of union pressure, PG Bison raised the emphasis on these three areas after the establishment of the National Forum. Arising out of the March 1991 management-union conference which put TPQ back on the company's map, health and hygiene were placed on the agenda of the first Forum in June 1991, and a company proposal was presented. As with most aspects of company life, this arrived complete with a 'Mission Statement' which stated the company recognised the need for policy on Health and Hygiene. It noted that improvements meant a better quality of life and a healthier working environment for employees, while for employers, it meant reduced absenteeism, improved productivity, the fewer occupational accidents and improved employee morale.[151] It noted the need for more education on basic health and hygiene, sexually transmitted diseases and family planning and for medical assistance for employees suffering from hypertensive conditions, diabetes and TB. It proposed pre-employment medical examinations and regular TB X-rays during company time, as well as Aids testing for employees wishing to have them, annual First Aid courses, annual medical examinations by a company doctor and confidential counselling services for alcoholism, drug abuse and "personal problems" - all at company expense.[152]

As a result of this proposal a joint management-union task force was appointed to investigate the issue, using the above policy proposal as a guideline.[153] The issues of safety and the environment were subsequently added to its brief, and its report was submitted to the March 1992 National Forum, but were never formally ratified prior to 1994[154] - indicating perhaps that it was less than central to either the union's or management's concerns. However, most of the recommendations made at National Forum meetings being implemented. For instance

the company held Aids Awareness workshops at most SBUs, ran TB clinics and some SBUs introduced alcohol and drug counselling services, while company publications such as Billbord ran regular articles on health, safety and environmental issues[155]

On the issue of safety the document stressed management's obligations in appointing safety representatives, keeping records of accidents, conducting induction and training sessions for new employees, providing protective equipment and a range of other house keeping concerns. Employee obligations included complying with all safety rules, bringing to the attention of the supervisor or safety representative any dangerous conditions, and taking initiative in promoting safety.[156] According to Smith, "PG Bison has a very good health and safety record, though there are problems with dust in chipboard manufacturing".[157] From comments by others in management, as well as shopstewards, this would seem to be accurate in some SBUs, although in addition to complaints about chipboard dust in the factories, at the PG Wood outlets there were occasional complaints about the formaldehyde used for treating boards which tends to cause brief irritation to the eyes. The 1993 Ppwawu-commissioned SWOP report on the company concluded that the work environment needed attention at all plants, from both unions and management. "Dust levels are high. The smell of chemicals needs to be checked properly. At least three workplaces (Piet Retief, Stellenbosch and Pietermaritzburg) had dust explosions last year. Surely something can be to improve the situation."[158]

The company's safety record came into question in 1992 when three Bisonbord Piet Retief employees died in two industrial accidents. In August two black workers were killed and two injured in a fire, while in September a white casual worker was killed by a forklift.[159] These

employees were the first to be killed or seriously injured in the company's history.[160] This led to a more concerted drive to improve safety at this factory, and although by 1995 it had not yet attained a four star safety rating, its NOSA grading showed significant improvement over previous years.[161] Of the other factories, Pietermaritzburg, Boksburg Upgrading and Stellenbosch all had four star Nosa safety ratings at the time of restructuring, with Pietermaritzburg being upgraded to the maximum five star rating in 1994.[162] Laminate Industries, which had not applied for a Nosa rating by the time of restructuring, achieved a company record of one million accident-free hours in 1993[163]. These four factories all had safety committees while prior to restructuring Piet Retief had a safety representative, but no committee.[164]

The policy on the environment stressed a commitment to the "Protection of the Biosphere" (mainly by minimizing the release of pollutants), to the "sustainable use of natural resources (mainly by using more renewable ones and conserving non-renewable ones), to the "reduction and disposal of waste" (particularly hazardous waste), to "wise use of energy" and to "risk reduction" (by employing "safe technologies"). It also expressed commitment to "marketing safe products and services", "damage compensation" and "disclosure" of any environmental, health and safety hazards relating to the company's operations. Finally it committed the PG Bison to implementing the Valdez Principles (on environmental standards), to establishing a committee of the company's Board of Directors with responsibility for environmental affairs, with one member representing PG Bison in this regard, and conducting an annual, public, environment assessment and audit.[165]

10.9 CORPORATE SOCIAL INVESTMENT

Corporate social investment (or corporate social responsibility as it is often called) seems to defy easy definition, partly because it means different things to different companies. Somer says it occurs when a company "voluntarily expends its resources to do something not required by law and without immediate economic benefits".[166] Mann suggests the notion refers to "those obligations of business that are voluntarily assumed, that, unlike philanthropy, are undertaken for advantage, and that extend beyond the duty to shareholders to include employees as well as the wider community outside the company".[167] He adds that "it benefits its recipients in a way that advertising in, say, the media does not", and that "although it may ... have a short-term effect, it tends to be seen in long-range perspective".[168] Both of these definitions are helpful, but neither entirely adequate. First, it is possible for programmes falling within the parameters of Corporate Social Investment to bring a company immediate economic benefit. Second, it seems unduly restrictive to include only activities undertaken for advantage, and not those prompted by philanthropy. Third, it seems wise to make a clear distinction between those programmes aimed at employees, and those aimed at the broader community, as they frequently arise out of different impulses, and tend to be regarded as distinct by the companies themselves.

At PG Bison the terms "Community Involvement" and "Community Performance" were often used interchangeably to cover both programmes aimed at employees and those aimed at the broader community. However a National Forum task force proposal, adopted in principle at the October 1992 Forum, established a clear distinction here. "There was broad agreement that community involvement refers to issues beyond the immediate circle of the company and its employees. Therefore CI does NOT include employee assistance ... CI refers to efforts to meet the needs of the external community".[169] After this there was a clear definitional distinction

between internal community involvement programmes and what is now known as Corporate Social Investment.

Mann argues that the programmes covered by the term 'Corporate Social Responsibility' represent a "distinct kind of politics" emanating from white South African business. Their aim is the "protection of capitalism", he says, adding that "they are the closest approximation that exists to a coherent and long-term political strategy on the part of the private sector".[170] While it is certainly correct that, when seen as a package, the emphasis on corporate social investment from South African business during this period involved a politically-related dimension which included a concern to show the kinder face of capitalism, this approach offers too rigid a generalisation. There are a variety of possible motivations for the introduction of such schemes, including the promotion of the company's corporate image, ideological projects such as the promotion of 'free enterprise', charitable or altruistic concerns and, related to this, personal concerns of CEOs or others in positions of power in this regard. With respect to PG Bison, all of these could be said to apply, though some more than others. Several preliminary points are worth making in this respect.

First, PG Bison had less to gain than most major corporations from improving its corporate image. Aside from Penny Pinchers and some of the Timber City branches, which in any event traded under their own names (and were therefore not directly affected by the parent company's corporate image), PG Bison did not have a retail component. Its customers were mainly other firms in the building and related industries. There was little advantage either to be gained by the company in a bottom line sense from such initiatives, which is perhaps why the company made little effort to achieve visibility from its social investment programmes.

Second, with the exception of the funding for the BMF, which was a particular concern of Leon Cohen's, there was little in PG Bison's Corporate Social Investment initiative suggesting a commitment to the defence of private enterprise. Programmes were motivated by the fact that, as one publication put it, "we recognise that the problems of South Africa cannot be solved by government alone, so we therefore contribute to the improvement of the wider community".[171] It added: "In the long run, our success depends on the social and economic well-being of the community so that the community in turn can continue to support us".[172] The defence of private enterprise and the improvement of the 'community' are not necessarily mutually exclusive, but they are also not necessarily the same thing. The former relates to a project bound up with the image of the capitalist system, while the latter is a less ideologically directed concern.

Third, PG Bison's own contribution to deciding how its money was spent in this regard, was, until 1993, mitigated by the fact that nearly half of its total corporate social investment expenditure was channeled through the PG Foundation, which included Glass South Africa, and PG Wood International.[173] And finally, PG Bison's commitment in this regard, was not particularly significant either in relative or absolute terms when compared with that of some other corporations such as Anglo American, Mobil SA, FNB, Nedcor and AECI.[174] In 1990, for example, its companies spent R8.4 million on corporate social investment programmes, reflecting, according to a task group report, "a huge increase from the 1980s".[175] About two thirds of this went to educational projects.[176] According to Smith since 1990 its contribution constituted less than one percent of after tax profit, and was "roughly average for the industry".[177] While other companies varied considerably in what kind of projects they included under the heading Corporate Social Investment, at PG Bison only non-market related

outside schemes were included - and some schemes falling within this definition (such as the financial support for the CBM) were not included.[178]

Until 1993 there were three organisational dimensions to the company's commitment. PG Bison contributed one quarter of the PG Foundation's total funding, most of which went to education and job creation projects[179], though it had little direct say over how this money was spent, and contributed a similar amount to projects of its own choice, most in the areas of education, health and job creation[180], mainly on an ad hoc basis, governed largely by the nature of requests for assistance.[181] In addition most of the SBUs had their own community involvement commitments.[182] A major commitment of PG Bison's own programme was the BMF, while other projects included Operation Hunger, the Lebowa Centre, the Early Learning Centre in Cape Town, the Get-Ahead Foundation in Natal, pre-school education, Aids prevention programmes and a variety of other projects in the education, health, job creation fields and cultural fields[183], as well as occasional projects of a more esoteric nature.[184] Despite a policy of not giving to party political organisations, it has sponsored politically related community programmes, including the 1991 conference of the ANC-aligned National Civics Association, because, as Smith put it, "that fitted in with our community development goals".[185] Contributions from individual SBUs varied widely - from a Laminate Industries donation of a floor to the Johannesburg Aids hospice, to the provision of material by PG Wood Pretoria for the construction of a community-build primary school in Kwa-Ndbele.[186]

The October 1992 task group proposal, which was accepted in principle by the National Forum, proposed that each of the SBUs and their employees play a far greater role in deciding on projects and funding allocations, and that the emphasis on external community involvement

be upgraded. It said that in addition to funding, more time, advice and training should be provided to community projects and PG Bison products should be donated for community projects, while the company and its SBUs should assist with local conflict resolution and mediation and address national concerns not covered by the PG Foundation. It said each SBU should establish a community involvement structure (or give this responsibility to an existing structure), and that employees should be kept better informed on developments in this area and that the financial commitment should be increased to "between one and two percent of the previous year's after-tax profit", with job creation, education, community housing, health and welfare as priorities.[187] It also proposed that a head office coordinator of the external community involvement programme should be appointed.[188] As is discussed in chapter 11 these proposals were eventually implemented along these lines.

10.10 JOB CREATION AND RETENTION PROGRAMMES

From the time of its formation in 1986 until the implementation of the one business initiative seven years later, PG Bison's orientation with respect to employment policy was, ostensibly, towards job saving, job creation and, within the confines of the technologies required, towards labour intensivity. As a result, a key element of TPQ involved an embargo on retrenchments (though not redundancies), and in order to ensure that employees enjoyed the job security that would encourage them to participate in decision making, it introduced an internal promotion policy along with a related embargo on external recruitment of salary earning employees (with several exceptions). Later, when PG Bison closed a loss-making factory, it introduced a job creation programme to ensure that workers affected were not left unemployed.

10.10.1 The External Recruitment and Retrenchment Embargoes

PG Bison's recruitment embargo and policy of 'internal promotion' emerged at the end of 1989. For Nel and Cohen, the motivation was one of creating a workplace environment where participative projects could flourish. It was reasoned that a stable, secure workforce, with a low turnover, and a reasonable prospect of training and promotion, would strengthen the basis for TPQ.[189] In 1988, Nel motivated argued for this in a paper directed at company directors and SBU leaders - though here he expressed the policy in rather more utilitarian terms: "The reality that South Africa faces a shortage of more than 212 000 managers, and more than 200 000 technical and artisan skills by the year 2000, necessitates the development of internal promotions programmes. This will be facilitated and supported by the recruitment embargo ... which will in essence state that certain levels of skills will not be allowed to be recruited from outside of the business, but will have to be grown from within the business. ... This one specific facet of evolving TPQ strategy will in time become crucial to the skills survival of our business".[190] This policy was reasserted from time to time, and at the first National Forum in 1991 it was included as part of the company's values in vaguer terms: "The company looks at the development and promotion of internal people in preference to recruitment from outside"[191] - a statement leaving open the possibility of external recruitment when there were no internal alternatives.

This Forum also restated policy on retrenchments, redundancies and casual labour. "PG Bison differentiates between retrenchment and redundancy. Redundancy refers to permanent shifts in employment levels due to irreversible shifts in markets, products or technology. In the event of redundancy, PG Bison has a negotiated policy to help affected people to minimise

the impact through, eg, training for alternative jobs, assistance in finding jobs and severance packages. PG Bison does not use retrenchments as a way to manage economic downturns. Casual labour can only be recruited for short-term needs, for example one week, and not as a tactic for avoiding permanent employment of people".[192]

These positions were elaborated on in a "Code of Practice to End Unfair Discrimination in Employment Practices" - a pre-existing Numsa policy negotiated with (and approved) by PG Bison (with regard to Laminate Industries) in 1992. The policy on recruitment added that where the employer was unable to recruit internally, and where a redundancy had occurred, "the company shall make all attempts to recruit workers from the ranks of workers retrenched by the company". It added that the Numsa branch must be informed of potential applicants from among the retrenched employees and given 14 days to contact them.[193]

In practice PG Bison usually kept to its policy on drawing the line between retrenchments and redundancies. One example was an incident at Pinetown Timber City in 1992. After finding that de facto retrenchments had been dressed up as redundancies, Cohen intervened on the side of the workers, and against the PG Wood Natal management, ordering the reinstatement of the workers.[194] Another example came during the 1992 recession where despite a fall-off in demand, and therefore production, no workers were retrenched. As Cohen put it: "The six month period from April to September 1992 was one of the worst periods of the business in many years. Our results were less than half those of this time last year. Two of the four presses were closed in Piet Retief for a month. We cut back on production because we could not sell as a result of local and export difficulties. However, there were no cyclical retrenchments because of this downturn".[195] While the unions accepted this as a positive

state of affairs, Ppwawu stressed there remained a danger of retrenchments being disguised as redundancies, and felt that management at several of the SBUs could not be trusted to stick to the policy.[196]

With regard to the internal recruitment policy there were regular complaints from shopstewards at some SBUs about recruitments of outsiders in preference to insiders and about the sustained use of casual labour, which was also contrary to company policy. This was eventually acknowledged by head office management[197], though it was only after the restructuring process had been completed that this was dealt with effectively. Part of the problem with the recruitment embargo was that it provided management at some SBUs with an excuse for avoiding bringing in black managers from outside the company, while at the same time leaving the way open for them to recruit white managers out of 'necessity'. As discussed in chapter 11, this is one of the reasons why it was abandoned after Rob Cohen took over as CEO.

10.10.2 Job Creation Programmes

The company initiated job creation programmes for workers made redundant in 1991, during the period in which the closure of the company's Plyproducts factory was being organised. The factory was a loss maker and was judged to have been an unwise purchase. In January that year the former TPQ coordinator Thlopheho Modise, was appointed general manager of the factory with the specific aim of overseeing its closure and ensuring that employment was found for as many of the plant's 430 employees as possible. It was also hoped that during this 10 month process the factory's performance could be improved to reduce the scale of losses.

Some workers were retrained and re-employed within other branches of the business, some were assisted in finding work elsewhere, and others were assisted in creating their own employment, mainly through cooperatives. During 1991 the company established three cooperatives, one focussing on furniture assembly, another on sewing and a third on pottery.[198] By June that year Modise and his staff had succeeded in catering for 369 employees, either through one of these options or through voluntary redundancies. This included 145 workers involved in cooperative ventures and 99 who had been redeployed within the company.[199]

Discussing this approach, Modise said his initial aim was to build the trust of employees, and, because the priority was job creation and the closure of the factory, he decided to make the issue of performance secondary. The result, he said, was that not only were the issues of redundancy and job creation sorted out to the satisfaction of most employees, but the performance of the factory improved prior to closure: "Not once did I speak about productivity. I dealt first with the issues of open expression and trust. You have to allow people to question you, and be as honest as you can. ... Each department had to work out for itself what it wanted to achieve, so we weren't dictating performance levels, but working them out together. The result was a 37,5 percent productivity increase. Not a single warning was given out to any worker. The reject rate fell from 14 percent to 4.2 percent. ... At first the whites in the factory challenged us and said PG only thinks about the blacks. So we discussed it, and some of it was perception. But the point is that whites were brought in, and shown they had a role to play. We used to have breakdowns every day on the machines - there are none after a while. ... Relations between workers and artisans improved to the point where they both helped each other, solved problems and ensured that assets are used properly".[200]

The approach to job creation and redundancies adopted at the Plyproducts factory was subsequently applied on a national basis throughout the company. As discussed in chapter 11, this became crucial in mitigating tensions between workers and management during the redundancy programme which was a key dimension of the restructuring process.

10.11 PERFORMANCE AGREEMENTS

One of the prime motivations for TPQ was to improve performance - by increasing productivity, reducing wastage, upgrading product quality, raising market share and improving customer relations. While SBU heads and other company managers and directors periodically made statements claiming that TPQ had assisted in raising quality and reducing wastage, as well as in improving productivity through a reduction in absenteeism, strikes and other forms of industrial action, as well as in improving shop floor relations, they also complained that this was insuffiently emphasised in TPQ. As Lurie put it: "They often ask us, 'where's the P in TPQ'".[201] Or as Hart added: "Leon Cohen had ethical and moral motivations in introducing TPQ, Christo Nel had socio-political motivations, but for the line managers it boiled down to a question of economics, and still does".[202]

Perhaps because of this the early motivations to the company's management placed considerable stress on the 'hard' aspects of TPQ, which Nel termed the "Payback Cycle".[203] As mentioned above early TPQ strategy documents viewed the 'Environmental Preparation' and 'Development of Values' phases as leading to a third, "Structural Change" stage involving, inter alia, a financial reward system linked to improved material utilisation, shrinkage and sales, a profit-linked pe rmance bonus system and other incentive schemes.

It was envisaged that this phase would also involve the implementation of more scientific methods of measuring performance.[204] At the time of the launch of TPQ, and for several years after, the idea of moving beyond the piecemeal agreements on performance which existed at some of the SBUs, and towards a system involving a more structured commitment from the unions to the financial success of the enterprise, was considered by senior management. According to this scenario, such a commitment would include an ambitious Esop scheme and, eventually, worker representation on the company's board.

Nel was particularly enthusiastic in these areas, stressing the need to "re-integrate" labour and capital. "In this sense our view is the opposite of the Marxist-Leninist analysis. Whereas they talk of the alienation of labour and capital, we believe we should be re-integrating labour and capital to create economic democracy. You need to reward both entrepreneurial risk and labour risk. Both are making substantial risks, and are making substantial inputs. In South Africa we have a situation where the number of people benefiting from their input is the smallest in the world, and this has to change. What I envisage is substantial labour shareholdership by the end of the century. Not one or two percent, like at Anglo American, but 25 to 35 per cent labour shareholdership by the end of century. We have to broaden our basis of shareholdership along West German lines. But people can benefit not only through share ownership and wages, but also through productivity incentives, and profit sharing".[205]

The reality, however, was that advances in these areas were far slower than in the 'soft' aspects of the programme. In most SBUs the initial performance measurement schemes were not retained, and progress with incentive reward systems was piecemeal and halting. The SBU which went furthest in this respect was Piet Retief which introduced an "Incentive Bonus

System" in 1991. The bonuses were allocated by department, relative to productivity. Each team member received a percentage of the reward based on their job grade with the allocation skewed so that the lower grades often received more than those in higher-paid positions. Standards were based on past performance. After a six month trial period the system was approved by both management and the union in 1991. According to management it saved the SBU R3 million that year, of which nearly R1 million was distributed to workers.[205] However, as a result of the conflict between management and the union related to perceptions of racism and safety[207], this programme along with other aspects of TPQ was suspended in late 1992. Bisonbord (Cape) and PG Wood (Cape) introduced incentive systems of a more limited nature in 1991 and 1992.[208]

Leon Cohen said the main reason why most productivity incentive schemes were stillborn, and why there was no employee share-ownership arrangement beyond the executive share trust and no workers on the board, was that the unions had not requested it, and when it was discussed, had opposed it.[209] The reason for this was that such managerial initiatives tended at the time to be viewed as co-optive strategies to diffuse worker militancy, undermine organisation and dilute their sense of national union and class solidarity.[210] Cohen himself felt that Esops and union representation on the board were not immediate priorities and that union involvement decision making at all levels through TPQ was more important in the short term: "I am more concerned with moving forward through a process of bringing people through the democratisation of the business, rather than knowing that these are the end-points, though I foresee that they might well become endpoints. If you accept the stakeholder approach, then the question of how you distribute the final profit is actually not a massive one within a business unit. Your after tax profits are probably between five and 10 percent of

sales, whereas the amount of money already going to the people part of a business is something like 40 percent of the added value of the business. Once the acceptance of a stakeholder approach is there, then it is a question of how that should be negotiated. If everyone within the business is prepared to accept goals like 10 percent real growth, and if we're all prepared to talk about our efforts to become a global player and if everyone is prepared to accept the responsibility of wealth creation rather than bottom line profits, then it becomes easier to negotiate. If we're not going to grow, and all we're going to talk about is bottom line profit, then the amount of that distribution is going to be minimal, and it doesn't really matter if the workers are on the board, because if they take much more there will not be any monies available for reinvestment, and the business will ultimately be dying. I see worker representation on the National Forum as a first step towards worker representation on the board of directors, which would give the workers a greater say in the distribution of profits, but I don't think management sees this as the ultimate goal. At the moment it is not the key issue".[211] After restructuring was completed and after Leon Cohen retired, the performance-related dimensions of TPQ were re-emphasised, and the new CEO, Rob Cohen, once again placed the potential for worker representation on the board on the conceptual agenda.[212]

10.12 CONCLUSION

When considering the period under review in this chapter several points are worth highlighting before moving on, in chapters 11 and 12, to the period after 1993 and then to the more specific considerations of how TPQ was introduced and received in the different SBUs. First, contrary to the version of events presented by some of the unionists who entered the field in

the 1990s[213], the implementation of TPQ began several years before the launch of the National Forum in 1991. The process started with the managerial programme and value sharing workshops between 1987 and 1990, followed by the introduction in 1989 of the first of the longer-term participative structures - in-a-groups, SBU leadership structures and Leap - and the shop stewards council in 1990. Therefore by the time of the first National Forum meeting, most PG Bison employees had already had several years of exposure to TPQ at a variety of levels.

Second, contrary to the perspective of some in management[214], the stages in the introduction and development of TPQ were governed more by breaks in the process (conflict with unions, departure of key actors, and the failure of ideas), than by a continual and uninterrupted process of step by step conceptual and programmatic development. As mentioned below, Nel's departure in 1991 not only led to a change in the style and content of TPQ, but also meant that the value sharing workshops, which had been the most intense and focussed dimension of the participative programme, and in some respects, the most successful, were never repeated. Also the conflict with Ppwawu over the introduction of the National Shopstewards Council was the catalyst prompting the suspension of the process and the subsequent introduction of the National Forum and the more open approach to information sharing. Finally the moves towards restructuring the company, led to the decline of the early model of TPQ and its eventual, partial replacement with new forms of participative management.

Third, throughout this period there was a shift from direct value and task-centred forms of participation to less direct, power-centred forms.[215] Both the value sharing workshops and in-a-groups involved direct participation in areas of the business workers had previously been

excluded from. This involvement, however, varied considerably from site to site, often according to management's willingness to foster the process, and never extended to a formal role in decision making, although both these innovations had an impact on managerial thinking in some SBUs. In contrast, the leadership structures introduced from 1990, represented an extension of the existing representative forms of participation. Through their shopstewards and union officials, workers were offered a greater say in a range of areas previously considered part of management's domain - redundancies, literacy, training, health, safety, housing, corporate social investment - and were provided with more effective means to challenge managerial breaches of company values. These, however, did not involve the constant employee involvement in the affairs of business that the direct forms provided. Between 1990 and 1992 the representative participative forums were strengthened through the consolidation of the National Forum and related SBU leadership structures, while direct participative forums were either phased out or, in the case of the in-a-groups, lost their sense of direction, momentum and purpose. This shift from direct to indirect forms of participation was confirmed as a result of the restructuring programme.

NOTES

1. As distinct from that outlined in 9.5 above.

2. In this version, the first stage (1987 to 1989) was characterised by the implementation of TPQ and involved experimentation, education, the value-sharing process and the exposure of employees to a range of new ideas. The second (one year) stage was marked by consultation with a variety of actors within the company, including the unions, and involved "new methods" (such as the in-a-groups), the reinforcement of values and "self-fulfillment through performance". The third (one year) stage involved a process of negotiation with the unions, and included the implementation of the LEAP literacy programme, the National Forum and the design of an "holistic model" of change. (Leon Cohen, "The Role of Business," discussion paper circulated within PG Bison and by IPM, February 24 1992, p 1.)

3. Ibid.

4. Leon Cohen, interview, February 26 1992.

5. PG Bison Performance Report, 1990 - 91, p 4.

6. A favourite was the 'tornado' graph which showed whirlwind-like squiggles, rising or falling in intensity. This was employed somewhat obscurely to illustrate concepts such as "The Dynamics of Mastering Change and Transformation" (with the vertical coordinates indicating the phases of 'pro-action', 'acceptance', 'submission', 'fight or flight', 'bargaining', 'aggression', 'denial', and 'unaware' (sic) and the horizontal coordinates defining a time line). Others included the "Rhythm of History Along the Curve of Racism and the Groups Commandment" graph and the 'Transformer, Reformer, Creative Minority' arrow-block illustration. (See "PG Bison: Total Productivity and Quality," company document, 1989, pp 30 - 44; Christo Nel, "Midnight has Struck: The Quickening Rhythm of Chaos and Transformation", unpublished paper presented to the FFF-ANC "Whites in a Changing Society", conference, Lusaka, Zambia, July 1 1989, pp 20 - 61; and "PG Bison: Vision of Change Through TPQ,", 1988, p 4.)

7. For instance, Maxine Hart and Joan Lurie, "Facilitating for Participation and Communication", 1991 and "In a-Groups", 1990.

8. PG Bison National Forum, June 10 - 11", June 1991, p 20.

9. Ibid, p 21.

10. Ibid, pp 21 - 27.

11. Ibid, pp 21 - 27.

12. "PG Bison National Forum: Amended Document", June 1991, p 2.

13. Sociology of Work Programme, "Restructuring and Proposed Redundancies at PG Bison: A Report to PPWAWU," Sociology Department, Wits University, July 1993, pp 39 - 41.

14. "TPQ Strategy 1989/90", 1988, p 9.

15. Interview, Maxine Hart, February 13 1990.

16. Notes taken from company seminar on in-a-groups, November 16 1989 and "In-a-Groups", company training manual, 1990.

17. Interview, Maxine Hart, July 30 1992.

18. Leon Cohen, "Social Responsibility: The Practical Role of the Formal Corporate Sector," op cit, p 11.

19. "In-a-Groups", 1989, p 1.

20. Ibid, p 2.

21. Ibid.

22. Ibid, p 7.

23. Ibid, p 3.

24. Ibid, p 1.

25. Ibid, p 1.

26. Ibid, p 7.

27. Leon Cohen, "PG Bison: A Case Study," op cit, p 8.

28. This is discussed further in chapter 10.3 below.

29. Particularly the TPQ coordinator, Maxine Hart.

30. Particularly the Alrode laminates factory.

31. Interview, James Smith, January 17 1992.

32. "PB Bison: Total Productivity and Quality," video, 1990.

33. TPQ Times, April 1990.

34. Ubuntu, vol 1 no 1, November 1989.

35. Ubuntu, vol 2 no 1, April 1990.

36. "TPQ Strategy 1989/90", op cit, p 10.

37. Leon Cohen, "PG Bison: A Case Study," op cit, pp 7 - 8.

38. This is drawn from the three issues of Billbord produced between Christmas 1993 and Christmas 1994.

39. It won the Institute of Chartered Accountants/Anglo-Alpha Best Employee Reporting award for its 1992 annual report, because it "best addressed the right of employees to information about their organisation." (Interview, James Smith, April 6 1993)

40. This summary is drawn from PG Bison Performance Reports and Half-Year Performance Reports between 1991 and 1995.

41. Maxine Hart and James Smith, "Educating for Worker Participation," Financial Mail supplement, April 1993.

42. Lael Bethlehem, Sakhela Buhlungu, Owen Crankshaw and Caroline White, "Co-determination vs co-option: PPWAWU and PG Bison negotiate restructuring," SALB vol 18, no 1, p 15.

43. See 5.3.1.

44. Leon Cohen, "Social Responsibility: The Practical Role of the Formal Corporate Sector," op cit, p 11.

45. Christo Nel, "Total Productivity and Quality: An Holistic Strategy for Business Change," IPM Journal, vol 8, no 2, July 1989, p 17.

46. Leon Cohen, "Social Responsibility ..," op cit, p 12.

47. Discussed in 10.5.3 below.

48. Ubuntu, vol 2 no 1, April 1990, p 9.

49. Ubuntu, vol 1 no 1, November 1989.

50. Interview, Joan Lurie, September 30 1991.

51. Quoted in Ubuntu, vol 1 no 1, November 1989.

52. Christo Nel, interview, July 20 1990.

53. Interview, Kenny Fihla, July 17 1990,

54. Interview, Maxine Hart, July 7 1991.

55. Kenny Fihla, op cit.

56. Interview, Rob Rees, March 16 1992.

57. Interview, Christo Nel, July 20 1990.

58. Interview, Joan Lurie, April 20 1993.

59. Leon Cohen, "PG Bison: A Case Study," op cit, pp 8 - 9.

60. Billbord, vol 1 number 2, Spring 1994.

61. This aspect is discussed in chapter 11.

62. At the Dikhololo Conference Centre near Brits.

63. "Information Bulletin No One," June 26 1991, pp 1 - 3.

64. Held at Hunter's Rest.

65. Interview, Rob Cohen, February 6 1995.

66. Ibid, pp 1 - 14.

67. At Valley Lodge in Magaliesburg.

68. "PG Bison National Forum Minutes, Valley Lodge, 11 - 13 March", pp 1 - 24.

69. At Broederstroom.

70. Both of these are discussed in chapter 12 below.

71. At Laminate Industries.

72. At Pinetown Timber City.

73. "National Forum Summary", November 6 1992.

74. At Laminate Industries the Management/Shop Stewards Committee (an elected body which had previously coordinated and strategised TPQ and related issues) was never disbanded, and in 1991 was transformed into an SBU Forum Committee.

75. "Fourth PG Bison National Forum, Broederstroom October 18 - 20 1992," p 12.

76. Interview, Maxine Hart, April 20 1993.

77. Interview, James Smith, January 17 1992.

78. "Negotiating a Corporate Restructuring: PG Bison Case Study", October 1993, pp 1 - 5.

79. "Minutes of the First PG Bison National Forum," p 3.

80. Interview, Maxine Hart, April 25 1994.

81. Interview, Maxine Hart, January 28 1994.

82. It found that in 1992 98.17 percent of senior managers were white, 1.08 percent were black (African), 0.5 percent Indian and 0.25 percent coloured. A slightly declining white dominance was reflected in the figures for middle managers, professionals and general staff. Among middle managers the comparable figures for 1992 were 90.69 percent white, 6.48 percent Asian, 1.5 percent black and 1.33 percent coloured. Among general staff the 1992 figures were 59.67 percent white, 22.44 percent black, 9.91 percent coloured and 7.98 percent Indian. Among lower skilled workers 59.02 percent were black, 23.10 percent coloured, 17.3 percent Indian and 0.58 percent white. (The Star, March 31 1993)

83. Interview, James Smith, August 28 1992.

84. Interview, Stuart Wood, September 26 1991.

85. Interview, James Smith, August 2 1992.

86. Reported in The Star, March 31 1993.

87. Interview, Leon Cohen, January 26 1994.

88. The Commercial Director: Accounting Navin Soofa.

89. He was the number two man to Operations Director: Boksburg, Lawrie Wishart.

90. His previous position was Manager:Transition Affairs and involved coordinating the job creation programme for workers made redundant. In March 1994 he left the company to take up a position coordinating the restructuring of regional government in the PWV (Gauteng) province. He was replaced in the PG Bison Community Involvement portfolio by another black managerial employee, Kotli Molise. (Interviews: Murphy Morobe, January 22 1994, April 25 1994 and Kotli Molise, April 27 1994).

91. For instance the assistant manager at Timber City in Pretoria was African, as were some of the factory departmental managers, while at the Bisonbord Boksburg Upgrading plant a majority of managers were African. There were also several Indian and coloured managers at the former Bisonbord factories and PG Wood outlets in Natal and the Cape. (Interviews, James Smith, January 26 1994 and Maxine Hart, January 28 1994).

92. Interviews: James Smith, August 28 1992; Joan Lurie, April 20 1993; Maxine Hart May 18 1993; "PG Bison Performance report 1991 - 92", p 19; "PG Bison: A Whole New Company", March 1993, p 4.

93. "Report on PG Bison Group Attitude Survey", October 1992, p 11.

94. Maxine Hart and Joan Lurie ("PG Bison: A Whole New Company," p 4).

95. "The Role of Women in a TPQ Environment," Papers presented at seminar held under the auspices of the Human Resources Department, Bisonbord, Boksburg, October 1990, p 4.

96. Maxine Hart and James Smith, "Educating for Worker Participation," op cit.

97. Leon Cohen, "PG Bison: A Case Study," op cit, p 7.

98. Maxine Hart and James Smith, Financial Mail, op cit.

99. "TPQ Strategy 1990/91," op cit, pp 10 - 11.

100. Interview, Joan Lurie, April 20 1993.

101. Interview, Joan Lurie, September 30 1991.

102. Interview, Joan Lurie, September 30 1991.

103. It was agreed that the literacy organisation Learn and Teach should be involved in the process (though it was later agreed this should be supplemented by other programmes), that its content be negotiated and that certificates be given to the workers once they had reached a required level.

104. Interview, Joan Lurie, September 30 1991.

105. "PG Bison Performance Report 1991 - 92," p 16.

106. "PG Bison National Forum, 10 - 11 June 1991," pp 31 - 32.

107. Interview, Joan Lurie, September 30 1991.

108. Interview, Maxine Hart, April 5 1993.

109. This is drawn from the shop stewards reports to the National Forum, the company surveys discussed in chapter 12 and interviews conducted with unionists and shop stewards cited above and below.

110. Interview, Welcome Ntshangase, April 19 1993.

111. Organised by the Learning Methods Technology group.

112. Primarily the '6M' business literacy courses.

113. The consultancy was called 'Stratagem'.

114. "TPQ Strategy 1989/90", op cit, pp 4 - 5.

115. These included managerial diploma courses such as the Objectives and Techniques of Production and Inventory management course, advanced technical courses such as the Material Requirements Planning courses, and administrative courses, such as the basic storekeeping course.

116. Most particularly, Wits University Business School and Damelin College in the Transvaal and technical colleges elsewhere in the country and through correspondence. (James Smith, interview, August 28 1992.)

117. Maxine Hart and James Smith, Financial Mail, op cit.

118. After 1992 the company used the Business Wise business literacy course in preference to the 6M training.

119. Interview, Maxine Hart, April 5 1993.

120. "PG Bison National Forum June 10 - 11," op cit, pp 33 - 34.

121. "Memorandum: Report on Valley Lodge Forum," March 30 1992.

122. SWOP, op cit, pp 25 - 26.

123. Interview, James Smith, September 28 1992.

124. "National Forum Summary," November 1992.

125. The amount initially offered was R 1 200 per pupil per year.

126. "Fourth PG Bison National Forum," op cit, pp 15 - 17.

127. Examples included a Stellenbosch University industrial engineering degree course, a University of the Witwatersrand MBA course and a Yale university one year diploma.

128. "TPQ Strategy 1989/90", op cit, pp 13 - 14.

129. The firm Ian Bernhardt Associates.

130. At an initial cost of R50 000.

131. Ibid, p 14.

132. Ian Bernhardt, interview, March 7 1990.

133. An average of R855 per month in this group.

134. Average of R1185 per month.

135. Average of R 1 849 per month.

136. Ibid, p 41.

137. Between August 1990 and February 1992 the percentages of employees receiving housing assistance through new houses, improvements or other forms, was as follows: Bisonbord Boksburg - 34 percent; Bisonbord Cape - 0,5 percent; Bisonbord Natal - 14 percent; Bisonbord Piet Retief - 7,3 percent; Laminate Industries - 89 percent; PG Wood Cape - 3,8 percent; PG Wood Natal - 33 percent and PG Wood Transvaal - 13 percent. (PG Bison Documents for the Third National Forum, Valley Lodge, Magaliesburg, March 22 - 13," pp 32 - 35). The 1991/1992 Performance Report, published in June 1992, stated that nearly 300 employees had taken out company-backed micro loans, worth over R1,5 million, for home improvements, 27 employees had taken out bonds through the company-assisted Bond Guarantee Programme, and individual SBUs had assisted about 200 employees to improve or purchase their homes. (PG Bison Performance Report 1991/1992, p 17)

138. These included the Piet Retief Sunflower Project - a community based housing project initiated by the factory's management and the Vosloorus High Density Housing pilot project (for Laminate Industries Employees).

139. The report stated that R90 000,00 was advanced by the company in the year up to July 31 1991, with defaulting employees costing the company R25 0000.

140. From the SA Permanent Building Society - at the time for a maximum of R10 000 repayable over five years,

141. R650 000 was advanced by the company in the year up until July 31 1991, with no defaults.

142. By 1994 the employee was required to make a minimum monthly repayment of R200. (Billbord, volume 1, number 2, Spring 1994).

143. From Nedbank.

144. "PG Bison Documents for the Third National Forum, Valley Lodge, Magaliesburg, March 11 - 13," March 1992, pp 32 - 35.

145. Their subsidies were only available to family units earning less than R1 000 per month.

146. "PG Bison Documents ...", op cit, pp 32 - 38.

147. Totalling R2 725 095.

148. Billbord, volume 1 number 2, Spring 1994.

149. Billbord, volume 1, Number 2, Spring 1994 and interview, Maxine Hart, January 28 1994.

150. Interview, Maxine Hart, July 30 1992.

151. "PG Bison National Forum 10 - 11 June 1991," pp 36 - 41.

152. Ibid.

153. "PG Bison National Forum Amended Document," June 1991, p 3.

154. This was because of "time constraints" at the following two National Forum meetings and because the restructuring process became the priority through 1993.

155. This is drawn from the SBU reports to the National Forum and company publications between 1991 and 1995.

156. "PG Bison Documents for the Third National Forum," March 11 - 13 1992, pp 20 - 24.

157. Interview, James Smith, August 28 1992.

158. SWOP, op cit, pp 28 - 29.

159. "National Forum Summary," November 6 1992, p 1.

160. Interview, James Smith, August 28 1992.

161. On October 17 1994 the factory was inspected by NOSA officials and attained a score of 72.5 percent, compared to a previous score of 63 percent.(Billbord, volume 1 number 2, Christmas 1994).

162. Billbord, volume 1 number 2, Spring 1994.

163. Without even a minor accident.

164. The Umxoxi Press, April 1993, p 1; "PG Bison Performance Report 1991 - 92, op cit, p 9; Interview, Maxine Hart, April 5 1993.

165. "PG Bison Documents for the Third National Forum," pp 28 - 31.

166. Cited in Management, April 1983, p 43.

167. Michael Mann, The Politics and Ideology of White Business in Contemporary South Africa, unpublished Masters dissertation, University of the Witwatersrand, September 1989, p 34.

168. Ibid, p 35.

169. "Fourth PG Bison National Forum, Broederstroom 18 - 20 October 1992," p 10.

170. Mann, op cit, p 17.

171. "PG Bison Performance Report 1991 - 1992", p 18.

172. "Fourth PG Bison National Forum," p 10.

173. Interview, James Smith, January 26 1994.

174. For example, in 1991 the Anglo American Chairman's Fund (which handled the group's corporate social responsibility programme) donated about R50 million. This was funded by contributions of one percent of declared dividends from the operating companies (each of which also operated its own programme). FNB spent 2.5 percent of pre-tax profits on its social investment programme, supporting about 1 000 projects. The Mobil Foundation, which included three trustees from the company and 21 from the community, had a budget of R8 million while in 1990 AECI provided R232 thousand in direct corporate community donations, R5.5 million through its "Quality of Life" programme and an additional R2 million to the Urban Foundation, universities and technicons as well as running a variety of social responsibility programmes in conjunction with communities. (Mann, op cit. op 75 - 87, Weekly Mail, November 29 1991).

175. "Fourth PG Bison National Forum," pp 13 - 14.

176. Ibid.

177. Interview, James Smith, January 26 1994.

178. Ibid.

179. PG Foundation's commitments in 1992/3 included R 382 000 on education and training. This included R104 000 on pre-schooling, R 15 000 to primary schooling, R33 000 to secondary schooling, R21 000 to teacher training, R127 000 to technical skills training, and R 81 000 to special education. It also committed R150 000 to job creation projects, R53 000 to charity and welfare and R77 500 on "Conservation and Regeneration". (PG Foundation Commitments", November 1991, pp 1 - 5)

180. PG Bison Performance Report 1991 - 1992, p 18.

181. Kotli Molise, "Employee involvement in Social Investment," Billbord volume 1 number 2, Spring 1994.

182. "Fourth PG Bison National Forum," p 11.

183. Interview, James Smith, August 28 1992; PG Bison Performance report, 1991 - 2, p 18.

184. Examples would include the sponsorship of a Market Theatre sculpture exhibition and of a Weekly Mail educational supplement. (Programme for Geoffrey Armstrong sculpture exhibition, March 1993; Weekly Mail educational supplement, September 1992.)

185. Interview, James Smith, August 28 1992.

186. PG Bison Performance Report 1991 - 1992, p 11.

187. "Fourth PG Bison National Forum," pp 8 - 9.

188. Ibid.

189. Interview, Christo Nel, June 17 1989.

190. "TPQ Strategy 1989/90", pp 12 - 14.

191. "PG Bison National Forum 10 - 11 June 1991," p 24.

192. "Minutes of the First PG Bison National Forum," June 1991, p 2 - 3.

193. "Code of Practice to End Unfair Discrimination in Employment," Numsa document, March 13 1992.

194. "Summary: Fourth National Forum," November 6 1992, p 2.

195. "Detailed Report on the National Forum," November 6 1992, p 2.

196. Interview, Welcome Ntshangase, April 19 1993.

197. "Fourth PG Bison National Forum, Broederstroom 18 - 20 October", p 5.

198. Interview, Tlhopheho Modise, February 24 1991.

199. At the first PG Bison National Forum, Modise reported that 112 people had been made redundant voluntarily and assistance programmes had been established for them. 88 people were involved in training, 13 had found jobs with other companies, and 11 did not want training. He said a furniture assembly programme might employ 80 people, 65 would work for a sewing cooperative which had been set up and a pottery project was also being established. (Minutes of the First PG Bison National Forum, June 1991).

200. Interview, Tlhopheho Modise, August 4 1991.

201. Interview, Joan Lurie, April 20 1993.

202. Interview, Maxine Hart, April 20 1993.

203. "TPQ Strategy 1989/90", op cit, p 1.

204. "TPQ Implementation Framework for 1988", pp 1 - 4; "TPQ Status Report,", pp 1 - 2; "TPQ Strategy 1989/90," pp 1 - 6.

205. Ibid.

206. Interview, James Smith, January 10 1992.

207. See 10.8.2 above.

208. Appendixes to "Report on Valley Lodge Farm", op cit.

209. Interview, Leon Cohen, November 1 1991.

210. This is drawn from interviews in which this issue was discussed with various PG Bison unionists cited above including the following: Kenny Fihla (July 1 1990), Elias Monage (August 24 1992), Gibson Nduli (August 21 1991), Welcome Ntshangase (April 19 1993) and Sam Ntuli (July 18 1990).

211. Interview, Leon Cohen, November 1 1991.

212. Interview, Rob Cohen, op cit. See chapter 11.

213. See for example, A Solomons and W Ntshangase, "Worker Participative Schemes: A Trade Union Response," Ppwawu position paper, published by Sociology of Work Programme, University of the Witwatersrand, November 1992, and W Ntshangase and A Solomons, "Adversarial participation: a union response to participatory management," SALB, vol '7 no 4, July/August 1993.

214. See Leon Cohen, "The Role of Business," op cit.

215. See M Salamon, Industrial Relations: Theory and Practice, Prentice/Hall International, London, 1987, 300 - 302.

CHAPTER ELEVEN

RESTRUCTURING AND THE DEMISE OF TPQ: 1993 - 96

11.1 INTRODUCTION

PG Bison introduced fundamental changes to its structure and operations after experiencing debilitating competition between its own production and distribution companies, intense challenges from competitors and a decline in demand. Leon Cohen chose a management team to develop a strategic 'vision' in order to plot PG Bison's path into the 21st century.[1] What they proposed, and was ultimately accepted, was a three-pronged strategy: to merge the three companies operating under the PG Bison shell (Bisonbord, PG Wood and Laminate Industries) into one; increase organisational and technological efficiency in order to improve its ability to compete in the national and international markets; and focus energies on 'core' functions, while sub-contracting out for non-core functions. It was expected that the removal of layers of management, the increases in labour efficiency and the closure of unprofitable and non-core sections of the business would result in between 600 and 1 000 jobs being made redundant by 1997.[2] Once the team's proposals had been accepted by the board, a lengthy process of negotiating this corporate restructuring with its unions eventually resulted in an agreement which involved largely voluntary redundancies on a significantly reduced scale. Before moving on to discussing the implications of restructuring for PG Bison's employees, it is worth looking in more detail at the content of these negotiations, as they had a direct bearing on industrial relations at the company and on the future content of its participative programmes.

11.2 NEGOTIATING RESTRUCTURING, REDUNDANCIES AND JOB CREATION

The first formal notice to the unions of management's intentions came in October 1992 when Cohen wrote to Ppwawu, advising it that restructuring was being planned, and asking whether it wished to be involved in the process[3] Shortly before receiving this letter, Ppwawu launched a national campaign to oppose unilateral restructuring (following a motion at the 1992 Cosatu conference to this effect), and sent a memorandum to employers, including PG Bison, calling for, "an end to retrenchments and unilateral restructuring". Ppwawu believed the PG Bison letter was a response to its memorandum.[4] However Ppwawu was caught off guard by Cohen's letter and did not know how to respond. As a result, no reply was received until, in January 1993, after a fourth letter in which Cohen proposed a specific number of redundancies within Ppwawu's bargaining unit, the union leadership finally agreed to a meeting, at which Cohen outlined management's proposals. The response from the union officials and senior shop stewards at this meeting was to question why they had not been invited to the strategic task team and to stress that they opposed the idea of management continuing to plan without union involvement, but at the same time to question whether they could become involved in a process which would cost the jobs of some of their members. After this, Ppwawu's tactical response involved stalling the process by asking for more details of the proposed redundancies, while stating its intention to oppose them, without making any commitments about becoming involved in the planning.[5] Ppwawu also suspended its involvement in the National Forum, pending the outcome of the process.[6] The union's national education officer, Welcome Ntshangase, explained their dilemma soon afterwards: "They invited us, as a union to second someone to that team, in helping plan the restructuring, and our initial response was that there was a crisis of interests. It's a Catch 22 situation. On the one hand we don't want

unilateral restructuring, but on the other hand we don't want to be part of that restructuring. Whichever way you approach it will result in the loss of jobs. They admitted this ... and I think we have a big crisis on our hands to decide how we're supposed to engage PG in this restructuring. ... It's a very dicey situation."[7]

Meanwhile[8], the 30 top managers met at a bushveld session and were presented with the one business proposal, some for the first time. It was announced the merger of the three companies, and all that this entailed, would begin immediately. The strategy was then outlined to all employees and the unions through an explanatory pamphlet followed by a series of briefings[9], while at the same time, detailed planning was started and the first stages of the plan were implemented.[10] At a follow-up meeting with representatives from all the unions, further details were explained. The main question from the unions was whether the process itself was negotiable. Management replied that while the heart of the strategy - the merger and change in product lines -was not negotiable, the implications affecting the unions were open for re-evaluation. This included the closure of branches, rationalisations at factories and outlets and redundancies.[11] The unions requested a three day Restructuring N. ,otiation Forum, which took place in Johannesburg in May 1993[12]. Shortly before this occurred, Numsa withdrew from the forum, preferring to negotiate at site level, leaving Ppwawu and Uwusa to negotiate together.[13] Management presented detailed proposals to the unions, involving projections of 477 redundancies in the first stage. The unions discussed engineering a strike, but eventually decided against this option and instead proposed a three month moratorium to study these plans in depth. They requested the company to finance this study, involving outside consultants, and to disclose all information requested. Ppwawu subsequently acknowledged this was initially no more than an ad hoc response, decided upon during the

caucus meeting, and intended as no more than a delaying tactic and that their approach at this time constituted a tactical error. "We realised that we had allowed PG to develop their plan without us, so we were now faced with negotiating. We regretted not being involved from the beginning as we may have been able to prevent any redundancy whatsoever. However, our non-inclusion was not the company's fault," Ntshangase said.[14]. To their considerable surprise, the company agreed to each of these requests almost immediately - a move union officials later acknowledged was "unprecedented".[15] This gave the unions little option but to get involved in substantive negotiations on the proposals, and at the end of the forum both unions signed an agreement with PG Bison for independent research, financed by the company, to be conducted into market trends in the industry, PG Bison's financial situation and ways of avoiding job losses. Ppwawu approached Wits University's Sociology of Work Programme to undertake this research, with an additional outside audit of PG Bison's finances and an accounting analysis to verify management's claims of declining profits.

Ppwawu elected a National Co-Ordinating Committee comprising shopstewards and union officials, to monitor the research process and ensure access was provided - with the researchers later expressing satisfaction with managerial openness in this regard.[16] Their research confirmed management's findings in most areas - that profit rates were declining and that there was a long term decline in the market for wood veneer products - and accepted management's conclusions that cutbacks in their retail operations constituted a reasonable response, and that they needed to withdraw from wood veneer production and close three plants involved in this side of the business. It was therefore accepted that some redundancies were necessary, and Ppwawu's fear that management was targeting unskilled and semi-skilled jobs for redundancy was held to be unfounded. However, the details of management's

redundancy proposals at Boksburg and Stellenbosch were challenged[17], with the SWOP arguing that these amounted to retrenchments which violated the company's values, and were largely the result of poor management rather than of "permanent shifts in employment levels due to irreversible shifts in markets, products or technology"[18], which was the company's definition of redundancy.[19] SWOP also challenged management's proposal that maintenance and security functions be sub-contracted out to specialist firms, arguing again that this was contrary to company values and proposed instead that skills be upgraded.[20] It added that workers were unwilling to agree to redundancies in factories where management employed significant numbers of casuals on a long-term basis, where there were excessive levels of management and supervisory staff and where there was confusion over the grading system, particularly where this was compounded by racial discrimination in promotion.[21] It also argued for various additional measures to reduce production costs, pointing out that labour costs amounted to only 15 percent of variable production costs, and that the proposed redundancies would offer the company only limited savings - amounting to under one percent of the company's annual turnover. Instead the company needed to move away from an exclusive focus on labour costs and look towards upgrading production efficiency, reducing waste, improving maintenance of machines, broadening markets, and, most particularly, improving training, the report argued.[22]

Ppwawu was surprised by management's willingness to accept both the criticisms and the content of most of their proposals. As Ntshangase put it: "With the facts we were able to show that the company was over-ambitious in terms of redundancies. Our report highlighted a series of shop floor inefficiencies of which the company was quite unaware."[23] Likewise, a company document on the negotiating process noted the report was "useful beyond strategy

in its assessment (and corroboration) of ... problems such as incidents of racist practice despite values forbidding it," and said it offered "accurate criticism of shortcomings in job-grading process at PG Bison operations."[24] Communications and IR director James Smith confirmed the acceptance by the company of most of the union's redundancy proposals. "When the union made its results known to us we acknowledged that they made sense."[25] However, in a subsequent interview he said there were aspects of the report and a related South African Labour Bulletin article by the authors, which he had reservations about, even though he accepted the content was "largely accurate".[26]

As a result of this consensus, the unions agreed to 215 proposed redundancies with a favourable severance package[27] offered as an inducement to voluntary redundancy[28], as well as a hardship fund[29] to assist cases decided on by a joint union-management committee, and a comprehensive support programme for departing employees[30], while the company agreed to retain the security and building maintenance under its own management, reconsider the closure of some of the Timber City branches, convert casual jobs into permanent jobs and to correcting staffing levels according to the recommendations of independent consultants, and both parties agreed to evaluate the grading system.[31] They also agreed that senior management and the union would work together on a project of 're-engineer' production and would co-operate to eradicate racist practices.[32] Most of the unions' fears about the impact of the redundancies were allayed when it emerged that over 250 people volunteered for the redundancy package - a figure exceeding that agreed to by the parties.[33] About 200 of these employees were interviewed by the company's HR officers for one hour each, and filled in questionnaires[34]. The results indicated that the "composite employee" on the redundancy lists was a 45-year-old black male who had been with the company and its predecessors for 15

years, had no special skills, was married with an average of five dependents and had completed an average of six years of school.[35] It indicated that 87 percent of respondents had taken this step on a voluntary basis[36], with age (17 percent), health (15 percent), violence (15 percent) and the need for capital (9.2 percent) the main reasons given. The majority of departures occurred in Boksburg, Germiston, Alrode, and on the East Rand, which, at the time, was one of the areas of the country most severely effected by political violence.[37] Asked about their plans after leaving PG Bison, 47 percent said they planned to support themselves from their "own venture", 18 percent planned to look for another job and most of the rest did not respond. 61 percent of respondents said they wanted further training after leaving the company. The aim of the support programme set up at the time was to offer counselling, retraining and placement services to help the redundant workers to be re-employed or to create their own jobs.[38] A Transvaal Support Centre was established to assist workers with finding new jobs[39], with similar services being offered in the other regional centres, and joint company-union site teams being established at each of the eight SBUs.[40] As part of the company's Corporate Social Involvement programme, a job creation initiative was also established, with a pilot project launched on the East Rand, involving the establishment of a centre for the most commonly used domestic and industrial services.[41]

The outcome of the restructuring negotiations had a decisive impact on Ppwawu's attitudes towards co-determinism. As Ntshangase put it: "We've been through a paradigm shift. We've realised for the first time that we need to work with facts, that we can use the same resources that management can use. We accept that old reactive approaches have to go. ... The union has made a significant shift. We recognise that the employer is trying to involve the union; they pressed us to respond. We're being included to effect change. We know now, that we

mustn't take a back seat approach again."[42] The authors of the SWOP report went further, noting that what was unique about the PG Bison case was that the union was directly involved in restructuring, that the company provided full disclosure of all information required by the union, and both parties departed from their traditional adversarial approaches to the issue of redundancy. "In this case the company agreed to limit its managerial prerogative in favour of a participatory approach. The union, in turn, tempered its blanket opposition to job loss by assessing the planned redundancies on their own merits rather than simply calling for an end to retrenchments"[43]. They added that this allowed Ppwawu to make further interventions about the way the company was run and to intervene on issues such as training and job grading.[44]

11.3 PRIORITIES OF THE NEW COMPANY LEADERSHIP

In March 1994 Leon Cohen retired as CEO to campaign for the ANC in the 1994 general election, after which he served on several committees as a member of the Gauteng provincial legislature, though he continued his involvement with the company in his capacity as a non-executive director of PGSI and in September 1996, after resigning his political positions, took over as PG Bison chairman.[45] The new CEO was Rob Cohen (no relation), PG Bison's Executive Director: Operations, and previously Bisonbord MD (and before that the PG Bison financial executive director).

Shortly after leaving the company in April 1994, Organisation Development Coordinator Maxine Hart said that while the one business initiative "empowered" the unions and "gave real teeth" to the National Forum, she expected that Leon Cohen's departure would lead to the

further downplaying of the direct participative structures such as the in-a-groups, SBU leadership structures and the LEAP programme and a dissipation of the energy given to the change initiative as a whole. This likelihood was increased by the fact that most of those within management who had been "driving" TPQ had departed from the company or had moved outside of the TPQ realm.[46] "My sympathetic response is that the trauma of restructuring is affecting things, but my guess is that if Leon is not here PG Bison will follow the traditional business route - improving technology, putting up new plant, negotiating with the unions through collective bargaining structures".[47] In many respects, this prognosis was confirmed. The CEO change-over from Cohen to Cohen led to a shift in managerial style, with Rob Cohen placing less priority on employee participation and more on customer satisfaction - a move reflecting a general managerial view of the company's priorities at the time. As Leon Cohen's former PA, Roddy Payne, expressed it: "TPQ required continued championing by senior management if it was to be sustained and deepened within the business. With Leon's gradual withdrawal from PG Bison culminating in his retirement, TPQ did not have an active champion from the middle of 1993. In addition the number of TPQ designated staff was gradually reduced as the one business project reallocated them to other functions. It also created the impression in some people's minds that the TPQ initiative was over, and some people felt that because of the political changes at the time, it was no longer relevant. This reflected a widely held view that TPQ was about the 'soft' issues of the workplace such as mutual respect, trust, an end to racism and racist practices, rather than the 'hard' issues of productivity improvement, business reorganisation and development in preparation for a more difficult and competitive business environment. Another view is that TPQ failed to effectively integrate itself into the psyche of the business and remained an

external intervention, championed by the CEO but not taken seriously beyond a small group of disciples around Leon."[48]

A related element affecting participation was weaknesses within Ppwawu, and what management regarded as its reduced ability to act creatively in developing participative structures.[49] As with management, several key shop stewards and other members had left the company, some taking the option of voluntary redundancy, while others, including the most influential organisers and other officials who had helped frame the union policy on participation, were redeployed or resigned their positions.[50]

But the most important reason for these changes was the shift in commitments of senior management. In 1995 Rob Cohen acknowledged that the reorganisation of the business, the reassessment of strategy and the departure of TPQ staff had prompted a shift in priorities. "The only reason we exist *is* to satisfy the customer. That's a pretty difficult task in any company and in any country because the average worker on the floor is so far removed from the customer that they don't really identify with the mission of the business, but I get annoyed going to the supermarket and being treated like one gets treated at the checkout counter, and the person not understanding that actually I'm paying their salary, and that without the customer they have nothing. The thing we have to break is people seeing the company as providing, and not having any link between that and the customer. I lived in the UK 15 years ago, and on a different scale, I came across this concept by the population that the government would provide, as if the government is not the people. That's the difficulty - and not only with the unionised or lesser educated workforce. It's a generalisation one could make about most employees - that they see the company as paying them and providing for them,