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Worker participation in workplace restructuring in the automotive industry: A comparative study of German and South African Volkswagen plants, 1970-2009.

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A research report submitted to the Faculty of Humanities, University of the Witwatersrand, Johannesburg, in partial fulfilment of the requirements for the degree of Master of Arts in Industrial Sociology

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ABSTRACT

This research report comparatively investigates labour's responses to work restructuring at the Volkswagen (VW) plants in Germany (Kassel) and South Africa (Uitenhage). Since the advent of industrial revolution, the automotive industry has experienced rapid changes in work organisation and production systems. This report discusses work restructuring in the industry from the 1970s to 2009, and examines labour's engagement with it at the two Volkswagen plants. Semi-structured interviews and focus groups were conducted with Works Council members at the Kassel plant and shop stewards at the Uitenhage plant. The report concludes that VW workers at the Kassel plant are more proactive and effective in their engagement with workplace restructuring than their counterparts at the Uitenhage plant. The report proposes two factors to explain this variation.

Firstly, the report argues that the German industrial relations system enables workers at the Kassel plant to influence and shape work restructuring through institutionalised participation. Secondly, the inability of workers at the Uitenhage plant to influence restructuring of work is worsened by the fact that their plant is controlled by VW headquarters in Germany. The concept of *imperial restructuring* is developed to highlight difficulties faced by labour at the Uitenhage plant to influence work restructuring processes. It is further argued that Marxist literature on worker participation ignores that workers are sometimes interested in participating in decision making when confronted by uncertainty about their jobs, just as employers are interested in worker participation when their authority and legitimacy is threatened.

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DECLARATION

I declare that this report is my own unaided work. It is submitted in partial fulfilment of the requirements of the degree of Master of Arts in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other university.

_____

Themba Masondo (0505205H)

_____day of May 2010

To my Family

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List of Abbreviations

ANC	African National Congress
CAD	Computer Aided Design
CAM	Computer Aided Manufacture
CIM	Computer Integrated Manufacture
CNC	Computer Numerical Control
COSATU	Congress of South African Trade Unions
DTI	Department of Trade and Industry
FDI	Foreign direct investment
FES	Friedrich Ebert Stiftung
FRG	Federal Republic of Germany
HdA	(*Humanisierung des Arbeitslebens* [Humanisation of Working Life]
ICTFU	International Confederation of Free Trade Unions
IG Mettal	Industriegewerkschaft Mettal
ILO	International Labour Organisation
IMF	International Monetary Fund
ISI	Import Substitution Industrialisation [strategy]
JIT	Just-in-Time
JSW	Joint Strategic Workshop
JUMEC	Joint Union-Management Executive Committee
KVP	Kontinuierlicher Verbesserungsprozess Continuous (improvement strategies)
LPT	Labour process theory

MAWU	Metal and Allied Workers Union
MNC	Multinational corporation
MOB	Make or buy [committee]
MTM	Methods time measurements
NAACAM Manufacturers	National Association of Automobile Component and Allied
NEC	National Executive Committee
NIC	Newly industrialising countries
NLI	New labour internationalism
NMBLP	Nelson Mandela Bay Logistics Park
NUMSA	National Union of Metalworkers of South Africa
OEM	Original Equipment Manufacturer
PAC	Pan African Congress
RDG	Research and Development Group
RDP	Reconstruction and Development Programme
SACP	South African Communist Party
SAMAD	South African Motor Assemblers and Distributors
SIGTUR	Southern Initiative on Global Trade Union Rights
SRC	Stakeholders Representative Council [Sea Harvest]
Stratplan	Strategic Planning Committee [Sea Harvest]
SWOP	Society, Work and Development Institute
TQM	Total Quality Management
UK	United Kingdom
USW	United Steelworkers [North America]

VSP	Voluntary severance package
VW	Volkswagen
VW AG	Volkswagen Aktiengessellschaft (Group)
VWSA	Volkswagen South Africa
Wits	University of the Witwatersrand
WTO	World Trade Organisation

CHAPTER ONE

Introduction

1.1 Introduction

The consolidation of neo-liberal global capitalism has reconfigured the global political economy in significant ways—an uneven and unequal process referred to as neo-liberal globalisation. The changes in the global political economy have also affected the organisation of work in the workplace. Generally understood as "a compression of time and space of social relations" (Harvey, 1989), neo-liberal globalisation has ushered in a new production regime characterised by *flexible accumulation* and *new managerialism* (Littler, 1992; Mapadimeng, 1995). Flexible accumulation refers to the growing internationalisation of production and global capital mobility, and by new managerialism we refer to worker participatory structures aimed at improving productivity and efficiency (Mapadimeng, 1995).

Workplace restructuring normally poses threats to job security while, on the other hand, increased productivity not only benefits employers but ensures the economic viability of an enterprise. In the current period of neo-liberalism, an increase in productivity is necessary for economic growth and, according to exponents of the trickledown theory, economic development. There is a growing consensus among industrial sociologists that workplace restructuring has created space for precarious work, ergonomic problems and retrenchments. In order to improve productivity and performance in production, employers are continuously thrust into adopting not only new production systems but also innovative industrial relations strategies aimed at attaining greater co-operation and communication with workers (*new managerialism*) (Hirschman, 1970; Littler, 1992).

The capitalist mode of production is characterised by the double crisis of profitability and legitimacy (Silver, 2003). Employers are increasingly becoming aware that improved efficiency and productivity in the workplace are unattainable in the absence of workers' co-operation and participation in decision making. The use of brute force to secure

compliance on the part of labour has only fuelled labour's organisational strength and shop-floor militancy (Mandel, 1973). To mitigate the recurrent capitalist crisis of profitability and legitimacy, employers cyclically involve workers in decision-making processes on issues related to the workplace (Ramsay, 1977). In the field of industrial sociology this phenomenon is known as "worker/employee participation" or "participative management" (Burawoy, 1985; Maller, 1992).

Since the invention of participative management, different companies and countries have put in place a variety of worker participatory structures, some performing similar tasks but with different names and powers. Companies in the automotive industry, such as Volkswagen (VW), continue to restructure work so as to remain competitive in the global automotive industry. The Marxist literature suggests that worker participation was introduced specifically as a result of, and to mitigate, labour's organisational strength and militancy (Mandel, 1973; Ramsay, 1977; Crouch, 1982; Burawoy, 1985). In other words worker participation has been propelled by, among other factors, the capitalists' interest in sustained productivity and profit maximisation.

This research report has set out to investigate labour's responses to workplace restructuring at the VW Kassel (Germany) and Uitenhage (South Africa) plants. The report's main object was to comparatively examine worker participation in the two plants vis-à-vis restructuring of work. Put differently, the main object of this study was to comparatively examine labour's responses to restructuring of work at the two VW plants. The research sought to answer the question: How has the Volkswagen workforce in South Africa and Germany engaged management on changes in production systems and work organisation? It investigates workers' responses to restructuring of work in the two plants from 1970 until 2009. *Worker participation* and *workplace restructuring* are the two central concepts in this report.

The main finding of this research is that Volkswagen workers at the Kassel plant were more proactive and effective in their engagement with workplace restructuring. They embarked upon a successful struggle against management's plan to shut down the plant and later to outsource the press shop. The workers were also central in boosting

productivity and performance of the plant at a time when it had lost its competitive edge in the global automotive industry. All these productive engagements were achieved through institutionalised worker participation as promulgated in the German industrial relations system.

Quite conversely, the research found that workers at the VW Uitenhage plant were unable to influence work restructuring processes. VW has unilaterally installed new press, body and paint shops, and an assembly line at the Uitenhage plant without consulting the workers at all—this I describe as *imperial restructuring of work*. This refers to the power of multinational corporations (MNCs) to unilaterally restructure work in their plants located in developing countries. This concept is discussed together with Webster, Lambert and Bezuidenhout's (2008) theory on "whipsawing strategy" and Grenier's (2006) theory on "coercive comparisons".

The report proposes two arguments to explain the variation in labour's responses at the two plants. Firstly, it argues that the German industrial relations system empowers the Works Council at the Kassel plant to be actively involved in and influence work restructuring processes. Institutionalised participation is a cornerstone in the labour's effective engagement with work restructuring at the Kassel plant. Secondly, the inability of VW Uitenhage workers to influence restructuring of work is further worsened by the fact that their plant is controlled from VW headquarters in Germany.

In light of the 2008 global financial crisis and its impact on the automotive industry, the research found that workers are keen to participate in work restructuring processes when confronted by possible job losses. This poses a challenge to the Marxist analysis of worker participation on a theoretical level. The Marxist literature in the field of industrial sociology is generally pessimistic about worker participation—that is, worker participation is viewed not only as an illusion but as a capitalist-driven process directed at weakening trade unions and maximising the extraction of surplus value.

Burawoy (1985) sees worker participation as a management tactic to "manufacture consent"; similarly Crouch (1982) sees it as a means through which worker leaders get co-opted into management, and Ramsay (1977) sees it as a tool used by management to

gain legitimacy when confronted by workers' power. Mandel (1973) regards it as an act of "class collaboration" geared at defusing class contradictions inherent in the capitalist system. The theoretical point of departure in this report is that the Marxist literature on worker participation ignores the desire by employees to participate in decision making on work restructuring processes, particularly when confronted by job insecurity. Seeing worker participation solely as a means used by employers to solicit compliance on the part of workers ignores that workers are sometimes interested in worker participation, particularly when their jobs are endangered.

1.2 Rationale

The rationale for this study primarily lies in the fact that both plants have experienced similar work restructuring processes but are located in different countries with different industrial relations systems and institutional worker representational forms. The VW Kassel and Uitenhage plants were chosen because they share a common history of strong shop-floor unionisation, workplace restructuring and militant industrial actions over wages and better working conditions (Streeck, 1984; Kraft and Fitzroy, 1987; Maller, 1992). However, the evolution of South African and German industrial relations systems is characterised by different dynamics and legislative frameworks. For example, the German labour legislative framework legally binds employers to inform or consult workers on their plans to restructure work (Streeck, 1984; Kaler, 1999).

Much has been written about workplace restructuring at the two Volkswagen plants (Spiro, 1954; Kraft and Fitzroy, 1987; Maller, 1992; Black, 1993; Van Hook, 2002; Bolsmann, 2009), but there has not been an in-depth comparative study on how VW workers in different countries engage their local management on workplace restructuring. This study also draws its weight and rationale from the fact that there has not been a focused and detailed comparative study on how Volkswagen workers at its South African and German plants engage with work restructuring processes, with the an exception of Chris Bolsmann's (2006) study on the dynamics of trade union internationalism between IG Mettal and National Union of Metalworkers of South Africa (NUMSA). Previous

comparative studies do not deal with workers' engagement with restructuring of work between VW plants in Germany and South Africa.

The recurrent outcry and condemnation of what NUMSA calls "management unilateral approach" to decision making is an expression of the deep-seated problem of governance in the South African metal sector in general. NUMSA is still grappling with the question of how to best engage employers on issues around workplace restructuring and changes in production systems in particular (NUMSA, 2009). On the other hand, some employers who introduced worker participatory structures accuse worker representatives of either not taking such structures seriously or lacking capacity to constructively engage management on a wide range of issues discussed in such forums (Adler, 2000). This study is of critical importance to the labour movement in the South African automotive industry, NUMSA in particular, in that it contributes to the development of a concrete strategy for the union to best respond to changes in work and production systems.

As a result of the 2008 global economic meltdown, many workers in the auto industry have either lost their jobs or been placed on short time. There is no doubt that the current crisis has had an impact on work organisation in the auto industry. This makes the study even more interesting as it also seeks to establish if there is any correlation between the current global economic recession and workplace restructuring in the industry.

1.3 Research methodology and methods

Strauss and Corbin (1998) argue that the choice of whether to do qualitative or quantitative research depends on the nature of the research question. This research sought to uncover workers' views on workplace restructuring in their plants. It is on this basis that qualitative methods were employed in order to answer the research question.

Qualitative research methods such as focus groups and interviews are generally suitable for uncovering detail which would not easily be established through quantitative research methods. Whereas the data collection methods were essentially qualitative, this report makes reference to some quantitative studies to illustrate particular points.

1.3.1 Case study research design

The study adopted a case study method because this research design is well suited for the "how" and "why" questions (Yin, 1989). Of course the case study approach was not adopted merely because of this. The case study research design also allows for critical and in-depth analysis of the issue under investigation.

Burawoy (1979:9) argues that case studies "are not chosen for their statistical representativeness but for theoretical relevance". De Vaus (2001:134) further states that case study research design "can seek to explore a topic where there has been little prior knowledge or understanding". Part of the reasons for this study was a lack of previous comparative research on how labour has responded to work restructuring at the VW plants.

1.3.2 Documentary analysis

According to Skocpol (1996), documentary research is relevant in establishing detailed technical and historical information which one would not easily get through, for example, interviews or focus groups. Documentary analysis was useful in giving specific and relatively accurate details about some technical production issues—for example, how a particular piece of machinery works compared to others. I read relevant primary documents on, or related to, workplace restructuring produced by NUMSA, IG Mettal and Volkswagen.

NUMSA has discussed workplace restructuring in many of its meetings, including its 2008 Jobs Security Conference. I used documents produced from such meetings and workshops to contribute in answering the research question. IG Mettal also developed a guiding document—*Active Response to the Crisis*—which clearly spells out its response to the 2008 global economic meltdown. Documentary analysis was useful in collecting historical information on how the two unions have engaged workplace restructuring in the past. I also used archival material from both unions in the effort to understand their responses to workplace restructuring, particularly in the period 1970 to the 1990s.

1.3.3 In-depth semi-structured interviews and focus groups

I conducted ten in-depth semi-structured interviews and one focus group with the shop stewards at VW Uitenhage plant. I also conducted eleven in-depth semi-structured interviewees and one focus group with the Works Council members at the VW Kassel plant.

In-depth semi-structured interviews "involve a clear list of issues to be addressed and questions to be answered but there is more flexibility around the sequence in which they are asked and the interviewer will allow the respondent to speak more broadly about the topics being discussed"(Greenstein, 2003:56). I used in-depth semi-structured interviews because of their strength in giving detailed information on the issue being investigated.

Focus group can be defined as "a group discussion generally involving between eight and twelve participants from similar backgrounds or experiences to discuss a specific topic of interest" (Greenstein, 2003:60). With focus groups, participants are given time to critically engaged with the issue at hand and are at liberty to agree or disagree with each other on any issue. A researcher needs to be more cautious in analysing data from focus groups because this data collection technique has a tendency of painting a picture of "what is socially accepted in a community rather than what is really taking place or believed"(Greenstein, 2006:73). This important advice was not ignored in the analysis of data from the two focus groups.

1.3.4 Sampling

The sampling method used to determine interviewees was based on purposive selection. According to Groenewald (1986:18), "In a purposive selection, the sample is the result of a process of selection which is intentional or non-random". Sampling for this study had to be purposive because I intended to interview only shop stewards and Works Council members. This sampling method was appropriate in this research as it aimed to investigate responses from a particular social group.

1.3.5 Ethical issues

Informed consent for participation in the study was secured from all participants, with some refusing to participate. Participation was strictly voluntary and confidential; no coercion was used on participants to partake in this study (see Appendix for the consent form). All participants were briefed about the purpose of the research. No harm was inflicted on any of the participants. This report uses pseudonyms to identify those who chose to remain anonymous.

1.3.6 Role as an intern in SWOP and access to the workplaces

I was a research intern at the Society, Work and Development Institute (SWOP) at the University of the Witwatersrand (Wits) while registered for the MA. I assisted SWOP with research which sought to develop a workplace restructuring strategy for NUMSA. My participation in this project was also linked to my MA research report.

My role as a research assistant to Professor Emeritus Edward Webster helped a great deal in sharpening my understanding on workplace restructuring and worker participation. Access to the workplaces was organised by NUMSA and IG Mettal (both strategic partners in the NUMSA research project). The NUMSA research project was funded by the Friedrich Ebert Stiftung (FES), South Africa.

1.4 Shortcomings during field work

During the course of data collection I encountered numerous challenges and problems. Firstly, I could not access the crucial productivity agreements signed between the VW Kassel Works Council and management because of their confidentiality. I relied entirely on the Works Council members for a verbal briefing on the main issues contained in the agreements. Some questions I asked during interviews were not answered because of the confidentiality of such information. Most respondents in Germany were interviewed in English, but I had to rely on translators for respondents who were not proficient in English or who preferred to respond in German. Translations were not always clear and I could not understand some parts of the translated information.

Shop stewards at Uitenhage plant were removed from office towards the end of the data collection process for this research. Some of the ousted shop stewards were reluctant to answer follow-up questions or provide information they had previously promised to give because they were no longer shop stewards.

Attempts to interview management at the plants were unsuccessful. The many e-mails I sent to the VW Uitenhage plant management remained unanswered. I could not meet the VW Kassel plant management because of their tight schedule. However, this is not an issue because the main respondents for the research had originally been intended to be the shop stewards and Works Council members.

1.5. The structure of the thesis

This research report is divided into five chapters. *Chapter One* introduces the thesis and the research methodology and methods. This chapter indicates that qualitative research methods were employed. The rationale for the research is also explained.

The first section of *Chapter Two* reviews the major work restructuring trends in the automotive industry. Using the Marxist labour process theory as its primary tool of analysis, this chapter discusses the history of work restructuring under the capitalist political economy. The chapter also discusses Bonachic's notion of *logistics revolution* and Gerreffi's theory of *global commodity chains* to highlight restructuring trends in the global automotive industry. The second section of Chapter Two discusses worker participation and the theories on labour's responses to work restructuring processes.

Chapter Three delves into the responses of NUMSA and IG Mettal to workplace restructuring in the period 1970 to the late 1990s. In order to understand the different approaches adopted by the two unions in this period, the report makes an attempt to explain South African and German labour histories and their industrial relations systems.

Chapter Four focuses on the period 2000 to 2009. Drawing from the data gathered from the in-depth semi-structured interviews and focus groups, this chapter concludes that

workers at the VW Kassel plant are more proactive and effective in their engagement with workplace restructuring than their South African counterparts. The chapter makes an attempt to explain the variation. Firstly, the report argues that the variation can be explained by looking into the differing industrial relations systems in South Africa and Germany.

It argues that institutionalised participation at the Kassel plant empowers workers to influence and shape work restructuring. Secondly, the report develops the concept of *imperial restructuring* to highlight the challenges faced by workers at the VW Uitenhage plant in influencing work restructuring processes. The report further argues that NUMSA and IG Mettal's responses to the 2008 global economic downturn were both inward-looking and protectionist.

Chapter Five summarises the main findings and arguments of the research report. It also argues that workers desire participation in workplace restructuring when their jobs are risk of being lost. Marxist-leaning perspectives that regard worker participation solely as a means through which capitalists seek to resolve the crisis of profitability or to manufacture consent ignore that workers themselves desire greater participation when uncertain about job security. In conclusion, the chapter draws from the optimism found in Harvey's (2000) *Spaces of Hope* and Herrod's (2001) *Labour Geographies* to argue that a global labour strategy to challenge the exaggerated power of multinational co-operations is possible.

CHAPTER TWO

Restructuring of work in the auto industry and theories of worker participation

2.1. Introduction

Workplace restructuring and worker participation have become buzzwords in the field of industrial sociology. Most workers in the automotive industry are becoming increasingly familiar with concepts such as downsizing, quality circles, team work, joint management, lean production, Just-In-Time (JIT), outsourcing, Kanban or Kaizen production systems. Jarvis (1999:18) argues that until the late 1990s these concepts "had little meaning in the workplaces of South Africa"; however, workers' acquaintance with them has improved since the advent of lean production systems. These developments are a clear indication of great transformation in the world of work. Employers are continuously restructuring the labour process in order to expand the economic horizons of their enterprises and to remain competitive.

This chapter is divided into two sections. Marx's labour process theory is used as a basic theoretical tool to analyse the changes in the world of work. The first section draws from the literature on workplace restructuring and makes an attempt to discuss major restructuring trends in the automotive industry. The basic argument in this section is that the industry has generally experienced a transition from a Fordist labour process to post-Fordist labour process based on the notion of flexible production. The section begins by outlining how the labour process has changed over time, and uses this to discuss transformation of work from the rise of the factory, and from Fordism to post-Fordism. It further discusses the concepts of *logistics revolution* and *global commodity chains* to highlight major restructuring trends in the global automotive industry.

The second section of the chapter discusses theories of worker participation. This section begins by outlining and discussing different forms of worker participation as theorised by

scholars within the field of industrial sociology such as Pateman's (1970) typology of worker participation. It further delves into theories on labour's responses to the workplace restructuring process. The chapter demonstrates that there is no consensus around conceptualisation of union's responses to the restructuring of work. Drawing from the Marxist critique of worker participation under capitalism, this chapter argues that the establishment of worker participatory structures must be understood *fundamentally* as a manifestation of class contradictions inherent in the capitalist mode of production.

2.2 Workplace restructuring

2.2.1 The labour process theory

Marxist labour process theory (LPT) is a useful theoretical tool of analysis that can help us best understand workplace restructuring in a capitalist political economy. The origins of the LPT can be traced back to *Volume One* of Marx's (1976) *Capital: A Critical Analysis of Capitalist Production*. According to Giddens (1982:38), the LPT is an important analytical tool in that it posses the capacity to explain how "the rationality of technique in the modern industrial enterprise is not neutral in respect of class domination". This is probably the reason why much of the research into the sociology of work has been devoted to the analysis of the labour process.

According to Thompson (1983:13) the labour process is about "who owns, controls and designs work" and the "consequences of these social relations on forms of technology and the division of labour". The fundamental premise underpinning the LPT is that production is a necessity for any society to live and reproduce itself (Marx, 1976). Work provides the most important means for people to fulfil their basic needs and for their survival. Marx defined labour process as a process through which raw materials are transformed by human labour into finished products with use value. This process combines human labour set to work as labour power, raw materials upon which labour works and the means through which labour acts, such as tools and machinery (Marx, 1976). This concretely involves the organisation of work, interaction between workers and production systems, and methods at the point of production (Palloix, 2006:46).

This means that the labour process forms an integral part of any society, because every society ought to produce in order to reproduce itself. The LPT focuses on three main facets of work under the capitalist political economy: social relations of production, managerial control of the labour process and restructuring of work (Domagaski and Gaines, 1996). Labour process theorists argue that private ownership of the means of production and the sale of labour power has historically resulted in the unequal power relations between labour and capital. This is the reason why the LPT views the relationship between capital and labour as fundamentally antagonistic and adversarial. According to Marx (1976) the interests of labour and capital are irreconcilably opposed to each other.

A leading theorist on the LPT, Thompson (1983), argues that the inherent adversarial relationship between labour and capital is at the centre of the capitalist labour process. In order to understand capitalist managerial control and its perpetual attempts to restructure work, it is important that we understand the relationship between capital and labour under the capitalist political economy. According to the LPT, the social relationship between capital and labour at the point of production is characterised by dependency and inequality. Capital owns the means of production, whereas labour sells its labour power to capitalists as a commodity. Drawing from Marx's writing on the labour process, Braverman (1974) argues that the capitalist labour process alienates and exploits workers, coercing them into servitude.

2.2.2 Restructuring of work under capitalism

As indicated in the beginning, this chapter deals with the restructuring of work under the capitalist political economy. The history of work under capitalism is characterised by the continual restructuring of work as employers seek improvement in productivity, performance and quality. In order to increase profit, employers can either get workers to work much harder and longer, or reorganise work (Marx, 1976). Consistent with the labour process theory, this chapter discerns three main phases in the restructuring of work since the dawn of capitalist industrialisation, namely the rise of the factory, the rise of Taylorism and Fordism, and the rise of post-Fordism labour process.

Workplace restructuring as a phenomenon encompasses changes in both production systems and work organisation. The former aspect involves changes in the technical aspects of production, such as automation or computerisation of production systems, whereas the latter refers to the changes in employment relationships—that is, whether workers are in a standard employment relationship or not (Wood, 1989; Deyo, 1997). In the current epoch of post-Fordism, the restructuring of work is centred on the notion of flexibility; this is evidenced by employers' quest for flexible production systems and work organisation (Maller, 1992).

2.2.3 Rise of the factory system

In the early stages of industrial capitalism there was the *putting-out system* or cottage system, whereby a merchant provided raw materials to the "middle-man" who was in turn responsible for working such raw materials into finished products (Webster, 1985). The employer did not have full control over the labour process; this meant that workers had the autonomy to decide when and how they worked as long as they performed the task as agreed with the merchant. In the seventeenth and eighteenth centuries the putting-out system was more dominant in the manufacturing sector such as metals, spinning and weaving of textiles.

Concerned about their inability to control the labour process and the theft of raw materials, employers introduced the *factory system* as a means to secure control of the labour process and to lengthen the working time (Thompson, 1983). The establishment of the factory system was motivated by nothing more than employers' desire to increase their control of the labour process. The first ever factory to be established was the Boston Manufacturing Company, which opened in 1813 in Massachusetts.

In their production of woven cloth in the factory, workers operated spinning and weaving machines under the supervision of employers or managers over a specific agreed working time. Under the factory system, workers were shifted from working in their homes to working in industrial factories (Webster, 1985). Time became the main issue under the

factory system; this is the reason why workers' first struggles were centred on the length of the working day (Webster, 1985).

2.2.4 Fordist labour process

Within the industrial sociology scholarship, the Fordist labour process is today referred to as an *old labour process* (Ngoasheng, 1992). In the 1950s and 1960s, the Fordist labour process dominated organisation of work in the automotive industry and was generally characterised by product standardisation and production rigidity. According to Braverman (1974), the driving force behind the Fordist labour process was employers' interest in tightening control over the labour process. Fordism has been subjected to different interpretations and analysis in the field of social sciences. For example, developmental sociology defines Fordism as a development trajectory underpinned by Keynesian economic policies (Keily, 1988). For purposes of explaining its relevance in the world of work, this report divides it into four main components, namely: division of labour, mechanisation, scientific management and assembly line.

All these principles are fundamentally influenced by Taylor's organisational principles and Ford's technological innovations. Henry Ford developed a production system geared at mass production of standardised goods "by highly repetitive mechanical methods" (Maller and Dwolatsky, 1993:70). The combination of Ford's and Taylor's contributions on how work should be organised culminated in the development of the Fordist labour process. In his seminal work titled *Labour and Monopoly Capital*, Harry Braverman (1974) comprehensively discusses the Fordist labour process and argues convincingly that the combination of Ford's mass production system and Taylor's scientific management coalesce into the Fordist labour process. This is the reason why I do not discuss Taylorism and Fordism as separate theories.

The separation and specialisation of tasks—that is, division of labour—was among the key strategies used in the early years of capitalist production (Kaplinsky, 1990). Under the cottage or putting-out system, workers would perform a variety of tasks and handle different tools. However, the Fordist labour process rigidly prescribes that workers

perform specific tasks. Taylorism added more detail to the theory and practice of the division of labour. According to Taylor, effective work could be done only if there was a systematic separation of mental and manual labour (Braverman, 1974). According to Taylor's organisational principles on work organisation, "brain work" had to be removed from the shop floor and centralised in management's planning departments (Altenburg, Griscom *et al*., 1999).

Scientific management made a clear distinction between conception and execution. Taylor argued that management's role should be to reduce workers' production knowledge to rules, laws and formulae (Braverman, 1974). Part of management's role is to co-ordinate the workplace and give instructions to workers on how the work is to be done. On the shop floor, workers specialise in certain tasks and perform them over and over again. The rationale behind this organisational principle is that workers are more effective in their work when each repetitively performed a single task (Braverman, 1974).

According to the Taylorist (or scientific management) production organisational principles, workers are supposed to execute instructions from management on how work is supposed to be performed (Braverman, 1974). In a desperate attempt to dichotomise execution in the workplace, Taylor recommended the establishment of the planning and laying-out department whose responsibility would be to develop and communicate rules to workers on the shop floor on how work should be done (Braverman, 1974). The end result of the Taylorist organisational principles is that "skills were concentrated in a small number of workers as well as management" (Ngoasheng, 1992:2)

Through Taylorism, managements have successfully removed control of the labour process from the shop floor into their hands. As Ngoasheng (1992:2) put it, "Before Taylorism workers could still pace themselves and determine the work-flow within the factory floor. This means that workers had effective control over the labour process. To undermine this, Taylor designed a system through which they would absorb and codify workers' skills and reduce them to simple rules". Thus workers lost their skills, together with the organic knowledge acquired in the production process (Braverman, 1974). This

is the reason why Braverman (in Davies, 1986:37) argued that under the Fordist labour process "labour power has become a commodity. Its uses are no longer organised according to the needs and desires of those who sell it, but rather according to the needs of its purchasers, who are, primarily, employers seeking to expand the values of their capital".

Henry Ford adopted Taylorist organisational principles in his attempt to improve speed and efficiency in the assembly line at Ford Motor Company. Most of Ford's ideas on how to best organise work were adopted by other automotive companies. The Fordist labour process involves the use of the assembly line to produce standardised goods en masse for mass consumption (Braverman, 1974). Machinery was designed specifically to fit mass production of the standardised products. The Fordist assembly line "also established a uniform pace of work and dictated the work rhythm" and produces standardised products (Maller, 1992:11).

The following production techniques are generally associated with Ford's ideas and principles on production system (Ritzer, 1996:305):

- mass production of homogeneous products;
- mass consumption;
- utilisation of inflexible technologies such as the assembly line;
- repetitive tasks for each worker; and
- adoption of standardised work routines.

2.2.5 Rise of post-Fordist labour process

The Fordist labour process had its own problems and shortcomings. Attempts to subject every production issue to managerial prerogatives gave rise to shop-floor resistance, since workers could not bear the prospect of performing a single repetitive task for the rest of their working lives (Ngoasheng, 1992). The rigid and systematic separation of conception and execution further alienated workers from the production process; as a result workers were negligent in their work and quality was compromised (Ngoasheng, 1992). Workers' creativity on the shop floor was equally severely constrained.

The Fordist division of labour and rigid managerial instructions restricted workers from performing to the best of their ability in their individual tasks. This dramatically reduced motivation and increased boredom and fatigue, and ultimately gave rise to absenteeism, and resistance (Braverman, 1974). Other shortcomings associated with the Fordist labour process include inflexibility of the system, limited product innovation, and soaring overhead costs (Ngoasheng, 1992). Because of its inflexibility, the process just could not respond to the growing consumer demand for more specialised products. The age of mass production and consumption was slowly losing its ground.

These are but some of the shortcomings that precipitated the shift from the Fordist labour process to a post-Fordist process. This shift has been characterised as "the transition from homogeneity to heterogeneity" (Ritzer, 1996:306). The emergence of the post-Fordist labour process has also been described in some circles within industrial sociology as a "Japanese Revolution" (Alternburg *et al*., 1999), "flexible specialisation" (Poire, 1986) and Japanese Management Techniques (Hunter, 2000). This labour process is geared primarily at mitigating some of the severe challenges that confronted the Fordist labour process. It needs to be stated, however, that there is no clear-cut historical break between the two processes (Hall, 1988). This explains the uneven extent of adoption among different automotive companies. Furthermore, elements of the Fordist labour process have not been completely obliterated in the production systems of some automotive firms.

In other words, Fordist and post-Fordist labour processes need not be looked into as mutually exclusive. Also referred to as *lean production* or Japanisation (Womack, Jones and Ross, 1990), the post-Fordist labour process is generally aimed at achieving three main objectives, namely: reduction of costs by eliminating waste, use of the minimum amount of equipment and working time, and full use of workers' abilities (Womack *et al*., 1990). According to Ngoasheng (1992), the three objectives concretely involve production and delivery of finished goods Just-In-Time.

According to Deyo (1997), *production flexibility* is one of the defining characteristics of the post-Fordist labour process. By *production flexibility* we refer to "the ability [of enterprises] to quickly, efficiently, and continuously introduce changes in a product and process" (Deyo, 1997:6). In order to understand production flexibility, Deyo makes a useful distinction between *static* and *dynamic* forms of flexibilities in the post-Fordist labour process. *Static flexibility* involves re-organisation of employment relationships in order to cut costs and ensure short-term adaptability. It also entails the "reliance on temporary and contract workers and on outsourcing to low-cost suppliers" (Deyo, 1997:11). Employers resort to this type of flexibility because trade liberalisation "places firms under extreme pressure to cut costs in the short term" (Deyo, 1997:11).

Atypical forms of employment such as casualisation, subcontracting and contract labour represents *static.* Casualisation and externalization of labour constitute what is usually referred to as "atypical" or "contingent workforce" (Kenny, 2003). The main objective is to cut costs in the short term. However, some employers introduce static flexibility not because they want to cut costs, but to "undercut unions or unionisation drives because these strategies have the known effect of creating an insecure, floating workforce and of encouraging a further dispersal of production to small contracted firms and households" (Deyo, 1997:6). Whereas static flexibility is more prevalent in labour-intensive industries, it has also been adopted in capital-intensive industries such as the automotive sector. Some workers in most automotive companies are in non-standard employment relationships such as contract or casual labour.

While static flexibility affects employment relationships, *dynamic flexibility* involves reorganisation of production systems and methods. Poire (1986) refer to the same process as *flexible specialisation* which entails using new technology, such as computerisation, to make production more flexible and efficient. Many automotive companies have computer-controlled machines, which allow them to easily and quickly adjust their production systems to perform different tasks. According to Deyo (1997:12), *dynamic flexibility* strategies "are pursued in product niches requiring high levels of quality, batch versus mass production, and continued adoption of improved process and product

technologies". It is a generally accepted reality that continuous improvement in production systems and introduction of new technologies is necessary for continued economic viability of any motor company.

Deyo (1997) further argues that dynamic flexibility is more likely to be adopted in newly industrialising countries (NIC) with developmentally active states (such as South Korea and Singapore in the late 1990s). Research also suggests that dynamic flexibility is usually accompanied by increased worker participation in organisational decision-making processes "because firms have sought both to increase worker commitment and loyalty and encourage workers to assume increased responsibility for enterprise success" (Deyo, 1997:7). Most motor companies, such as Volkswagen, have put in place worker participatory structures such as suggestions schemes and quality circles in order to involve workers in quality and productivity improvements.

In the auto industry, dynamic flexibility or the post-Fordist labour process is characterised largely by Just-in-Time (JIT) and Total Quality Management (TQM) production strategies. The two strategies are interdependent on each other—that is, in order to have effective JIT production system a TQM must be adopted (Alternburg *et al.*, 1999). The two productions strategies are best described by defining a lean production system—which essentially represents major work restructuring trends in the automotive industry. Lean production was developed in the Toyota motor company in Japan as a strategic production system aimed primarily at reducing costs and improving productivity and quality.

In their seminal work titled *The Machine that Changed the World*, Womack et al (1990) coined the term *lean* to describe the nature of Toyota production systems and it deviations from the Fordist labour process. By lean production, Womack *et al.* (1990) sought to describe transformation in the world of work which saw the (partial) dislodgement of mass production and standardisation techniques as previously practised under the Fordist labour process. Lean production "combines the best features of both craft production and mass production—the ability to reduce costs per unit and

dramatically improve quality while, at the same time, providing an even wider range of products and even more challenging work" (Womack *et al*., 1990:277).

In the post-Fordist labour process, TQM is used as a key strategy for eliminating waste in all its forms in the production process (Alternburg *et al*., 1999). Lean production and TQM are grounded in a philosophy that calls for elimination of all sorts of waste in production and of unnecessary inventory. According to Beynon and Nichols (2006:160), waste is defined as "anything which adds cost, but not value, to the product and includes substandard output, inventories of various kinds, and unproductive or wasteful elements of workers' labour such as waiting time, downtime, excessive set-up time or unnecessary quality inspection".

In lean production, production of each car is based on specific customer requirements and preferences, immediate delivery and no intermediate storage of inventory (Wilkinson, Turnbull and Oliver 1992; Alternburg *et al*., 1999). Lean production enables companies to increase production flexibility in order to adapt quickly to consumer demand for variety in production outputs. All automotive companies are under constant pressure to produce cars according to customers' preferences and special needs. Immediate delivery of cars which meet these specific requirements "called for very tight coordination between the progress of each car on the line and the arrival of the different parts from the corresponding supply chains" (Francisco and Hospitaler, 2004:4).

Lean production—or flexible production—also implies frequent introduction of new production systems and technological innovation as companies try to meet specific consumer requirements (Poire, 1986). In lean production the main determining factor for a firm's continued economic sustainability lies in its ability to embark upon continuous improvement of productions systems and technology. The major force behind this is the specific consumer demand for better car performance and reliability.

2.2.6 Global commodity chains and the logistics revolution

The changes discussed above are also linked to the changes taking place in the global automotive supply chain. Gerrefi (1999) argues that capital has fostered neo-liberal globalisation by establishing two forms international economic networks, namely "producer driven" and "buyer driven" commodity chains. By commodity chain, Gerrefi (1999) refers to a set of activities and networks involved in the production of a particular product—for example, a car. The reality is that component suppliers increasingly play a significant role in the global automotive industry. Research by Freyssenet and Lung (2003:83), for example, estimates that purchasing of components "accounts for between 50 and 70% of the cost of price of an average car".

The global commodity chain in the auto industry is producer-driven because all automotive firms play a significant role in determining and co-ordinating production networks (Gerrefi, 1999). In other words, manufacturers in the automotive sector still wield significant power with regard to production networks and the labour process at the point of production. Producer-driven commodity chains are contrasted to buyer-driven commodity chains which refers to "those industries in which large retailers, marketers and branded manufacturers play pivotal roles in setting decentralised production networks in a variety of exporting countries, typically located in the third world" (Gerrefi, 1999:1).

Unlike producer-driven commodity chains, in consumer-driven commodity chains product designs and product specifications are set by the large marketers or retailers that order the goods. Typical examples of consumer-driven commodity chains include Wal-Mart, Nike and Reebok; these firms design and market the products but do not manufacture them themselves—they do not own any production factory (Gerreffi, 1999). In the automotive industry, this type of arrangement is absent because original equipment manufacturers (OEMs) are still responsible for designing and manufacturing cars. The suppliers must follow the prescriptions from OEMs in terms of design, quality and quantity of the components they supply.

Unlike retailers such as Wal-Mart and Nike, automotive firms such as BMW, Toyota and Volkswagen are "manufacturers with factories" responsible for physical production of cars, marketing and distribution. These automotive companies wield significant power over backward and forward linkages in the industry's global commodity chain. In terms of backward linkages, automotive firms exert control over raw materials and component suppliers; they exert the same control over forward linkages in terms of distribution and retailing. The automotive industry has in the recent past experienced a tremendous increase in the number of suppliers for OEMs in the global automotive industry.

OEMs continue to choose their suppliers on the basis of their own designs for cars, and suppliers must supply components as per the design and quality specifications given by an OEM. The chief considerations in choosing suppliers include price, quality and timelines for delivery. According to Veloso and Ramur (2002), "demands by the OEMs for continuous price reductions from suppliers, year-on-year, have become a norm in the automobile industry". For example, Toyota demanded a 25% decrease in cost from its suppliers over a period of three years; Ford also demanded between 5% and 7% cost reduction from its suppliers each year. The continuous price reduction pressures from the OEM to first-tier components manufacturers get passed to other suppliers in the commodity chain.

In *Getting the Goods*, Bonacich and Wilson (2008) examine global supply chains from a sociological perspective and conclude that a new dispensation of supply chain management has emerged. They develop the term *logistics revolution* to explain global flexible production techniques based on Just-In-Time principles. According to Bonacich and Wilson (2008), the world of work has witnessed a shift from mass production to flexible forms of work and production organisation. The notion of *logistics revolution* can also be applied in the analysis of the automotive global supply chain.

The industry's supply chain is organised into different supply tiers. This is necessitated primarily by the common desire by automotive firms to respond quickly to the pressures from specific consumer requirements and growing global competition (ESRC, 2003). The

OEMs are normally responsible for designing and assembling cars. The first tiers of suppliers are generally responsible for manufacturing and supplying components to the OEMs. Most of the first-tier suppliers also have global presence in the same way automotive firms do—that is, they are found wherever auto companies have plants (ESRC, 2003). According to Wilkinson *et al*. (1992:160), the JIT principle "is extended backwards to suppliers and also forward to the final consumer".

In fact, most auto companies encourage their components suppliers to "locate their plants as close as possible to the automobile assembly plants so that assembly lines can receive frequent deliveries of small lots of parts" (Alternburg *et al*., 1999:1). These suppliers are expected at all times to meet the OEM's requirements with regard to quality and quantity of their production. Simpler individual parts—for example, the housing of a fuel pump—would be supplied by the second-tier suppliers to the first-tier suppliers (ESRC, 2003). The second-tier and third-tier suppliers would supply raw materials either to the first-tier or second-tier suppliers.

Traditionally, a single company would be responsible for the production of all car parts and the final product itself, but some of these tasks have been outsourced to individual components companies. Because most automotive companies have outsourced most of their production activities, the auto components industry has gained momentum. According to Veloso and Ramur (2002), the global automotive supply chain has changed in that "the new direct suppliers are becoming large global firms, which are either specialised in complex systems or integrators of several simpler subsystems". The leading automotive components firms include Lear Corporation, Bosal, Magna and so on. Most automotive assembly lines, such as the VW plant in Uitenhage, are surrounded by a number of components suppliers. Logistics parks have been set up next to most auto assembly lines.

2.3 Theories of worker participation

2.3.1 What is worker participation?

Worker participation refers to a corporate human resource strategy built on the principles of co-operation and co-responsibility in decision making between employers and employees (Maller, 1992). Maller (1992:96) argues that this strategy often seeks to "develop an approach to labour relations that stressed co-operation and generated high motivation levels amongst employees". The establishment of participatory structures in the workplace should be understood as a manifestation of the class contradictions inherent in the capitalist mode of production. Employers are engaged in a perpetual quest to control and dominate the labour process so as to maximise the extraction of excess—that is, unpaid labour time (Mandel, 1973; Burawoy, 1979).

Mandel (1973) argues that the structural crisis of late capitalism and the concomitant consolidation of labour's organisational presence are the primary driving forces that led to capitalist (re)invention of a "more subtle means of domination"—this being worker participation. For Mandel, worker participation is a capitalist tactic that seeks to associate workers with capital. Contrary to a traditional Marxist understanding of capitalist labour control as despotic or "de-skilling" (Braverman, 1974), Burawoy suggests that capitalists (or employers) are increasingly using a more hegemonic methodology of co-optation and subtle coercion, thus manufacturing consent.

For Burawoy (1979) the main question should be about why workers work as hard as they do, instead of the traditional Marxist preoccupation with why workers work at all. According to Burawoy (1979), employers use a variety of tactics (or strategies) to "manufacture consent"; at the centre of these strategies is *worker participation* or *participative management*. A number of studies on worker participation that have hitherto been conducted—for example, in BMW (Masondo, 2003) and Anglo Platinum (Maller, 1992)—confirm Burawoy's theory that worker participation represents employers' attempts to manufacture consent on the part of workers. In his study on trade liberalisation and work restructuring at the BMW plant in South Africa, Masondo (2003) developed the concept of *ideological flexibility* to describe management's attempts to

change the behaviour and attitudes of workers by introducing various worker participation structures.

Following massive dismissals of mineworkers in 1987, the Anglo American Corporation introduced an employee share ownership scheme "which was designed to enhance employees' identification with the company" (Maller, 1992:7). It is worth noting that not all employers adopted the strategies of consent because management by consent is pertinent in labour processes "characterised by high rates of capital investment and have acquired relatively high levels of skill or specialised dexterities" (Maller, 1992:7).

In her seminal work titled *Participation and Democratic Theory*, Pateman (1970) makes a useful distinction between *real* and *pseudo* participation, *partial* and *full* participation, and *task-centred* and *power-centred* participation. Task-centred participation can also be described as "descending participation" in so far as "management invariably initiates the development for its own purposes and, as part of the change, may transfer authority and responsibility from itself to the employees for a limited range of work related decisions" (Daitz and Rutstein, 1989:5). Task-centred pseudo participation involves employers' interactive ways of communicating decisions that have already been made, through briefing groups, quality circles and autonomous working groups (Maller, 1992). Put simply, these structures are task-centred primarily because they deal with shop-floor issues. Task-centred participation includes initiatives such as regular consultative meetings between workers and supervisors, briefing groups, quality circles, and so on (Pateman, 1970). Such communication schemes do not give workers any real power to influence decisions in a significant way (Pateman, 1970).

Partial participation refers to participation structures that enable workers to partly influence decisions; because they "are in the unequal position of permanent subordinates, the final prerogative of decision making rests with permanent superiors, with management" (Pateman, 1970:52). Unlike pseudo and partial participation, task-centred full participation entails workers' prerogative to decide how a department or an enterprise as a whole should be run, with reference to issues relating "to production scheduling, time standards, investment, marketing, etc" (Pateman, 1970:78). Task-centred

participation has been criticised for being used by employers solely for the purpose of improving productivity without giving workers any real power to determine how the production should be done (Salamon, 1987).

Table. 1 Typology of worker participation

Participation	**Pseudo**	**Partial**	**Full**
Task-centred	Briefing groups	Quality circles	Autonomous working groups
Power-centred	Worker directors	Collective bargaining	Worker self-management

Source: Maller (1992:10).

Power-centred participation is characterised by an equal balance of power between management and workers over strategic decision-making processes in a workplace (Pateman, 1970). Unlike task-centred participation, power-centred worker participation allows space for workers to influence decisions of strategic importance in a workplace. According to Pateman, power-centred worker participation focuses on the "exercise of managerial prerogative and the balance of power between management and employees in the organisation's decision making process" (Pateman, 1970:11). Worker participation structures such as the establishment of work councils, the appointment of worker directors and so on are examples of power-centred worker participation.

Power-centred worker participation enables workers to extend their collective power and voice at the highest decision-making structures in a workplace (Pateman, 1970). Because of their potential to tilt the balance of power between employers and employees, worker directors, collective bargaining and worker self-management structures are power-centred. Power-centred participation often requires active state involvement through promulgation of structures and systems of joint decision making, but this needs to be complemented by strong mutual commitment from both employers and employees (Streeck, 1984; Mapadimeng, 1995). In other words, a legislative framework on its own is necessary, but not sufficient, for real joint decision making between workers and employers to take place.

The third form of worker participation can be described as *financial participation* (Salamon, 1987).Financial participation can be divided into two types: supplementary financial participation schemes and share ownership schemes. The former type involves rewarding workers on the basis of a company's financial performance; this can be measured "in terms of profits, value added, and level of production or sales" (Salamon, 1987:96). The share ownership scheme has to do with the distribution to workers of dividends from the shares they own in the company they work in. This distribution is either made directly to an individual worker or "indirectly into a trust which holds the shares on behalf of all employees" (Daitz and Rutstein, 1989:6). It is worth noting that, unlike task-centred and power-centred forms of worker participation, financial participation is about money sharing, and not necessarily about power, authority or decision making in a workplace (Salamon, 1987).

2.3.2 Theories on union responses to workplace restructuring

As early as the 1980s worker participation was increasingly finding general acceptance among many trade unions across the world, although they were divided on how it should be implemented (ILO, 1988). In 1988, the International Labour Organisation (ILO) published a report titled *World Labour Report* which indicates that "it is no exaggeration to say that participation is a concept that has aroused interest in all parts of the world....to put the point succinctly it is no longer a question of whether, but how" (ILO, 1988:16). However, it is worth mentioning that labour's response to worker participation is not homogeneous (Clegg, 1951; Cressey and MacInnes, 1980). In addition, literature suggests that worker participation is not necessarily a global trend in the motor industry, even in labour processes "characterised by high rates of capital investment" (Maller, 1992:7).

Instead of seeing worker participation as a means to bolster their power to attain worker control, some unions dismiss the various types as "gimmicks" aimed at speeding up production without boosting workers' pay and a capitalist strategy to incorporate labour (Clegg, 1951; Cressey and MacInnes, 1980; Daitz and Rutstein, 1989). This approach is known as the *incoporationist approach* (Macshane, 1992). In direct contrast to the

incoporationist approach is the *advance labour approach* which "sees participation as a means whereby labour can gradually yet unequivocally erode capital's power and advance workers' control" (Maller, 1992:12). Indeed this debate has invariably shaped union strategies towards participation. The differences between the German and South African industrial relations must be understood in the context of this debate.

Trade unions throughout the world have been confronted with challenges associated with workplace restructuring. However, their responses to it are not homogeneous. As Frost (2001:1) states, "local union responses to management-initiated workplace change differ markedly". There is no consensus among industrial sociology scholars around the conceptualisation of labour's responses to workplace restructuring. In the beginning, conceptualisation of union responses was dichotomised into two categories, namely: opposition or co-operation, and which one of the two was effective.

A union could either co-operate with or resist workplace change. Militant responses entailed refusal by a union to "negotiate at all over workplace change" whereas a co-operative response involved active union participation in workplace restructuring (Frost, 2001:2). Kelly (1996, 2004) is among the leading industrial relations scholars who argue that the oppositionist response is effective in that it conserves the independence and survival of trade unions. Institutionalised industrial relations whereby employers and trade unions negotiate workplace restructuring carries with it possibilities for co-option of union officials into management-driven restructuring processes (Kelly, 1996).

The other danger with the co-operation strategy is that employers can opportunistically take advantage "of union moderation [or co-operation] to restructure work or employment at the expense of workers' terms and conditions, especially undermining job security" (Bacon and Blyton, 2004:74). Fairbrother (2000) describes the oppositionist response to workplace restructuring as "participative unionism" through which a union can robustly challenge management on changes in the workplace.

Fairbrother (2000:45) concurs with Kelly that the co-operative union response—what he terms "bureaucratic unionism"—is not effective because of its tendency to drift towards

"bureaucratisation, incorporation and economism", and that it involves accommodation of employers' interests to the detriment of workers. Quite conversely, others argue that co-operative response to workplace restructuring can lead to better working conditions for workers (Cooke, 1992; Eaton and Voos, 1992; Joffe, 1992).

In their comparative study of trade union responses to workplace restructuring in the steel industry in the United Kingdom (UK) and Germany, Bacon and Blyton (2004) report that, through strategic co-operation with employers, German trade unions were able to safeguard workers' interests against management-led workplace restructuring. Cooke's (1992) research on American manufacturing companies also found that some trade unions were able to achieve significant improvements in product quality and working conditions for workers by strategically engaging with work restructuring processes. Joffe (1992:2) also argues that unions must be "proactive in industrial restructuring processes to ensure that workers receive the benefits from the processes".

Drawing from workplace restructuring experiences from three locals of the United Steelworkers (USW) in North America, Frost suggests that unions' responses to workplace restructuring can be summarised into four categories: *interventionist*, *pragmatic*, *apathetic* and *obstructionist*. The interventionist response means that a union ensures constant engagement with management throughout the entire restructuring process. In theory, the interventionist response is envisaged to meet "the needs of all stakeholders: management, workers and the local union" (Frost, 2001:556). Bacon and Blyton (2004) refer to this approach as *cooperative engagement* whereby a union gets involved in the restructuring process from the beginning until the implementation phase, including continuous appraisal of agreed workplace changes.

With the pragmatic response, a union generally allows an employer to restructure work but seek participation only in the event that such restructuring negatively affects working conditions. Unlike the interventionist approach, with the pragmatic approach a trade union gets involved after workplace restructuring decisions have already been taken by management. In the early 1960s Slichter (in Frost, 2001:557) characterised this approach as one in which "the role of management was to act and that of the union was to grieve".

In both interventionist and pragmatic responses, the union is keen to negotiate and engage with changes in work and production systems. Workers take interest in the manner in which work is organised, and this ensures that working conditions are continuously improved.

On the other hand, the apathetic and obstructionist responses are in direct contrast to the interventionist and pragmatic responses. The apathetic response is characterised by the "failure of a union to negotiate at all over management-initiated workplace change" (Frost, 2001:558). This is a laissez-faire type of an approach in which a union is completely unconcerned about management-driven workplace change. This is partly related to *business unionism*, whereby a union's role is confined to negotiating narrow worker economic interests at the expense of broader issues that might affect workers. This is more prevalent in a context characterised by organisationally weak trade unions. The *obstructionist* or *militant opposition* response entails a permanent and persistent refusal by a union to accept or negotiate any workplace change. Unions refuse to co-operate with workplace restructuring and aim to defend the status quo (Bacon and Blyton, 2004).

Drawing from Crouch (1982), Bacon and Blyton (2004) argue that trade union responses to workplace restructuring cannot be understood through traditional Marxist studies which emphasise individual union ideologies. Traditional Marxist studies on trade union responses to workplace restructuring base their analyses primarily on a union's ideological orientation. Bacon and Blyton (2004:752) argue that any attempt to study unions' responses must consider trade unions and their members "as rational social actors making choices to pursue certain courses of action during negotiations with managements".

Whether or not unions choose to resist or negotiate workplace change does not necessarily represent their ideological orientation towards workplace change, but rather "a rational choice between actions following a calculation of how best to maximise their interests given the constraints of the situation" (Bacon and Blyton, 2004:753). Accordingly, unions' responses to workplace restructuring must be analysed not on the

basis of their ideological orientation alone, as traditional Marxist often do, but also in light of contextual constraints found in different situations. Bacon and Blyton (2004) further suggest a typology for union responses to workplace restructuring (Table 2.2). This typology comprises different options which can be adopted by labour depending not on their ideological orientation but on specific contextual peculiarities, namely: co-operative engagement, militant opposition, moderate opposition and militant engagement.

Through *co-operative engagement*, both trade unions and employers co-operate over workplace restructuring and try to reach consensus on a particular issue/s. Exponents of co-operative engagement argue that this strategy can be effective only if employers and unions negotiate in good faith. *Militant opposition* refers to a situation whereby a union refuses to engage in restructuring processes while defending the status quo. According to Bacon and Blyton (2004:174) the logical consistency of co-operative engagement and militant opposition "suggests most unions will fall into one of these two categories".

On the other side is *moderate opposition* whereby "moderate union branches may at times refuse to cooperate and suddenly oppose change" (Bacon and Blyton, 2004:173). Radical and militant unions may be tactically involved in restructuring processes but retain their militant ideological orientation towards employers—this represents what Bacon and Blyton call *militant engagement*. Bacon and Blyton's (2004:196) argument that the ideological orientation of unions is not always consistent with their practical responses becomes clearer in their discussion on moderate opposition and militant engagement. They point out that the two responses "involve tactical bargaining dilemmas because they break with the ideological tradition of the union branch" (Bacon and Blyton, 2004:198).

Orientation	Cooperate	Conflict
Militant	Militant engagement	Militant opposition
Moderate	Cooperative engagement	Moderate opposition

Action

Table.2 Bacon and Blyton's typology of union responses to workplace restructuring
Source: Bacon and Blyton (2004:753).

Most industrial sociology scholars (e.g. Crouch, Burawoy, Mandel and Ramsay) present pessimistic accounts of worker participation. This chapter argues that these pessimistic and Marxist-leaning analyses fail to acknowledge that workers are interested in participating in decision making in the context of crisis. According to Ramsay (1977), employers are interested in workplace restructuring when faced with mounting employee alienation and labour unrest. He further argues that worker participation has appeared cyclically. Without invalidating Marxist analysis of worker participation, this report argues that worker participation cannot be explained only as an employer-initiated process, but that workers are also interested in participating when confronted by possible job losses. Traditional Marxist analyses on worker participation fail to take into account the question of whether or not workers desire participation in the workplace.

Within the radical industrial sociology scholarship, worker participation is regarded as institutional capitalist machinery set to quell industrial unrest. This research report argues that, in the current age of neo-liberal globalisation, worker participation should not necessarily be seen as a process initiated and driven by employers alone—workers sometimes seek participation themselves. In other words, workers are keen to participate in workplace restructuring when job security is threatened.

2.3.3 Why worker participation?

2.3.3.1 Pros and cons

According to Mapadimeng (1995:9), worker participation has "triggered a heated debate amongst various scholars who were battling to understand it". This debate is ongoing and scholars continue the battle to understand it. There is hitherto no consensus among scholars and trade unionists on the conceptualisation and analysis of worker participation. Debates on worker participation have also looked into different participatory structures established in different workplaces (Applebuam and Batt, 1994), and their link to productivity and performance (Levine and Tyson, 1990; Maree and Godfrey, 2005).

The question of whether worker participation is necessary for good performance of an enterprise is ongoing. In their comparative study of workplace and employment reorganisation at Sea Harvest and I&J in South Africa, Maree and Godfrey (2005) argue that there is no correlation between worker participation in decision making and the performance of an enterprise. The two companies have chosen different strategies aimed at improving performance and productivity in their plants. Sea Harvest introduced structures for worker participation in the company, such as a Stakeholders Representative Council (SRC) and a Strategic Planning Committee (Stratplan). I&J, on the other hand, invested in technology upgrades and "introduced intensive surveillance of workers and in individualised productivity incentive scheme" (Maree and Godfrey, 2005:125).

The study found that I&J performed far better than Sea Harvest. As Maree and Godfrey (2005:145) put it, "the plant [I&J] was not only doing better financially, but workers were earning more each year". However, despite the poor financial and productive performance at Sea Harvest, the research found that workers at Sea Harvest had a more positive attitude towards work and the company than I&J workers (Maree and Godfrey, 2005).

There are two broad traditions in the field of industrial sociology which diverge in terms of whether or not workers desire participation in the workplace. One tradition argues that workers do not value or desire worker participation and the other argues that workers

desire great participation in the workplace. In the late 1960s some scholars argued that workers had a moral right to participate in decision making in their own workplaces (Blumberg, 1968; Pateman, 1970). There is a wide range of reasons why people support worker participation.

Aronowitz (1973) argues that rank and file members are generally interested in participating in workplace issues even though their union leaders are concerned with traditional worker issues such as wages and benefits. Some scholars also argue that workers value participative management because it results in job satisfaction and improved productivity (Blumberg, 1968). Zipp, Leubke and Landerman (1984) emphasise that workers' desire to participate in workplace restructuring is influenced by the resultant benefits for workers, such as improved working conditions.

Marxist scholars such as Gorz (1964) argue that workers are interested in worker participation because control of work forms an integral part of the struggle for socialism. This perspective is largely, with the exception of the Marxist variant, grounded in the unitarist philosophy in industrial relations which believes that capital and labour share common interests. This tradition has been criticised for ignoring the inherent contradictions between capital and labour (Klerck, 1999). The argument that worker participation schemes "are only ever partially successful is rooted in the basic contradictions underlying employment relationships", and this shows that the interests of labour and capital are incompatible (Klerck, 1999:12).

The other perspective also has its own exponents. According to Zipp *et al*. (1984), those who take the view that workers do not desire worker participation advance different reasons. Kohn (1969) argues that workers are naturally conformist and that they are generally not interested in the politics of work (re)organisation. Fein (1976) also argues that workers are not interested in participating in anything beyond "bread and butter" issues such as wages and general working conditions. Dubin (1956) and Goldman (1973) argue that workers do not seek greater participation in work organisation because it is not a "central life interest" for them.

Marxist and neo-Marxist scholars such as Burawoy (1979), Mandel (1973), Crouch (1982) and Ramsay (1977) base their analyses of worker participation on the unequal power relations between labour and capital in a capitalist society. They argue that worker participation is a management-driven initiative aimed at mitigating the recurrent capitalist crisis of profitability and legitimacy. According to the Marxist theoretical perspective, the establishment of worker participatory structures in the workplace should be understood as a manifestation of class contradictions inherent in the capitalist mode of production.

According to the Marxist theories employers seek to control and dominate workers so as to maximise the extraction of excess—that is, unpaid labour time (Mandel, 1973; Burawoy, 1979). In his influential text titled *Trade Unions: The Logic of Collective Action*, Crouch (1982) argues that worker participation is used by employers to co-opt workers into management. The interests of labour and capital are irreconcilable and worker participation is viewed essentially as a tool used by employers to control and dominate workers.

2.3.3.2 Subtle means of domination: Mandel

Mandel (1973) argues that the structural crisis of late capitalism and the concomitant consolidation of labour's organisational strength are the main precipitants leading to the capitalists' invention of a "more subtle means of domination"—this is worker participation. When labour was weak and feeble, employers were not interested in worker participation and trade union demands for consultation were rejected with indignation as a "usurpation" or "confiscation" of employers' property—employers "were able to rule by brute force" (Mandel, 1973:11). However, with the consolidation of trade unions' organisational presence and militancy employers' became interested in worker participation

Employers have tried without success to sap the strength of trade unions and worker militancy through violence and repression, but they have not succeeded. Worker participation is viewed as a more diplomatic tactic aimed at achieving the same objective

that capitalists had intended to achieve through brute force—that is, workers' compliance. Mandel (1973:13) neatly states, "But today the capitalist's arguments have become more flexible. From the arguments of divine right of employers, the bosses have prudently retreated to the argument of 'defending the enterprise'. Employers admit implicitly that workers should 'have something to say' on what happens in their enterprise".

For Mandel, worker participation is simply a capitalist tactic that seeks to associate workers with capital. He describes this phenomenon as an act of "class collaboration" geared towards defusing class contradictions inherent in the capitalist system. Worker participation therefore reflects "a tactical aim of the capitalists. This tactic seeks to involve trade-unions, or even representatives elected by the workers, in a "*daily practice of class collaboration"* (Mandel, 1973:13).

2.3.3.3 Manufacturing consent: Burawoy

Contrary to the traditional Marxist's understanding of capitalist labour control as despotic or "de-skilling" (Braverman, 1973), Burawoy suggests that employers are increasingly using a more hegemonic methodology of co-optation and subtle coercion, thus manufacturing consent. The main question for Burawoy (1979) is why workers work as hard as they do, instead of why they work at all. Employers use a variety of strategies to "manufacture consent", and at the centre of these strategies is worker participation. Employers' strategies to manufacture consent have significantly weakened labour's class consciousness to the extent that most workers embrace the exploitative capitalist system. The dwindling class consciousness among workers informs Burawoy's pessimism about the imminence of a socialist revolution.

In his ethnographic study in a piece-rate machine shop, Burawoy observes that employers manufacture consent through a variety of ways to improve productivity and profitability without inviting resistance from workers. In the workplace where he conducted his study, production management in the machining shop "created the illusion of labour as a game" in which workers had to compete with each other to produce more than expected.

According to Burawoy (1979) worker participatory structures, such as collective bargaining, do not give workers any real power but create an illusion of participation. A number of studies which have been conducted—for example, in BMW(Masondo, 2003) and Anglo Platinum (Maller, 1992)—confirm Burawoy's theory that capitalists attempt to manufacture consent through participative management.

2.3.3.4 Cycle of control thesis: Ramsay

In his ground-breaking article entitled *Cycles of Control: Worker Participation in Sociological and Historical Perspective*, Ramsay (1977) argues that worker participation must be analysed from a historical and sociological perspective. He discusses worker participation from a Marxist theoretical point of view. Since this publication, Ramsay's "cycle of control" thesis has had a tremendous influence in the field of industrial sociology, and worker participation in particular. Instead of answering the question of whether workers desire to participate in decision making in their workplaces, Ramsay discuses how participation has been reconfigured over time and its dynamics in light of the ever-changing balance of power between capital and labour.

Ramsay (1977) adopted this approach in his analysis of the dynamics of employers' interest in worker participation since the late nineteenth century in Britain. He uses the "cycle of control thesis" to describe four broad cycles of employer interest in worker participation, namely: profit sharing schemes, introduction of Whitley Councils, joint consultation and productivity bargaining. These cycles of participation ought to be analysed in their historical and sociological context. In the late nineteenth century employers introduced financial participation in the form of profit sharing schemes which allowed workers to share in profits accumulated by their companies.

The introduction of Whitley Councils, joint consultation and productivity surfaced as a result of worker opposition to work intensification and massive job losses owing to the introduction of new technology. The central argument in the cycle of control thesis is simply that worker participation is fundamentally a response by capital to threats to its

authority from labour during periods of full employment and labour militancy. Employers are more interested in worker participation when faced with a challenge from workers.

Employer interest in worker participation grows in a wave-like way, depending on the balance of power between capital and labour. Based on the Marxist theoretical framework, Ramsay argues that employers' interest in worker participation fades once the threat from labour is minimised. In other words, worker participation is a tool used by employers to resolve capitalist legitimacy crises—a strategy to solicit compliance of labour. Employers have in the past introduced various worker participation schemes in order to regain legitimacy when confronted by workers' potential to mobilise.

According to Ramsay (1977) worker participation should not be seen as representing employers' or governments' commitment to it, but must be understood as a temporary measure used by employers, sometime sin collaboration with the state, to manage the potential dangers posed by strong and militant trade unions. This is the reason why Ramsay (1977:220) characterises worker participation as "a child of managerial crisis". As he clearly puts it, "Worker participation has not evolved out of humanization of capitalism, but has appeared cyclically". Management interest in worker participation "corresponds to periods when management authority is felt to be facing a challenge" (Ramsay, 1977:225).

2.4. Conclusion

This chapter has attempted to highlight some of the major work restructuring trends in the automotive industry. Using Marxist labour process theory as its fundamental theoretical tool of analysis, this chapter has argued that the world of work has generally witnessed a transition from the Fordist labour process to a post-Fordist labour process. Although there is no clear-cut historical break between the two labour processes, this chapter suggests that the post-Fordist labour process in the automotive industry is increasingly becoming entrenched. The changes in the global automotive supply chain were also highlighted and discussed.

Theories on worker participation were also reviewed. It was indicated that worker participation takes different forms and characters. Not all forms of worker participation gives workers power to influence decision making in workplaces. Pateman's (1970) distinction between real and pseudo participation is useful for understanding the dynamics of worker participation as a practice in the world of work. Theories on labour's responses to work restructuring were also discussed. The chapter argued that worker participation under capitalism must be understood within the context of class struggle.

CHAPTER THREE

The engagement of IG Mettal and NUMSA with workplace restructuring: a historical overview, 1970-1990s

3.1 Introduction

This chapter analyses the responses of IG Mettal and NUMSA to workplace restructuring from 1970 until the late 1990s. A comprehensive historical review will help us understand the background to IG Mettal and NUMSA's current responses to work restructuring. This will also allow us to draw lessons from past experiences as labour continues to grapple with the challenges associated with workplace restructuring. Since the Industrial Revolution, employers have been restructuring the labour process in order to improve productivity and maximise the extraction of surplus value (Allen, 1990). Workplace restructuring is not an alien phenomenon to either NUMSA or IG Mettal. This is the reason why this report undertakes a historical overview on the previous strategies adopted by the two unions in their response to workplace restructuring.

The central argument in this chapter is that NUMSA's and IG Mettal's responses to workplace restructuring in the period 1970 to the late 1990s differ markedly. On the one hand, since the late 1970s IG Mettal has been proactive and effective in its engagement with workplace restructuring. On the other, NUMSA has been focused on the double struggle for freedom of association and organisational rights, and against the apartheid regime. The manner in which both NUMSA and IG Mettal engage with workplace restructuring today must be analysed from a historical and sociological perspective. German trade unions have enjoyed the benefits of institutionalised participation for some time, whereas their South African counterparts have suffered under the wrath of what Von Holdt (2003) calls the "apartheid workplace regime". Both NUMSA's and IG Mettal's workplace restructuring strategies have historically been shaped by the changes

in domestic macroeconomic and political contexts. Their strategies have been influenced largely by changes in the balance of power in the global political economy.

3.2 Worker participation in Volkswagen: a historical background

3.2.1 Uitenhage Plant

In the South African context, worker participation finds its legislative foundation in the Native Labour Act of 1953. This legislation required the mandatory establishment of Works Committees which were responsible for representing workers' interests and concerns in the workplace. In practice, such structures could not work well because their negotiating scope was restricted and their field of action strictly limited (Davies and Lewis, 1976). The works committees were *de facto* "advisory bodies to management on a range of highly specified issues" (Mapadimeng, 1995:39). In the first place, works committees were not successful because they were not originally intended to build real participative management in the workplace.

The legislation was primarily motivated by the apartheid regime's interest in securing effective control over black African workers and their trade unions, and to safeguard Afrikaner (and white) nationalist economic interests (Webster, 1985; Mapadimeng, 1995). The overarching political objective was to weaken and neutralise the organisational strength of African black trade union movement and the working class in general. The works committees' secret political mandate was "to sideline the unions that primarily organised workers by setting alternative structures in order to 'bleed these unions dry'" (Mapadimeng, 1995). Worker participation in the apartheid regime at the time should be seen as part of apartheid's broader scheme of demobilising, dividing and weakening the working class.

The strong wave of industrial actions by black trade unions in the late 1970s exposed the shaky foundations and legitimacy crisis underpinning the establishment works committees (Webster, 1985). Concerned about the vulnerability of the situation at the time, the apartheid regime suggested minor amendments to the labour legislative

framework by introducing the Bantu Labour Regulation Act in 1973. This Act called for the establishment of plant-based liaison committees where works committees were absent (Webster, 1985). The liaison committees were "declared as consultative rather than negotiating bodies and were thus designed to look at matters of common concern to both the employers and employees" (Horner, 1976). Worse still, these committees buckled down because they were viewed as illegitimate in the eyes of militant black trade unions, in particular the Metal and Allied Workers Union (MAWU) (Webster, 1985). MAWU dismissed these committees as management's attempt to divert it from real issues that could only be addressed by abolishing the apartheid regime.

At the VW Uitenhage plant, worker participation was put in place in 1979 when management conceded to the union's demand for full-time shop stewards (Maller, 1992). The introduction of the full-time shopstewards system at the plant was largely motivated by VW's quest for effective and constructive industrial relations system so as to maintain industrial quiescence (Maller, 1992). According to Maller (1992:112), this "indicated a possible basis for a new kind of relationship developing, based on co-operative, mutually beneficial industrial relations". However, it was only in 1988 that VW established formal employee-employer joint committee structures at the plant. According to Maller (1992:129), the driving idea was to "facilitate communication in the workplace and to prefigure a system of co-determination based on the German model of the VWSA's [Volkswagen South Africa] principals". The full-time shop stewards had regular meetings with management to discuss strategic shop-floor issues such as working conditions, working time, and so on.

According to Barling (1986), "The essence of a pluralist ideology is that within a system there exist several different interest groups, each with their own leaders, loyalties and objectives". In the late 1980s a senior manager at the Uitenhage plant indicated that "VWSA [Uitenhage plant] … acknowledges that management and workers will pursue different interests. Although a certain amount of conflict is inherent in the system, it can be resolved by a system of collective bargaining that will allow some sort of balance of power or equilibrium to be reached" (Maller, 1992;129). This was a clear indication that

Uitenhage plant management supported the pluralist industrial system. This support culminated in the establishment of worker participatory structures to facilitate joint decision making and negotiation on shop-floor issues.

NUMSA was not completely enthusiastic about participative management, and those within the union who displayed outright support were at risk of being labelled sell-outs (Maller, 1992). It supported these structures but at the same time feared for the weakening of its power and incorporation into the apartheid capitalist system. The union feared what Macshane (1992) termed the Japanese model based on full incorporation of workers into the capitalist logic. Whether VW's pragmatic support for pluralist industrial relations and its commitment to "increasing workers' participation in corporate decision making" was influenced by German practices of co-determination (Maller, 1992) or to quell the general labour unrest at the time (Webster, 1985) remains debatable.

The VW Uitenhage plant has attempted to put in place both task-centred and power-centred forms of worker participation, as discussed in Chapter Two. As a major union at the plant, NUMSA was an active party in participative management in the plant, notwithstanding its ambivalence. Participative management at the plant was structurally divided into four categories, namely: joint committees, labour director, safety committees and achievement groups. The most influential of these committees was the Joint Union-Management Executive Committee (JUMEC), which comprised senior management and full-time shop stewards (Maller, 1992).

JUMEC only dealt with issues of strategic importance to the company, such as "changes in production strategy on new car models, changes in the local content programme or build plans", financial reports and community-based projects (Maller, 1992:16). Consistent with the German model of co-determination, JUMEC's emphasis on joint decision making was reminiscent of the supervisory boards as conceptualised in the German industrial relations system. However, this does mean that JUMEC was an equivalent of the supervisory board in terms of power and the scope for decision making.

Strategic decisions, such as major work restructuring plans in the plant, had to be taken by the company's supervisory board.

Even though NUMSA was cautious about being brought into a situation of co-management, it viewed JUMEC as centre for influencing "company policy by virtue of its participation" (Maller, 1992:130). In addition to JUMEC, the company had other participative management structures such as a human resources committee, departmental committees and "build meetings". Another important aspect of participative management in at the VW Uitenhage plant was the appointment of a labour director who would ordinarily be a member of senior management.

A set of task-centred structures, some legislated through the apartheid labour law, complemented worker participation in the joint committees discussed above. These included the safety committees and quality circles. As task-centred worker participation, the quality circles were responsible for shop-floor issues such as performance improvements and involved "six to ten employees from a common department who identified problems in their work area and proposed solutions" (Maller, 1992:137).

3.2.2 Kassel Plant

The establishment of the Federal Republic of Germany (FRG) in May 1949 was accompanied by the promulgation of labour laws that fostered co-operation and stability between organised labour and employers. The 1949 April Collective Agreement Act legally bound employer associations and trade unions to work together in setting standards, wages and working conditions. The 1972 amendment of the Works Constitution Act of 1952 and the subsequent enactment of the 1976 Co-Determination Act heralded an expansion of workers' rights to co-determination, information and consultation. Co-determination (*Mitbestimmung*) has since its inauguration been touted as an appropriate industrial relations model for enhancing co-operation between capital and labour. The German co-determination laws give workers a legal right to participate in the regulation of working conditions as well as in economic planning and decision making (Page, 2006:10).

This system was introduced through the 1952 Works Constitution Act, and it involves "joint and integrated decision making processes between workers and employers on workplace issues" (Streeck, 1984), but also extended beyond the workplace to "all areas of economic and decision-making" (Macshane, 1992:53). The overarching principle driving co-determination is that employers must consult and seek consensus with workers in decision making. This industrial relations system involves an interrelated set of institutions which can be categorised in three levels, namely: Works Councils *(Betriebsrat*), Supervisory Boards (*Aifsichtsrat*) and Management Boards—all these are institutional structures for worker participation. IG Mettal negotiates at the industry level with employers on issues related to wages and standard working conditions. Co-determination at the plant level involves the representation of workers in the Works Councils. The VW Kassel plant Works Council comprised representatives elected by all workers in the plant (Juergens and Brumlop, 1986).

VW company management has a legal obligation to provide any information required by the Works Council in the execution of its duties, and they can hire experts at the company's expense. The main tasks of Works Council include working together with management "on matters relating to labour management relations" and any other shop-floor matters (Streeck, 1984:45). The work of the Works Council can be divided into three levels, namely: economic matters, social matters and personnel matters. Economic matters normally include decisions which have long-term economic implications, such as investments, marketing or production.

In terms of social matters, the Works Council deals with issues around social implications of major economic decisions which a company might be planning to pursue, for example, a closure of a company or a plant. According to German labour law, employers must consult and negotiate with Works Councils before they can shut down a plant; a social plan must also be put in place in the event that a company shuts down. It is worth noting that before the promulgation of the 1972 Works Constitution Act, management had the prerogative to embark upon unilateral restructuring of work (Streeck, 1984).

Since the establishment of the Works Council at the VW Kassel plant, the councillors have dealt with personnel matters such as "vocational training, hiring and dismissals", and issues such as retrenchments, hours, time and form of payment (Page, 2006:10). Among the committees of the Kassel Works Council which dealt with issues of rationalisation and restructuring were the Planning Committee (*Planungsausschuss*) and the System Committee (*Sytemausschuss*). The former was responsible for providing advice and information to the Works Council on all issues related to planning of plant layout and introduction of new facilities and machines (Juergens and Brumlop, 1986).

The System Committee, formed at the peak of robot installations and rationalisation, maintained continuous negotiations with management on issues associated with introduction and control of data processing systems (Juergens and Brumlop, 1986). To accomplish its duties, the Works Council and its committees had a legal right to enter into agreements with individual employers. In the event that both management and Works Councils fail to reach a consensus, the Works Constitution Act allows for mediation and arbitration. According to Streeck (1984:12), the use of mediation and arbitration has "helped eliminate industrial conflicts in workplaces". The centralisation of collective bargaining over wages and working conditions also contributed towards industrial quiescence (Streeck, 1984).

Co-determination also provides for the representation of workers in the Supervisory Board (*Aufsichstrat*) and Management Board of companies (Streeck, 1984). Whereas each VW plant in Germany has its own local Works Council, there is only one Supervisory Board responsible for making strategic decisions on behalf of all plants, including other plants outside Germany. The Board is mainly responsible for appointing the Management Board, including a worker director, overseeing its activities and determining the strategic goals of the company. A worker director is a worker representative elected by workers, but he or she is expected by law to act in the interest of the company. Some decisions of the Management Board have to be ratified by the Supervisory Board before they are implemented.

3.3 NUMSA's experiences with workplace restructuring in the auto industry

3.3.1 Introduction

NUMSA is among the leading and most influential trade unions in South Africa. Its historical and contemporary importance cannot be under-estimated or ignored because it played an important role in the struggle against the apartheid regime, and continues to make a significant contribution in the shaping of a new South Africa. NUMSA was not only a "leading protagonist in the evolution of COSATU's strategy of reconstruction" but it also "developed policies for engaging with restructuring in the metal industry" (Von Holdt, 2003:186). In fact, the short-lived Keynesian-oriented Reconstruction and Development Programme (RDP) macroeconomic policy adopted by the first democratic government in South Africa, also a campaign programme for the ANC in the historic 1994 democratic elections, was NUMSA's brainchild which was later adopted and promoted by the Congress of South African Trade Unions (COSATU).

3.3.2 Apartheid workplace regime

In the 1970s and 1980s NUMSA did not have a coherent strategy to respond and engage with workplace restructuring. The union's agenda was focused largely on fighting for freedom of association and organisational rights, and against the apartheid regime as a system of political domination. According to Von Holdt (2003:287), "Apartheid oppression was not something found outside the factory: it was also internal to the workplace and indeed structured management relations with black workers".

Apartheid in the workplace took the form of racial despotic authoritarianism characterised by racial division of labour, racial segregation of facilities in the workplace, and racial structure of power in the workplace (Von Holdt, 2003). Apartheid labour laws such as the 1956 Industrial Conciliation Act (legalised and facilitated job reservation), the 1918 Factories Act (legalised segregation of facilities in workplaces but formally repealed in 1983), and the Labour Relations Act gave the legal ground for the emergence

apartheid workplace regime. Under apartheid "the racial structure of power in the workplace constituted the factory as a place of white power and black powerless, ensuring that black workers understood they were working in a 'white man's factory"'(Von Holdt, 2003:30).

It was only in 1981 that the apartheid regime began to make some reformist concessions by granting black workers the right to freedom of association and organisational rights. The unprecedented domestic and international opposition against apartheid impelled its political elite to consider labour law reforms (Von Holdt, 2003). As part of its efforts to quell the growing and uncontrollable political instability in the country, the Wiehahn Commission of Inquiry into Labour Legislation was established in 1977.

The Commission's remit was to make recommendation on how apartheid labour laws could be reformed. Its recommendations resulted in the amendment of the Labour Relations Act in 1981 to include African workers' right to freedom of association and organisational rights, albeit under stringent conditions. The apartheid regime had yet again aimed at controlling militant African trade unions, but these reforms improved workers' organisational presence and their demand for citizenship rights beyond the workplace.

According to Von Holdt (2003:61), employers and the apartheid state had no choice but to accept that "[African] trade unions could no longer be suppressed and [that] a more fruitful strategy would be to incorporate them into the industrial relations system, and to encourage a controlled form of trade unionism that could be insulated from the political struggle for liberation". Despite these reforms African trade unions, such as NUMSA, continued to view employers and the apartheid state with deep suspicion as they continued to suffer in a "white man's country" (Von Holdt, 2003:62). The reforms of the 1981 Labour Relations Act did little to eliminate the legacy of the apartheid workplace regime such as low trust, low levels of skills, a reluctance to identify with the goals of the enterprise, and the racial division of labour (Von Holdt, 2003).

NUMSA did not have any coherent strategy in the 1970s and 1980s to respond to the restructuring of work. The lack of a coherent workplace restructuring strategy is due

largely to NUMSA's struggle for the right to unionise and represent its members, and against the apartheid system. With the changes in the domestic political and economic context in the early 1990s, NUMSA became more interested in industrial and workplace restructuring. The 1990s marked a historic departure from resistance to reconstruction and co-operation within NUMSA (Von Holdt, 2003; Forrest, 2005). It was only in the 1990s that NUMSA developed a coherent and comprehensible strategy to engage industrial and workplace restructuring.

In 1990 Nelson Mandela and many other political prisoners were released, and the South African Communist Party (SACP), African National Congress (ANC), Pan African Congress (PAC) and other political movements opposed to the apartheid system were un-banned (Von Holdt, 2003). This was followed by the first-ever non-racial democratic elections in 1994 and the inauguration of an ANC-led government. The political changes impelled the trade union movement, including NUMSA, to develop "a new strategy of reconstruction in order to contest and shape incorporation and the broader transition from apartheid" (Von Holdt, 2003:182). This was the beginning of NUMSA's attempt to engage more seriously with workplace restructuring. It is important that we understand the nature and character of the South African transition to non-racial democracy before I delve into NUMSA's strategy on industrial and workplace restructuring in the 1990's. The triple transition theoretical framework is a useful tool for analysing the South African transition from the racist apartheid regime to a non-racial democracy.

3.3.3 The triple transition

South Africa's transition from apartheid to a non-racial democracy has been characterised and conceptualised as a triple transition with three dimensions: political, economic and social (Webster and Von Holdt, 2005). This conceptualisation of the South African transition is useful in setting the ground for our understanding of NUMSA's engagement with workplace restructuring and work reorganisation in the 1990s. The triple transition theory is premised on the argument that South African transition is complex and contradictory.

The demise of the apartheid regime (the political transition) as a system of political domination was accompanied by promulgation of non-racial "democratic and social rights for workers, trade unions and citizens [the social transition] and generated at the same time an intense contestation over realisation of these rights" (complex and contradictory*)* (Webster and Von Holdt, 2005:2). According to Webster and Von Holdt (2005:12), this transition has "impelled profound processes of redistribution of power and access to resources, occupations and skills, together with intense struggles over these".

Due to the increased internationalisation of production and trade liberalisation (the economic transition); the South African metal sector was thrust into embarking on workplace restructuring and reorganisation of work in order to respond to the increasingly changing economic and political environment. These changes manifested themselves through the introduction of new technologies, production systems and work methods, reorganisation of work, outsourcing and retrenchments. Indeed, the apartheid economy thrived through protectionist economic policies such as the import substitution industrialisation (ISI) strategy, and the disenfranchisement of black workers from industrial citizenship, what Von Holdt (2003) terms the apartheid workplace regime. However, these protectionist policies were abandoned as the ANC government adopted neo-liberal economic policies as instructed by the Washington Institutions—the World Bank, the International Monetary Fund (IMF) and the World Trade Organisation (WTO).

3.3.4 NUMSA and workplace restructuring in the 1990s

Overview

This section traces the origins of NUMSA's response to restructuring in the 1990s. The purpose is to provide a background to the union's current engagement with workplace restructuring and work reorganisation. It then goes on to discuss in detail five challenges that confronted NUMSA strategy on workplace restructuring in the 1990s, namely:

- failure to implement the strategy because of contestation over the shift within NUMSA;

- deteriorating organisational capacity and leadership drain;
- the failure by leadership to transmit knowledge and skill on workplace restructuring;
- the gradual eclipse of the Research and Development Groups (RDG's); and
- a low-trust environment between NUMSA and employers.

NUMSA can and must learn from its past experiences in dealing with workplace restructuring and work reorganisation on the shop floor. It can draw on its rich history as it strives to resolve the many dilemmas facing labour in the current situation.

Factors leading to restructuring

Drawing from Lipietz's (1987) concept of "peripheral Fordism", Gelb (1991) presents "racial Fordism" to explain peculiarities of the Fordist labour process under the apartheid regime in South Africa. As indicated earlier, the Fordist labour process has always been associated with mass production and mass consumption. However, "racial Fordism" in South Africa was not characterised by mass consumption norms as theorised by most social scientists (Gelb, 1991).

During the apartheid regime, consumer goods were largely consumed by the wealthy white minority community. Through its import-substitution strategy, the apartheid regime was able to create employment opportunities for its citizens, albeit through a racial labour market policy (Gelb, 1991). Well-paying jobs, such as supervisors, engineers and accountants, were reserved for the white working class. This was a social group which was able to participate in mass consumption of durable consumer goods. This shows that Fordism in the apartheid South Africa had its own peculiarities.

The restructuring of work in the South African metal industry had made significant inroads by the 1990s. This involved adoption of production systems such as the Japanese Just-in-Time system and accelerated automation of the production process—there was a general transition from the Fordist labour process to the post-Fordist labour process. The

JIT production method placed significant pressure on the work process "to ensure that orders are met in the required time once they have been placed" (Ngoasheng, 1992:4).

As discussed in Chapter Two of this report, the Fordist labour process was characterised by rigid separation of tasks among workers, repetition of tasks, mechanisation, removal of control of the labour process from the shop floor to management (Taylorism), and mass production of standardised products on an assembly line (Ngoasheng, 1992:3). Retrenchments, rapid introduction of new technologies, precarious work, intensification of work and the reorganisation of production are some of the common outcomes associated with this phase of workplace restructuring.

In March 1992, NUMSA published a document titled *NUMSA Restructuring Booklet* in which major changes in production are identified and discussed. This booklet is important because it highlights some of the characteristics of what today is known as the post-Fordist labour process. According to Webster (1985), the crisis of the Fordist labour process could not be sustained because of the continuous shop-floor resistance triggered by the growing sense of alienation, decreasing worker motivation, boredom and fatigue. The NUMSA (1992:6) booklet further notes the following "major changes that have begun to take place":

- New technology: The use of computers at various stages of production has made it possible to improve the integration, quality, speed and accuracy of the processes. This includes Computer Aided Design (CAD) and Computer Aided Manufacture (CAM). In some cases the whole manufacturing process is integrated through Computer Integrated Manufacture (CIM).

- New work practices: A much greater emphasis has been placed on producing to order and on keeping stocks low through the use of Just-in-Time and Total Quality Management.

- Plant layout: The focus has been to develop logical, smooth, uninterrupted production flows through the use of systems such as Cellular Layout and Kanban.

The reality is that production techniques and methods seldom remain static. Instead they change with the times as employers search for innovative tactics to cut production costs and improve their competitiveness (Thompson, 1983). The introduction of new production technologies, automation, the reorganisation of work and work orientation are directly linked to the debate around the changing nature of work in the current period. It is useful to distinguish between *static and dynamic* flexible production strategies.

With static flexible production strategies, employers reorganise work without necessarily changing production systems and methods (Deyo, 1997). The main objective of a static flexible production strategy is to reduce production costs through precarious forms of employment such as part-time workers, short-term contracts and outsourcing—in other words, the casualisation and externalisation of labour (Deyo, 1997). Dynamic flexibility, on the other hand, involves employers' attempts to multi-skill their workforce and encourage worker participation in production on the shop floor (Deyo, 1997). However, these two forms of flexible production strategies are not mutually exclusive: "The dynamic and static flexibility regimes can co-exist, particularly in workplaces that are in transition" (Masondo, 2003:16). NUMSA's *(*1992) *Restructuring Booklet* indicates that the union's response to these changes is important in determining its control of the labour process.

At its Second National Congress in 1989, it was evident that NUMSA (1989) was increasingly bothered by "the crisis of accumulation and greed causing managements to try many strategies to cut costs in the workplace and to weaken the union". Deregulation, flexible production, rationalisation, forced increases in productivity, co-optation and retrenchments were among the factors that employers used in order to maximise profits. The 1989 Congress made bold commitments to fight employers' quest for production flexibility and changing work practices without negotiations.

These were among the factors that thrust NUMSA into developing a strategy aimed at guiding the union's engagement with workplace restructuring and the reorganisation of work. Noting the adverse effect that workplace restructuring had on workers, NUMSA not only became extraordinarily vocal in condemning management's unilateral approach

to workplace restructuring, it also resolved to actively take part in the discussions around workplace restructuring at both workplace and industry levels (Forrest, 2005).

The union indicated its understanding that "metalworkers are under threat, as employers engage in unilateral restructuring of the industries" (Ntuli, 2001:2). The union then saw the need for a strategy that would guide its engagement with employers on workplace restructuring and work reorganisation. NUMSA's Fourth National Congress in 1993 resolved that "the bottom line to us as the working class is that any restructuring must have as its primary objectives the empowerment of working people through higher skills, job security, creation of new job opportunities, technological innovation appropriate to our needs, and a sustainable environment" (NUMSA, 1993:14). To achieve this, the union had to change its strategic approach to workplace restructuring.

NUMSA's workplace strategy in the 1990s derives its philosophical existence from the process that was to lead to the Reconstruction and Development Programme which emphasised the central place labour should occupy in building new institutions and transforming the workplace (Von Holdt, 2002). This implied a "new form of radical democracy which would extend worker power within the company, devolve responsibility and decision making to the shop-floor, replace authoritarian supervision with collective control of production by workers, and enhance workers' skills, and career prospects and pay" (Von Holdt, 2002:14). Achieving these objectives required the union to develop and embrace new organisational cultures and practices in its engagement with employers. This approach is known as "strategic unionism".

NUMSA embraces strategic unionism

In the 1970s and 1980s NUMSA was unable, and unwilling, to engage managements on workplace restructuring, but in the late 1980s it was "beginning to wield sufficient power to engage employers on broad economic issues and industry restructuring" in the auto and engineering sectors (Forrest, 2005:203). In a policy workshop in 1990, NUMSA resolved to reject the defensive approach towards initiatives by the state and employers. This meant that the union needed to constructively engage the state and employers on issues around restructuring of the economy, industry and the workplace with a strategic

objective to safe guard job security and create more jobs, ensure a living wage and meet the basic needs of the mass of South Africans (Forrest, 2005:253). Some NUMSA shop steward in the 1990's seemed determined to be "involved in everything that is taking place in our country … [and] also be involved in deciding what we want to see our company doing. We do not want to live in the past, where management had to think and decide for us" (Von Holdt, 2003:193).

With the looming new democratic dispensation, "the union became increasingly convinced of the need for a new strategy aimed at circumventing and combating the adverse impact trade liberalisation had had on workers and on the working class in general" (Maree, 2007:26). It was after these thorough considerations and deliberations that in the early 1990's the union made an in-principle commitment to restructure the union's approach on issues in a "move from resistance to reconstruction" (Maree, 2007:18). This was a transition in the union's history to 'strategic unionism'. According to Joffe (1992:7), strategic unionism in essence "means unions moving from being reactive to events, to becoming pro-active, take initiatives, and set the agenda".

At its Third National Congress in 1991, NUMSA (1991:9) resolved to initiate negotiations with employers around restructuring at company and plant level. NUMSA's (1992) *Restructuring Booklet* sees workplace restructuring as an inevitable process that the union had to accept. However, workers (and unions) have a choice—to be victims of restructuring or to lead the process. Determined to engage employers on workplace restructuring, the Fourth (1993) NUMSA National Congress resolved to embark on a massive capacity-building programme for shop stewards and organisers to be able to meet these challenges.

The 1996 Fifth National Congress took further resolutions regarding the nature of the collective bargaining agenda: "All changes to work organisation, including negotiation of technological innovation not unilateral implementation, must engender productivity not competition amongst workers" (NUMSA, 1996:15). To allow for effective engagement on these issues, the union was expected to develop clear and feasible guidelines for shop stewards and officials to ensure that they could deal efficiently with restructuring issues.

Improvement in productivity was no longer seen as "an issue left solely to the consulting industry or individual plants to sort out", but rather the union should engage employers on such issues (NUMSA, 1996:15).

In 1997 union policy stated clearly that "as a union we must demand the following issues to be negotiated with the unions: introduction of new technology, use of machine and line speed, work organisation and processes, new work methods and work reorganisation, working time and patterns, productivity and performance assessment, benchmarks, targets and production schedules, etc."(NUMSA, 1997:30).

NUMSA's workplace restructuring strategy in the 1990s can best be described as "strategic unionism", as it involved a more co-operative yet critical engagement with employers on workplace issues, including work restructuring (Forrest, 2005). It is worth noting that NUMSA's workplace restructuring strategy has always been driven by its political commitment to socialism. Scandinavian and Australian trade unions developed this form of unionism—that is, strategic unionism—in response to neo-liberal globalisation and workplace restructuring in general. According to Von Holdt (2003:188), strategic unionism has four main defining characteristics (also see Ewer, Hampson *et al., 1991;* Joffe, Maller and Webster, 1995):

- union involvement in wealth creation, not just redistribution;
- proactive rather than reactive unionism;
- participation through bipartite and tripartite institutions; and
- a high level of union capacity in education and research.

This shift in the type of engagement of the union leadership was captured by one of NUMSA's shop-floor leaders in 1994 when he argued that "the culture definitely has to change from a culture of resistance and un-governability to a culture of productivity" (Von Holdt, 2003:181). This was not just rhetoric. NUMSA shop stewards in some workplaces, such as Highveld Steel, agreed on a strategic vision to deepen workplace democracy. They did this by demanding more participation on production issues,

company competitiveness, training and pay for workers, and other issues related to workplace restructuring (Von Holdt, 2003:192).

A NUMSA policy workshop in 1990 resolved to proactively engage in economic policy formulation and workplace restructuring, instead of reacting to and mechanically resisting managements' initiatives (Forrest, 2005:253). Assisted by an Australian trade unionist highly experienced in the development of strategic unionism, in 1992 NUMSA adopted a negotiation strategy known as "the three-year programme". According to Von Holdt (2003), the three-year programme was premised on the union's assessment that employers were generally adopting "lean production" to mitigate the chilling effects of global economic competition. The overarching aim of the programme was to

> transform the apartheid workplace regime and construct a new non-racial order in the workplace based on workplace democracy, with the focus on 'intelligent production' rather than 'lean production'. Intelligent jobs meant an establishment of a 'new framework linking grading, training, skills development, pay and work organisation in the industry' (Von Holdt, 2003:187).

The programme also stated that discussions with employers on workplace restructuring must be grounded on the principles of job security and job creation (Forrest, 2005:290). Through this programme, the union demanded significant levels of control on issues of industry and workplace restructuring. Through this strategy, the union leadership aimed "to augment shop-floor worker control, create sustainable jobs for workers and to arrest employers' growing tendency to restructure unilaterally" (Forrest: 2005:242).

This approach to the workplace can best be described as a form of *negotiated restructuring* which may produce elements of the so-called high-performance work organisation, with its emphasis on improved working conditions, the incorporation of workers in decision making, new forms of skill and so on. This approach to production performance also appears to be intimately linked to a negotiated and strategic approach to overcoming the legacy of apartheid in the workplace through employment equity.

It could also be described as a form of "bargained corporatism" in which a trade union proactively discusses and negotiates policy formulation. Through bargained corporatism,

NUMSA's strategic approach to workplace restructuring was "to replace the racially segregated, authoritarian workplace with a democratic alternative where worker power would come through the development of skills and the devolution of decision-making to the shop floor" (Forrest, 2005:287). Employers and labour were expected to work together on workplace restructuring processes.

According to Webster, Macun and Joffe (1995:22), there are some lessons that can be learned from unions' engagement with changes in the workplace. Firstly, any change in the workplace needs to be clearly defined and its consequences identified in advance. Secondly, exclusion or refusal of unions to engage in these changes has proven counterproductive in that employers normally embark on restructuring that impact negatively on labour. Thirdly, participation thrives well in an environment of trust and information disclosure. And more importantly, "strong trade union capacity is central to effective organisational change" (Webster et al, 1995:22).

Challenges to the restructuring strategy

NUMSA has faced a number of challenges to its restructuring strategy including opposition from within, deteriorating organisational capacity, failure to transmit information about workplace restructuring to members, the gradual decline of the union's Research and Development Groups, and lack of trust between employers and unions. Each of these types of challenges is discussed below.

- *Opposition from certain sections of NUMSA*

The new strategy was not without controversy inside the union. The leadership tried to convince their constituency about the importance of engaging "employers in fruitful and creative discussions around restructuring of the industry". However, as expected from any union with a rich militant history such as NUMSA, this did not appeal to some militant sections of the membership who rejected the strategy as they viewed it as a betrayal to their struggle for increased wages, and better living and working conditions—the struggle for socialism (Maree, 2007:18).

Influenced by a visit by Sam Gindin, a leading left labour intellectual from the Canadian Auto Workers Union, the more sophisticated opponents of strategic unionism began to

describe NUMSA's position as a shift to the concept of "progressive competitiveness", in which labour adapts to global competition by developing new skills, enterprise bargaining and the discourse of post-Fordism (Webster, Lambert and Bezuidenhout, 2008:187).

It was not easy for the union leadership to pursue its new approach because of the unrelenting pressure from below not to depart from its traditional militant tactics. The union leadership argued that the shift did not imply an erosion of radicalism and militancy, but many members viewed this consensual approach with deep suspicion and regarded it as selling out to employers (Forrest, 2005). Some NUMSA members authored an internal discussion document that strongly rejected strategic unionism as not only being imposed on the union but as a betrayal of the struggle for socialism (NUMSA, 1990).

The document notes that NUMSA was confronted by a number of pressures from global capitalism, employers, the apartheid regime and its (regime) allies. It argues that these pressures "are from the enemy" and "have led to some fundamental shifts in our political line" (NUMSA, 1990). This document accuses the union leadership of failing to consult union members on its restructuring strategy, and that it its formulation transgressed the union's principle of worker control. This strategy, they argue, seemed to be driven by a "new politics" of "restructuring for reconstruction", "New Realism" and "Social Contract", which does not come from NUMSA members but rather demonstrates that NUMSA had succumbed to political pressures from employers and the capitalist system. As the document indicates:

> Nowhere do we hear locals speaking this language. No, this politics starts with the bosses. And then there are people who take this politics into our movement … there are caucus meetings at the top, where new policies are formulated above the heads of workers. Then these policies are simply presented inside our organisation as finished proposals. We are then given the chance to discuss these proposals in our structures, before they are adopted as policy in the CC [Central Committee]. Comrades, you can see that this politics starts at the leadership level. Our members are reduced to the role of spectators (NUMSA, 1990:2).

Despite this widespread internal resistance, the union national leadership seemed determined to pursue strategic unionism on workplace restructuring (Forrest, 2005). The leadership was genuinely committed to a "more consensual style in the industrial council in the hope of engaging employers on industry restructuring" (Forrest, 2005). The failed NUMSA metal engineering industry strike in 1992 was an important lesson for the union, and it later changed its engagement approach with employers. The strike demands were largely on wage increases, but they were badly timed because of the major economic recession at the time.

Following this 1992 failed strike, the union leadership came to accept that they "could not continue on a course which threatened members' job security especially as emerging global competition further threatened jobs" (Forrest, 2005:266). The fear was that embarking on strikes would ultimately destroy the industry through factory closures and massive job losses, thus frustrating the union's desire for economic growth and development. The union leadership was caught between engaging employers more proactively while at the same time trying to balance this with the demands for adversarial bargaining from the militant membership.

Strategic unionism did not work well because some members within the union saw it as incompatible with NUMSA's socialist political programme.

- *Deteriorating organisational capacity and leadership drain*

It is quite ironic that at the time when NUMSA was adopting a new strategy there was a general deterioration of organisational capacity to comprehensively deal with issues outside negotiations on wages and working conditions; this was evidenced by the organisational weaknesses of most COSATU affiliates at the plant and regional levels (Buhlungu, 1999). In 1992, the then organising secretary and now general secretary of COSATU, Zwelinzima Vavi, was quite frank about the organisational challenges at the time. He made it clear that the trade union movement in South Africa was confronted by "deteriorating organisational capacity" (Buhlungu, 1999). The 1992 report on the investigation into the issues in the National Bargaining Forum also shows that "NUMSA leadership is weak in the regions, strong at the centre" (NUMSA, 1992:4).

This sentiment would later find resonance in COSATU's (1997:168) September Commission Report on the future of trade unions, which frankly noted that shop stewards found most of the issues they confronted to be too complex and difficult to deal with. In 1997 the September Commission had organised a two-day seminar with thirty shop stewards from COSATU's manufacturing and mining affiliates to discuss their experiences with workplace change. The seminar identified a number of weaknesses in union responses to restructuring:

- Unions lack policy and direction on workplace restructuring.
- As a result, the unions are reactive rather than proactive.
- Shop stewards develop their own initiatives without support from union officials.
- Sometimes the union is left on the sidelines as workers respond directly and accept voluntary retrenchments, promotion, etc.
- The unions lack capacity to engage effectively and to support shop stewards (COSATU, 1997: 110-111).

- *Failure of the leadership to transmit knowledge and skill on workplace restructuring to ordinary members*

It is clear that workers battled to engage with complex issues, such as those related to the changes in production methods and systems, and the general re-organisation of work. Union leaders with skills and experience on these issues were often "over-stretched and thus unable to find time to share their knowledge with workers and shop stewards" (Buhlungu, 1999:119). This was a serious problem, as workplace restructuring issues became the responsibility of a select few leaders in the union.

Some stewards had difficulty engaging employers on strategic issues and were often cornered and misled by management to agree to certain changes without due consideration for the long-term implications of such agreements. The Human Resources Director at Volkswagen South Africa in Uitenhage elaborated on the difficulty faced by shop stewards in adapting to participatory management: "The shop stewards are unsure of themselves a lot of the time…. Quite frankly these guys don't really know what the hell we are talking about. And a lot of them feel inadequate…. they are masters in the art of resistance politics" (Maller, 1992:36).

In one of the September Commission workshops in 1997, some NUMSA shop stewards were adamant that "lack of capacity was the biggest problem facing the unions in their struggles to democratise workplace relations" (Buhlungu, 1999:110). A NUMSA shop steward from Witbank, Lesley Nhlapho, was quite frank about the need for capacity building: "If we want to participate, the union must empower factory structures to take decisions on the spot, otherwise management will take decisions alone" (Buhlungu, 1999:112). Some shop stewards complained about the lack of a clear strategic vision in the union on issues related to workplace restructuring and work reorganisation.

There were concerns that some shop stewards and organisers did not fully understand the union's three-year programme. According to Forrest (2005:291), "The union tried to address these fears by urging shop stewards to put a restructuring item on the agenda of every workplace general meeting". The growing distance between the leadership and union members contributed to the lack of transmission of knowledge and skill on workplace restructuring. In the early 1990s, some union members raised serious concerns over "a big distance between our leadership and the mass of our members" (NUMSA, 1990:6). These members were also unhappy because top union leadership neither attended local meetings nor listened to workers in the factories and communities. When workers demanded to be involved in restructuring, they "were often told that we must be realistic and see what is possible" (NUMSA, 1990:3).

- *Gradual eclipse of Research and Development Groups*

Determined to give workers the capacity to engage in production issues, NUMSA established Research and Development Group (RDGs). These were established so as to "tap into workers detailed knowledge of operations, problems, and possible resolutions to such problems" (Forrest, 2005:366). The aim of the RDGs was to empower workers with skills and knowledge to take charge of their workplaces. The union's National Executive Committee (NEC) introduced union-based research groups which also discussed shop-floor issues and made recommendations to the union's constitutional structures for ratification (Forrest, 2005).

These groups were not only important for policy recommendations; "the aim was to nurture worker researchers who would acquire a detailed knowledge of their industries" (Forrest, 2005:246). NUMSA had a number of RDGs dealing with a variety of issues in areas such as housing, political economy, training and grading, health, collective bargaining, land, industrial restructuring and shelter. The industrial restructuring RDG formulated recommendations that later served as a basis for engagement with employers on workplace restructuring.

Established in 1988, the RDGs were defunct in less than half a decade and without any formal resolution to close them. There are various explanations for their demise (Forrest, 2005:248). One was that the research carried out by the RDGs was not communicated to ordinary members, and so many of their recommendations failed to gain support on the ground. The communication of information by RDGs to ordinary members was compromised by a high level of complexity of the issues: "Leaders themselves were grappling with new concepts, so that even when they tried to communicate them to members, they often failed". Another reason had to do with the mandate to develop policies. Since the groups were not constitutional structures, their work sparked serious tension between RDGs and the constitutional structures. There was a lack of co-ordination between the two types of structures.

The demise of the RDGs can also be attributed to NUMSA's failure to ensure active participation by members in the implementation of RDG ideas. However, Alec Erwin, then education secretary, downplayed these criticisms; he argued that "RDGs were a very successful approach … there were problems because as leadership we often ran ahead of rank and file. But I think that's a tension that you must live with" (Forrest, 2005:249).

- *Lack of trust between employers and unions*

The other challenge for NUMSA's strategic unionism in the 1990s was the lack of trust between workers and management. In its 1997 policy NUMSA demanded that "Employers negotiate with unions on work-reorganisation by giving information and discussing their strategic plans with unions" (NUMSA, 1997:31). Instead of giving workers full information, employers often negotiated in bad faith. This only reinforced

workers' conviction that "only militant resistance delivered gains" (Forrest, 2005:286). Strategic unionism cannot exist in an environment characterised by low trust between a union and an employer. According to Webster *et al.* (1995:21), "any commitment to participatory practices is unlikely to be effective if it is not associated with the open and free exchange of information concerning, in particular, proposals and production conditions".

The intensity of global economic competition put pressure on employers; as a result they became more receptive to the union's support for consensus-oriented industrial relations (Forrest, 2005). In 1992 the union adopted a new and coherent bargaining strategy heavily inspired by the dilemmas confronting both the union and employers at the time. Workers were haunted by the spectre of possible job losses while, on the other hand, employers feared low productivity and the possible demise of industry in South Africa (Forrest, 2005). Both parties began to agree to some consensus-seeking arrangements.

In the 1980s the union rejected management's attempts to introduce worker participation schemes; by 1993, however, the union "viewed such innovations as a way of winning more control on the factory floor" (Forrest, 2005:326). This was the beginning of the shift towards strategic unionism. Concerned over the expansion of "productive output" and wishing to put an end to "unrelenting job losses" due to trade liberalisation and associated consequences (Forrest, 2005:203), NUMSA adopted a "strategic engagement" approach towards economic and workplace restructuring (Masondo, 2003:28). The basic idea was that the union should actively participate in the restructuring process as a way to defend workers' "interests through democratisation of the workplace, gaining access to skills, and improving wages and working conditions" (Masondo, 2003:28).

The union agreed to accept the workplace changes necessitated by the broader global economic restructuring but expected a trade-off from employers in terms of their commitment to providing training, improved wages and conditions of employment, and more consultation on workplace issues. In 1992 the union actively participated in the Electronics Sector Standing Committee in the Department of Trade and Industry (DTI). It was also an active participant in the 1992 Motor Task Group appointed by the Ministry of

Trade and Industry; Les Ketelldas and Alec Erwin were the NUMSA representatives in the task team (Forrest, 2005). The Motor Industry Authority was viewed as a formidable vehicle for engaging employers on workplace restructuring, albeit at an industry level.

In the early 1990s economic recession deepened and "mass unemployment became a permanent feature" (Forrest, 2005:203). NUMSA members were among the main casualties of trade liberalisation in the early 1990s. Many of its members were retrenched, and precarious forms of employment were introduced in some companies. This deepened the mistrust of members towards employers.

3.4 IG Mettal's experiences with workplace restructuring

3.4.1 The 'coalition for industrial modernisation' and IG Mettal's complacency in the 1970s

In the early 1960s IG Mettal established the Department of Technology and Atomic Power. This department was responsible for developing and co-ordinating IG Mettal's responses to work restructuring, and to technological change in particular. In the 1960s and up to the mid-1970s IG Mettal was generally receptive to workplace restructuring as long as it did not tamper with the social contract. Some scholars have described this period in Germany as one characterised by a "coalition for industrial modernisation" between labour (including IG Mettal) and capital (Thelen, 1991:184).

This coalition was strengthened by the spectacular economic growth and development in West Germany at the time. During the heydays of the social partnership between German capital, labour and the state, IG Mettal adopted an *apathetic response* to workplace restructuring. Throughout the 1960s and early 1970s IG Mettal's strategy towards workplace restructuring was characterised as "sanguine, even generally enthusiastic" (Thelen, 1991:184). In other words, the union did not pay particular attention to workplace restructuring because of the social consensus established between labour, capital and the state.

The social contract resulted in IG Mettal being complacent about work restructuring. At the heart of the coalition for industrial modernisation was a normative trade-off between capital and labour in which IG Mettal agreed to work restructuring in order to simultaneously support the government's export-oriented development strategy and capital's quest for profit maximisation. In turn IG Mettal expected spill-off benefits from the resultant productivity gains "through increased benefits, shorter working times, and better working conditions" (Thelen, 1991:147).

Consistent with the principles driving the coalition, IG Mettal resolved at its 1965 National Congress that restructuring of work was a necessary precondition for national economic growth and development (Thelen, 1991). If labour needed increased benefits, higher wages and shorter working time, production systems had to be restructured on a regular basis. The congress resolved that workplace restructuring was acceptable as long as it did not compromise workers' job security and conditions of employment. The congress also noted that "if companies do not adapt in time to the technological standards in their sectors they will lose their competitiveness and be out of business" (IG Mettal, 1965:61).

Up until the late 1960s IG Mettal was so complacent about workplace restructuring such that it optimistically characterised it as "technological progress" (Thelen, 1991). The short-lived post-war national economic recession in the period 1966 to 1967 did not have much negative impact on workers because of the Rationalisation Protection Agreement signed between IG Mettal and employers at the national level (Thelen, 1991). The main thrust of this agreement was protection of workers against any negative consequences of workplace restructuring. The 1966 national economic recession was a breakpoint in that for the first time IG Mettal begun shifting from the complacency that characterised its engagement with workplace restructuring in the better part of the 1960s.

3.4.2 Late 1970s: IG Mettal's complacency wanes

In the late 1970s IG Mettal begun to adopt an interventionist approach in its engagement with work restructuring. In its efforts to ensure more meaningful worker participation in

workplace restructuring, the union embarked on an intense political lobbying process aimed at securing co-determination rights on work restructuring. The union failed in its bid at that time. However, its efforts culminated in the amendment of the 1972 Works Constitution Act to include the right for workers to be informed and consulted on employers' plans to restructure work (Thelen, 1991). This was a great achievement because the revised law mandates a legal obligation on employers to inform and consult workers about their plans to introduce new production systems and methods or "other significant alterations in plant or equipment and ... on questions relating to certain aspects of structure and organisation of work, working conditions, and job design" (Works Constitution, 1972:90).

In the 1970s IG Mettal also initiated a programme, the humanisation of working life, whose main objective was to safeguard the interests of the workers during work restructuring processes. As part of its this programme, IG Mettal successfully lobbied the government of the time, in particular the Federal Ministry of Research and Technology and the Ministry of Labour, to initiate a research project called Humanisation of Working Life (*Humanisierung des Arbeitslebens, HdA*). The common driving principle behind the programmes developed by IG Mettal and the government was that change in work should not be to the detriment of workers' working conditions and job security (Thelen, 1991). According to Thelen (1991:188) and Pohler (1979:9), the Humanisation of Working Life research programme had four main goals, namely:

- to develop worker protection measures and establish minimum standards for machines, systems and plants;
- to develop 'humane' production technologies;
- to devise and test new modes of work organisation and job structures for subsequent diffusion; and
- to disseminate and apply "humanisation" findings, and plant findings and experiences.

One of main findings of the Humanisation of Working Life research was that workplace restructuring was not at odds with the objectives set forth in IG Mettal's humanisation of work programme. As the then Minister of Research and Development, Hans Matthofer, puts it:

> A more humane organisation of work (*menschengerechtere*)… need not at all be at odds with economic necessities and goals. On the contrary: whoever thinks they can ensure their long-term competitiveness in international markets by striving for cost advantage at the expense of humane working conditions cannot reap lasting success (Thelen, 1991:188).

The VW Wolfsburg plant was among the companies in which the Humanisation of Working Life research programme was undertaken. The programme bore some fruit at the plant: the traditional assembly line techniques were abandoned and "a production system that gave individual workers maximum autonomy in performing their jobs, which could be accomplished either individually or in works groups" was installed (Thelen, 1991). In turn, this improved working conditions for workers. This shows clearly that IG Mettal has not only relied on collective bargaining, but also on co-operation with government in its workplace restructuring agenda from the late 1960s throughout the 1970s.

3.4.3 The 1980s economic crisis and increased interest in the Gestaltungspolitik

In the late 1970s and mid 1980s, Germany was confronted with a crisis of mass unemployment, rapid technological changes and the intensification of global competition. IG Mettal's "humanisation" project was at odds with the growing economic crisis and the rising unemployment in Germany. There was a general consensus in West Germany at the time that these challenges could be overcome partly through intensive restructuring of work and production, both at the micro and macro levels.

IG Mettal was not an observer during these difficult times; it "developed the most comprehensive vision of the future of work" (Silvia, 1988:168). The union became increasingly and more seriously involved in the politics of production organisation (*Gestaltungspolitik*) and its approach to workplace restructuring "became more guarded and critical" (Thelen, 1991:183). As was argued in the beginning, IG Mettal's strategy on workplace change has historically been influenced by the dynamics in the domestic and global balance of power. As Thelen (1991:182) indicates, the economic crisis of the late 1970s has "driven broad changes in the union's views and objectives on technology".

Whereas IG Mettal has generally accepted and co-operated with work restructuring, it has since the late 1970s been steadfast in its demand that restructuring not undermine workers' employment, skill and income (Thelen, 1991). The Works Councils became very important implementing machinery for IG Mettal's interventionist approach to workplace restructuring. Government and employers argued that part of the strategy to survive the crisis was to restructure work so as to improve productivity and competitiveness. However, this needed to be done within the government's *Modell Deutschland* (German Model) framework, whose original objective was to recuperate the German economy from the 1970s economic crisis (Beck, Klobes and Scherrer, 2005). *Modell Deutschland* was introduced by then Chancellor Helmut Schmidt, who was elected in the 1976 German general elections.

According to Beck *et al.* (2005:2), the German Model is normally associated with "the successful marriage between international competitiveness and social consensus". Through the *Modell Deutschland*, Helmut Schmidt aimed to sustain the corporatist political structures inherited from the National Socialist Germany and at the same time sustain the social contract between the market, society and the state. The partnership between labour and capital ensured the industrial and social peace necessary for recovery from the 1970s economic crisis. In turn the government performed its role as "social insurance against the risk of joblessness, financed solidaristically and equitably by capital and labour" (Beck *et al*., 2005:4).

During the hey-days of *Modell Deutschland,* labour and capital had to work together in their common goal to achieve higher wages, quality, performance and productivity increases (Beck et al, 2005). Nevertheless, *Modell Deutschland* did not protect all the workers' interests: industrial restructuring culminated in the proliferation of atypical forms of employment, and technological changes negatively affected workers—such as ergonomic problems, lay-offs and even retrenchments. In 1978, IG Mettal embarked on a strike in the Nord Wurttemberg/Nord Baden region in demand of "protection for workers adversely affected by technological change" (Thelen, 1991:192).

As usual, the union entered into an agreement with employers in which it is stated that workers must be protected against "downgrading through an eighteen-month income guarantee for workers transferred to lower paying jobs as a result of rationalisation" (Thelen, 1991:192). Even though the union did not come out empty-handed from the 1978 strike, this served as a confirmation to labour that the political economic context was no longer favourable for the advancement of its strategies and interests. The 1978 strike was not only an expression of the growing frustration of the negative impact workplace restructuring had on workers, but also a clear signal that the balance of power was tilting in favour of capital.

As the *Modell Deutschland* was finding it difficult to yield the intended positive results for workers, IG Mettal gradually abandoned government as its tactical ally through which to advance its workplace restructuring strategy. The changes in the German political economy landscape which saw the inauguration of the conservative government in 1982 and the 1980s economic recession necessitated a change in IG Mettal's approach to work restructuring. According to Thelen (1991:183), IG Mettal resorted to industrial action and collective bargaining "as the primary arena for pushing its technology [workplace restructuring] policy".

The coalition for industrial modernisation between IG Mettal and the Social Democratic Party led government buckled down under the economic stagnation in the late 1970s. In 1979 IG Mettal's head of the Automation and Technology Department, Karl-Heinz Janzen, condemned the government for supporting unilateral "job-destroying rationalisation measures" (Thelen, 1991:190). The confrontation between IG Mettal, and employers and government became more profound and sharp. As Silvia (2005:155) nicely puts it: "A bitter clash between the unions and Helmut Kohl's coalition government dominated West German politics from the fall of 1985 until well into 1986".

IG Mettal harshly criticised and dismissed the once celebrated government–driven *Humanisation Programme* as no longer useful in addressing the chilling effects of

workplace restructuring in the 1980s. Thelen (1991:191) points out that "IG Mettal increasingly charged employers with using HdA [*Humanisation Programme*] funding as a ruse and vehicle for state-subsidised rationalisation projects". In 1984 IG Mettal embarked on a very effective strike in the metal processing industry of West Germany in demand for a shorter workweek (Silvia, 1988). It also rejected the government's plan to scrap unemployment benefits for workers in the event that work was disrupted owing to a strike in another region in Germany. The supply logistics in the metal processing industry had intensified the interdependence between original equipment manufacturers and suppliers. In light of this government tried to revise Paragraph 116 of the Works Promotion Act to exclude payment for lost working time to workers indirectly affected by strikes in other regions in Germany.

For example, if supplier A in Hessen region embarks on a strike that halts production in a BWM assembly line in Bavaria, indirectly affected workers at the BMW in Bavaria would not receive any compensation whatsoever for the lost time due to the strike by workers in Hessen. IG Mettal demanded that government suspend its problematic plan to revise Paragraph 116 as it stood against "the inviolable social entitlements that the major West German parties commonly accepted as part of the modern welfare state" (Silvia, 1988:165). Surprisingly the president of the government's Federal Labour Office, Heinrich Franke, reiterated the government decision to scrap unemployment benefits to workers indirectly affected by strikes in other German regions.

By shortening the workweek, IG Mettal had aimed to lower the rampant unemployment of the time, stimulate demand and ultimately contribute to economic growth. Employers had already pronounced as early as 1979 that they would not succumb to any pressure to lower the workweek below forty hours. In the same year, that is 1979, the Confederation of German Employers (*Bundesvereinigung der deutschen Arbietgeberverbande*) called upon all its affiliates not to lower the length of workweek below forty hours. The then deputy president of IG Mettal, Franz Steinkuhler, announced that the union had a strike strategy—called "minimax"— that would ensure that employers conceded to workers'

demands for a shorter workweek and the payment of unemployment benefits to workers indirectly affected by strikes in other regions.

According to Silvia (1988:164), the minimax strategy involved "a minimal deployment of strikers and union funds to bring maximum pressure on the employers". Central to the minimax strategy during the 1984 IG Mettal strike was what Webster *et al.* (2008) refers to as "logistical power". This strike was highly concentrated and directed at a few key supplier firms in the North Baden-North Wurttemberg and Hessen regions. The intention was to disrupt the automotive industry's supply logistics chain strategically to bring the entire German auto industry to a standstill.

Indeed, ten days into the strike the German auto industry was terminally paralysed, and production was brought to a halt (Silvia, 1988). Despite their continued arrogance and resistance, the employers and government could not pretend that everything was fine while production had stopped in one of the most strategic industries in Germany. In the end IG Mettal achieved some victories: it gained a work week of thirty-eight and one-half hours, but the issue of indirectly affected workers remained unresolved in the courts (Silvia, 1988).

For the first time in the history of IG Mettal, the union took the agenda on workplace restructuring more seriously because of the government's half-hearted commitment to the humanisation of work agenda. Government could no longer provide the social security which workers had enjoyed for many years. As Silvia (1988:156) puts it: "IG Mettal officials have found that labour's traditional task of defending workers from the arbitrary decisions of employers does little to combat rising unemployment or the adverse affects of new technologies". This was a clear indication to the union that the erstwhile "coalition for industrial modernisation" and Kohl's *Modell Deutschland* had been severely weakened and effectively redundant. These were the conditions which necessitated a change in the union's approach to work restructuring.

Concerned about losing the hard-won information rights and influence over workplace restructuring, IG Mettal was determined to "actively expand its ability to influence the structure of work itself" (Silvia, 1988:156). At its 1980 National Congress, IG Mettal mandated its national leadership to draw up a concrete and realisable workplace restructuring strategy in view of the apparent collapse of the coalition for industrial modernisation between labour and capital (Thelen, 1991). In order to ground its strategy on workers' concrete shop-floor lived experiences and to understand realities around workplace restructuring, the union undertook a survey involving 100 workplaces from 1982-1983.

An important outcome of this survey was that workplace restructuring, and technological change in particular erodes employment and job security, wages, skills and health. The survey results culminated in the drafting and adoption of a workplace restructuring strategy called *Action Program on Work and Production* in 1984. This strategy emphasises the dialectical relationship between workplace restructuring and the global political economy. It goes on to oppose the traditional "Tayloristic work structure" because of its emphasis on maximum division of labour that, according to the union, alienates workers and instigates a "low staffed, automatic, centrally controlled production process" (Silvia, 1988:156).

The union's vehement opposition to Taylorism was further fuelled by the fact that the majority of the companies in the German metal sector had planned to intensify the Fordist labour process, with particular emphasis on automation and division of labour. The union goes on to make realistic tactical consideration on how this anti-Tayloristic agenda must be taken forward: all metalworkers have a responsibility to change "the decision making structures in plants, in the economy, and in society, so as to extend worker and union influence over the organisation of new technologies" (Silvia, 1988:156).

In light of the change in the domestic political balance of power, the only hope for the success of this strategy would lie in shop-floor mobilisation and collective action (Silvia, 1988). This was in contrast to the 1970s where the coalition for industrial modernisation

was a primary source of power in the union's workplace restructuring strategy. IG Mettal members serving in the Works Councils were mandated the task of actively implementing the strategy in the workplaces. IG Mettal would negotiate only on wages and general work standards, whereas Works Councils would deal with shop-floor issues such as working time, changes in work organisation and other shop-floor production-related matters (Thelen, 1991).

The union's shop-steward committees in workplaces worked together with IG Mettal's members in Works Councils in their quest to optimise and improve work standards. This was a strategy through which the union leadership envisaged a "mass movement of mobilized and technologically sophisticated workers in 1 000 or more plants (Silvia, 1988:157). The union's national and regional structures had to work with shop-floor union committees through providing constant advice, resources and technical expertise on issues related to workplace restructuring (Silvia, 1988). IG Mettal viewed changes to work organisation (*Gestaltung*) and the production system as an important issue that could not be left to management alone.

3.4.4 Neo-liberalism, restructuring and IG Mettal in the 1990s

Since the collapse of the Berlin Wall in 1989, neo-liberal globalisation has intensified competition among firms, thus accelerating pressures for new models of production and work (Amoore, 2000). The advent of neo-liberal globalisation has led IG Mettal into signing agreements on work restructuring issues such as working time flexibility, work organisation and wages with either individual firms or employer association bodies (Hancke, 2000).

The union's workplace restructuring strategy in the 1990s was becoming increasingly more confined to signing agreements with individual employers, and increasingly driven by the union's fear for capital flight. Hancke (2000) refers to this approach as "new style agreements", which in Germany are referred to as *Standortsicherungs-vereinbarungen* (agreements to secure production location). It is worth noting that most of these

agreements are signed between management and Works Councils, not necessarily with the union.

The first grand agreement to secure jobs was signed in 1993 at Volkswagen, wherein IG Mettal agreed on short time in order to save 30 000 threatened jobs in the company (Hancke, 2000). According to Hancke (2000:56), "This was followed in 1995 by the acceptance of flexible production schedules that adapted working time more closely to fluctuations in demand". This gradually gave birth to an unofficial strategy that involved a trade-off between trade union demands for job security and employers' demands for restructuring of work and production.

Initially, this was an unofficial strategy in that it was not adopted by any union structure. In other words, IG Mettal's restructuring strategy in the 1990s initially emerged not as a union policy, but as practice by union officials. To this date, Germany is regarded as the first country in the post-Cold War era where employers and trade unions entered into formal agreements guaranteeing both workplace restructuring and job security (Hancke, 2000). Implicit in these agreements is the nationalist-protectionist tendency based on IG Mettal's fear for possible capital flight into cheap-labour zones. In the 1990s the German government was actively involved in the debates and negotiations on work restructuring.

For example, in 1996 the government took a controversial decision to cut employer contributions to employee sick leave by 20%. This was an outcome of employers' concern that they were unable to sustain the 100% sick pay because of the changes in the global political economy (Hancke, 2000). This decision was met with strong opposition from the trade unions, including IG Mettal, and subsequently resulted in an agreement between employer associations and trade unions. The unions were successful in reversing the government's decision to cut the sick pay, but they had to agree to a wage restraint in the 1997/1998 bargaining period (Hancke, 2000).

The industrial and workplace restructuring wave of the 1990s exerted pressure on the German industrial relations system to the extent that it threatened to undermine "the

Works Council's bargaining autonomy and traditional role as a protector of workers' rights, as it is now more involved in company restructuring processes than ever before" (Beck *et al.*, 2005:6). According to Beck *et al.* (2005), about one-third of jobs in companies employing more than 1 000 workers were lost in the period between 1989 and 1996.

Reliance on the Works Councils to implement the strategy was one of the major challenges for IG Mettal in the late 1980s and 1990s. According to German labour law, trade unions are responsible for collective bargaining on (quantitative) issues related to wages and work standards, while Works Councils deal with qualitative shop-floor issues such as working time, payment methods or organisation of work (Thelen, 1991). Whereas IG Mettal has its shop-stewards committees in different workplaces, the law only recognises the Works Council as a legitimate worker representative structure. In the 1980s and 1990s this proved difficult as the union was becoming reliant on the Works Councils to implement its strategy on workplace restructuring.

Thelen (1991) argue that IG Mettal could not achieve its workplace restructuring goals through central bargaining due to the peculiarities of individual companies. Some of IG Mettal's workplace restructuring goals such as job rotation and group work could be provided for in the central bargaining framework but Works Councils had to push for the realisation of such goals in individual plants (Thelen, 1991). Some Works Councils could not effectively advance the union's workplace restructuring agenda, and this created problems for its strategy.

3.5 Conclusion

This chapter has made an attempt to outline and discuss IG Mettal and NUMSA's responses to work restructuring from 1970 to the late 1990's. IG Mettal has enjoyed the benefits of institutionalised participation whereas NUMSA has suffered under the wrath of what Karl von Holdt (2003) calls apartheid workplace regime. It was argued that since the late 1970's, IG Mettal has adopted a proactive stance in its engagement with work re-organisation. On the other hand, NUMSA's primary focus was on the struggle for

freedom of association and organisational rights, and against the apartheid regime as a system of racial domination. It was only in the 1990's that NUMSA developed a strategy to respond to the major industrial and workplace restructuring in the metal sector. The chapter also discussed challenges faced by the two unions in their responses to work restructuring in this period.

CHAPTER FOUR

The pressure to restructure

4.1 Introduction

The previous chapter discussed the responses of IG Mettal and NUMSA to workplace restructuring from 1970 to the late 1990s. Using Volkswagen's Uitenhage and Kassel plants as case studies, this chapter comparatively studies their responses to workplace restructuring from the period 2000 to 2009. The key finding of this research is that Works Council members at the VW Kassel plant are more proactive and effective in their engagement with work restructuring processes than the shop stewards at the Uitenhage plant. The chapter proposes two arguments to explain the variation, namely: different industrial relations systems, and the position of labour in the global division of labour.

The German industrial relations system empowers Works Council members at the plant to influence and shape work restructuring. Examples are given to illustrate the ability of Works Council to shape workplace restructuring at the VW Kassel plant through institutionalised participation. On the other hand, shop stewards at VW Uitenhage plant have little institutional space to influence workplace restructuring processes. This is not because they lack the will or capacity to engage or are ideologically opposed to workplace restructuring.

The research report argues that this is because decisions on work restructuring are taken unilaterally at VW headquarters in Germany—this I term *imperial restructuring*. This refers to the power of multinational corporations (MNCs) to unilaterally restructure work in their plants located in developing countries. The VW (Group) AG has installed new press, body and paint shops, and an assembly line at the Uitenhage plant without consulting the workers at all. The research report therefore argues that South Africa's position in the global division of labour and the current neo-liberal global development trajectory makes it easy for multinational corporations such as VW to embark on imperial restructuring of work.

Most shop stewards at the Uitenhage plant view the existing worker participation structures as not only bogus but also as a tactic employed by management to gain legitimacy in whatever they seek to do. In other words, for these workers, worker participation in the plant is not *real* but *pseudo*. Workers in this plant are not opposed to workplace restructuring *per se*. They view it as a necessary process and condition for sustained economic viability of the plant and securing their jobs.

In response to the 2008 global economic meltdown, management at the two plants introduced short-time work in order to avoid retrenchments. In Germany the social security system is strong and workers do not lose all the payment for the lost time owing to short-time work. Some of the lost time is compensated by the government-administered unemployment insurance fund. Whereas there have not been retrenchments in the Kassel plant as a result of the global recession, 400 workers in the Uitenhage plant were given voluntary severance packages (VSPs) during the crisis. The management at the Uitenhage plant also warned that unless the economic situation improves, the plant might be forced to shut down. The research also found that workers are more interested in participating in work restructuring when faced with uncertainty about job security.

4.2 Restructuring of work at the Kassel plant

4.2.1 Overview of the Volkswagen Kassel plant

Volkswagen was established in the era of fascism in Germany. At that time trade unions were banned, their leaders detained and taken to concentration camps, and their assets, among those of other civil society formations, were seized and used to establish Volkswagen—the *people's car* (Streeck, 1984). When fascism was defeated, trade unions claimed that VW was established from their assets and demanded their fair share.

This resulted in the emergence of stronger co-determination rights at VW (Juergens and Brumlop, 1986). The state of Lower Saxony owns 20% of VW and it is represented on the company's supervisory board. The influence of the state has its origin in the Nazi period in which VW was used as government's strategic machinery for advancing the

"project of National Socialist economic and social policy" (Juergens and Brumlop, 1986:74).

IG Mettal and the state of Lower Saxony have historically formed a coalition in the VW supervisory board, through which they wield significant influence over "the composition and policies of the firm's management" (Juergens and Brumlop, 1986:74). It is worth mentioning that collective bargaining in the German VW plants differs slightly from other companies in that country. Whereas other companies are legally mandated to bargain regionally, collective bargaining in VW is company-based—that is, the company negotiates directly with the majority union, IG Mettal, on wages and working conditions.

Located in the Nordhessen region, the VW Kassel plant was established in 1959 to produce and supply gearboxes for the VW Group assembly plants (VW, 2009a). The Kassel plant is the second-largest VW plant in Germany and is the leading component supplier to most VW assembly plants across the globe. In 2009 the plant employed 13 195 workers including 704 apprentices (VW, 2009a). Ninety per cent of the workers and 98% of the members of the Works Council in the plant are members of IG Mettal. There is an agreement in place between the Works Council and management that there shall be no industrial action or retrenchment in the plant until 2011. Works councils do not have co-determination rights on workplace restructuring; they only have information and consultation rights.

The production of gearboxes in the plant was initially done in the foundry and heat treatment shops. In subsequent years production extended to automobile engine parts, car spare parts and bodywork parts (Interviewee 1). Today the plant comprises six divisions, namely: the exchange programme, gear box manufacture, press shop and body shop, exhaust systems, foundry and CNC machining, and genuine parts division. The foundry supplies pre-processed raw materials to component production lines. The production system at the foundry includes instruments of such as Computer Numerical Control (CNC) machines in which material shaping (cutting, drilling, trimming to designs) takes place for supply to "points of consumption" (components assembly lines) (Interviewee

1). The foundry produces about 43 600 aluminium and 4 750 magnesium materials per year.

The gear box manufacture division produces both manual and automatic gear boxes. Under normal conditions, the division produces about 10 930 gear boxes and 650 rear axle gearboxes per day (VW, 2009a). The exchange programme division recycles and repairs car engines, cylinder heads and gear boxes, and its overall annual production volume is about 281 800 (Interviewee 2). The press shop produces about 1 100 metal sheets per day while the body manufacture section produces 60 000 units per day (Interviewee 2). The genuine parts division is responsible for the storage and distribution of final products to approximately 64 million group vehicles in more than 170 countries, including the VW plant in Uitenhage (Interviewee 1). Production at the plant resembles full beneficiation; it consists of a foundry (beneficiation of the raw materials), which is a department that initiates the production process from metal forming.

4.2.2 Workplace restructuring and labour's response at the Kassel plant

The crisis and labour's interventionist response

From the period 1993 to the early 2000s the VW Kassel plant experienced a crisis of overproduction—that is, the plant produced more than the market could absorb (Interviewee 6). The crisis was so serious that at the time management initially proposed retrenchment as a strategy to deal with the situation. This was indeed the most turbulent period for the plant. Management at the plant seldom resort to retrenchments as a strategy for resolving crisis, but this time they did (Interviewee 9). A member of Works Council members described the situation:

> These were difficult times…. management wanted to retrench but we refused it, our jobs had to be secure. We signed an agreement with management.... we both committed ourselves to work together [to improve the situation] (Interviewee 9).

Through negotiations with management, the Works Council successfully persuaded management to reduce working hours for each worker instead of retrenchments. One of the members of the Works Council recalls:

> We just could not agree with that crazy idea, working hours were reduced by 20 percent from the 35-hour working week to a 28-hour working week for each worker. This was the best strategy we could implement instead of losing jobs (Interviewee 6).

The shortfall in wages was offset by the German labour department's unemployment insurance fund. During the recovery period from 2001 until 2006 there was an increase in sales and profitability was restored (Focus Group 1). Had it not been for the Works Council's interventionist response to the issue, many jobs would have been lost. The philosophy behind the interventionist approach to workplace restructuring is clear:

> We need to shape processes in this company … because workers must not be left out … the consequences of any change must be seen in advance (Interviewee 4).

Failed attempts to shut down the plant and outsource the press shop

The chairperson of the Works Council at the Kassel plant argues that the growing competition in the global auto component industry in the period 2001-2006 exerted enormous pressure on the plant, to the extent that management proposed to shut down the plant. After the failure to close it down, they proposed outsourcing of the press shop (Interviewee 2). With the consolidation of international trade liberalisation, the plant was set in competition with other external suppliers of new-generation components to the OEM's. These external component firms supplied similar products at a relatively lower price and high quality. The situation was so dire that the then managing director of the plant, Dr Barnate, proposed a shutdown of the plant (Focus Group 1).

Following the Works Council's successful opposition to management's plan to shut down the plant, there was also an attempt by management to outsource the press shop. In regard to the plant shut-down proposal, Dr Barnate argued that the plant was no longer economically viable and at the verge of bankruptcy. He further argued that other

automotive companies had done away with manufacturing components in-house as it was an extremely expensive practice.

In terms of the press shop, the argument was that in the age of just-in-time production, press shops do not belong in components plants but in assembly plants. The press shop at the Kassel plant presses metal sheets and produces simple metal car parts such as roofs, doors, boots, and so on (Focus Group 1). Dr Barnate's argument was that, consistent with the restructuring trends in the global automotive industry, pressing metal sheets should be done in OEM.

Labour and the shut-down proposal

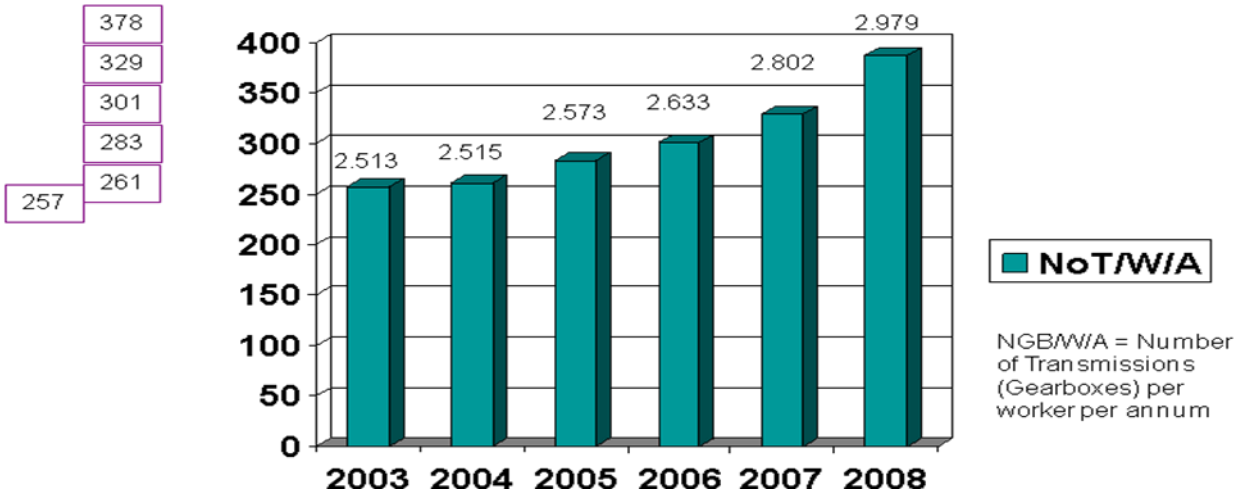
The Works Council successfully resisted management's attempts to shut down the plant (Focus Group 1). Following intense and lengthy negotiations over these issues, the Works Council entered into an agreement with VW which committed both parties to improving the plant's competitiveness in view of the growing competition from other components suppliers. The agreement states that both the company and the Works Council are committed to securing employment and improving the plant's competitiveness through optimising production processes (Interviewee 3).

This ultimately led to the restructuring of the production systems. New technologies and work methods were introduced in the quest to improve performance and competitiveness. The Works Council maintained its interventionist approach throughout the restructuring process so as not to allow management any space to repeat its proposal to shut down the plant. The agreement entered into between the Works Council and management not only commits the workers to strive for improvements in productivity but also in quality, cost reduction, meeting production schedule and flexibility—this also involves the reconfiguration of hours of work in order to respond to fluctuations in demand. Management also committed itself to guaranteeing workers job security (Focus Group 1).

The trade-off is clear and simple. Workers co-operate in ensuring that productivity is improved on the condition that there shall be no job losses during work restructuring

processes. One of the Works Council members, Carstens, stated that central to their success in halting management's plan to shut down the plant was that "we try not to be confrontational towards management", but they had to be careful as to how they co-operated because "there are always dangers that IG Mettal might be incorporated into the capitalist system" (Interviewee 7). According to Carsten the agreement carries with it potential risks such as an "increase in pressure and intensification of work" and "reduction of wages in the interest of company's economic stability" (Interviewee 7).

Despite the risks, the Works Council proved that productivity improvement was possible and that it was serious about the commitments made in the agreement. Production figures in the plant show a 30% increase in productivity from 2003 until 2008 (see Graph 4.1). In 2003 a worker produced 257 gear boxes per annum and in 2008 this had increased to 378 gear boxes per worker per annum.



The company did not have to increase working hours or reduce wages in order to improve productivity; instead it actively participated in workplace restructuring that involved automation of the assembly lines and production process optimisation (Interview 7). A Works Council member argued that it was their responsibility to improve productivity because "without this we lose out … the company can also close if there is no productivity. You see, we must fight for productivity so that we have jobs" (Interviewee 2). It is clear that Works Council members regard improvement in productivity as a prerequisite for job security guarantee.

Graph. 1 ***Productivity improvements in the VW Kassel plant***

Another member of the Works Council argued that since the establishment of the Kassel plant, the Works Councils has been confronted by specific challenges in different historical epochs (Interviewee 5). In the 1950s the agenda of the plant's Works Council was focused more on fighting for higher wages; during the 1970s economic crisis the focus was on working hours; the focus shifted to workplace restructuring in the 1980s and now they are trying to influence the production process in a manner that empowers the Council to productively engage management on any issues affecting the plant (Interviewee 7). In the current period the main goal of Kassel's Works Council is "to secure long term job security" (Interviewee 7).

The Works Council is constantly asking questions such as which products are to be manufactured, what quantity, whether a new production system increases productivity, which technologies are to be used and whether job security will be compromised as a result of work restructuring (Focus Group 1). The Works Council strongly believes that it is only through strategic engagement that they can be able to influence the production process to ensure that workers are not compromised. As one of the Council members neatly puts it: "As long as there are negotiations, there is no need for a strike. What we need is our jobs to be safe" (Interviewee 2).

A key challenge for the Works Council's strategic engagement on workplace restructuring is that not all workers (even Works Council members) have advanced knowledge on production systems and workplace restructuring in general (Interviewee 5). Asked about ability of Works Council members to effectively deal with workplace restructuring, one of the members indicated that:

> If you have at all worker representatives [members of the Works Council] who have real knowledge about this you will be lucky to get more than ten workers. There are those who would state that 'we do not care, what we care about is wages and issues affecting workers on the shop floor'. Automation is a hot potato when it causes problems (Interviewee 5).

The lack of advanced knowledge on the part of Works Council members is not necessarily a major disadvantage because "we can approach scientists … to improve our capacity and knowledge on production systems" (Interviewee 5). Quite understandably, it is difficult for members of the Works Council to know every detail of workplace restructuring because it takes different forms in different work stations: "The technical part of it has to be different in the assembly line compared to … say, for example, the press shop" (Focus Group 1). German labour law allows for Works Councils to commission external experts for technical expertise on workplace restructuring or any other issue. At the request of the Works Council members, management at the plant employed five experts to train workers on continuous improvement strategies (KVP) of the production systems (Focus Group 1).

Failed attempt to outsource the press shop

In 2009 the VW management in Kassel embarked on a failed attempt to close down the press shop on the grounds that it was not economically viable and inconsistent with just-in-time production principles. The "existence of the press shop has been questioned since 2005" but the question about its relevance in the plant only became more apparent in mid-2008 (Focus Group 1). Similarly to how Dr Barnate's attempt to close the plant was defeated, the Works Council thwarted the plan to close down the press shop, arguing that strategies to improve productivity must be sought first. The Works Council argued that if they succeeded in halting Dr Barnate's ill-considered plan to close down the entire plant, improving productivity and efficiency at the press shop would be relatively simple.

This time the Works Council used the 2006 agreement, which expires in 2011, as the basis for its objection to the management plan to close the press shop. The 2006 agreement clearly states that management ought to seek alternatives to increasing productivity and performance before considering the closure of a department. A Works Council member indicated that "some managers want to close the press shop but this can't be done since the [2006] agreement will not allow that to happen" (Interviewee 4). In August 2009 Works Council members claimed that "the press shop is now in a good position" (Focus Group 1).

The Works Council did not only resist management plans to outsource the press shop, but also used its institutional power to persuade the company to invest in new technology. Central to this is the hot-metal (up to 900°C) forming/pressing and hardening machinery and automation systems. This new technology was instrumental in improving quality and productivity. In 2009 the plant, with active participation of the Works Council, adopted new work processes and production systems that involved a variety of elements. These include continuous improvement strategies, use of methods time measurements (MTM) and restructuring of production lines for improved productivity and optimised processes—all these are elements of the post-Fordist labour process.

Continuous improvement strategies aim to eliminate waste, even on non-value adding processes and motions in the labour process. The methods time measurements are used in the labour process, particularly on production lines, to measure work process cycle time. MTM is intertwined with ergonomic designs of the workstation and work processes. A stopwatch is used only where the principles of MTM are not applicable such as on the old production lines. The gearbox production lines at the plant are among the new production lines. Compared to the old production lines, the new lines produce more output in the same time range. The new lines were introduced as part of continuous improvement of the production process.

Elimination or reduction of inventory between processes and work stations happens through what is called a supermarket, which supplies the production lines with required components in response to a signal. Through the work teams at the shop floor, workers in the plant are also actively involved in the improvement of work processes, such as logistics and production cost reduction (Focus Group 1). Following the introduction of new work processes and production systems the plant was able to improve productivity, and turned around from the negative situation widely publicised in the press during 2005 as that of an uncompetitive facility on the verge of collapse (Interviewee 8).

The restructuring of work also led to the reduction of the workforce in production processes. Some workers were retrained and redeployed to new areas in which volumes increased, but there was still a proportion that could not be redeployed. The improvement in productivity as a result of labour's intervention motivated the Works Council to demand in-sourcing of production of other components. In their collective efforts to strengthen the plant's competitiveness in the global auto components industry, the Works Council and management at the plant jointly agreed to automate the assembly line for the gear boxes in 2008 (Focus Group 1).

Works Council members were involved throughout the process of automating the gearbox assembly line and the final changes were also informed by their contributions in the restructuring process. The main difference between the old and new assembly lines is that the latter is smaller, optimises production, is ergonomically friendly and produces 30% higher than the old assembly line. Workers in the assembly line have now been reduced from eight to three. The other five workers have been redeployed to other departments. This was a direct outcome of the Works Council's intervention because it is not "prepared to compromise on job security" (Focus Group 1). Another Works Council member indicated that "other workplaces have rights to retrench but the VW has a special arrangement" (Focus Group 1). By this, he was referring to the agreement between the company and the Works Council which discourages retrenchments as a strategy for resolving financial problems at the plant.

Restructuring of work and more hopes

The Works Council members in the VW Kassel plant are determinedly committed to improving productivity in the company because in the absence of their efforts the plant might collapse (Focus Group 1). All this evidence coalesces to one conclusion: workers at the VW Kassel plant are proactive and interventionist in their engagement with workplace restructuring. They envisaged that soon we will be having electric cars, and they were already assessing what impact this would have in terms of work organisation and job security. In principle "the Works Council has agreed to the development of

electric cars. But we must first understand what this means for workers ... how it will affect our company" (Focus Group 1).

By September 2009 the Works Council was already working with university experts and technology institutes to help them understand the implications of producing electric cars on the company's competitiveness and job security. The Centre for Metal Forming Technology at Kassel University in Germany is among the institutes which the VW Kassel Works Council worked with to enrich its understanding on the idea of electric cars and technical aspects of work restructuring.

A Works Council member remarked: "It is our position that the collaboration between the university and research institutes might be very useful for us" (Interviewee 6). According to former IG Mettal official and former Works Council member at John Diehl, Konrad Seigel, this proactive approach to workplace restructuring is motivated by a philosophy that "management is too important a task to be left to management alone" (Interview, Siegel, 2009).

Structures for worker participation at the VW Kassel plant

The success of the Works Councils in shaping workplace restructuring in the Kassel plant can be explained in different ways. It is important to take cognisance of the existing institutional structures through which the Works Council (which consists largely of members of IG Mettal) advances its workplace restructuring agenda in the plant. VW Kassel has a variety of *power-centred* and *task-centred* structures for worker participation that deal directly with workplace restructuring. This includes work teams; monthly meetings between Works Council and management, location symposium, a weekly meeting between SOK and Works Councils make or buy committees (MOB), an ideas management committee and the planning committees of the Works Council.

These committees must be understood within the context of institutionalised participation as codified in the German industrial relations legal framework, such as the Works Constitution Act and the Co-Determination Act. None of these laws gives the Works

Council or the union any right to co-determine workplace restructuring—"it is not law that changes in production processes must be co-determined" (Interviewee 11). However, in practice, the VW Kassel plant Works Council co-determines workplace restructuring. This is because of the history of Volkswagen as a company that was established by workers' money.

Some members of the Works Council strongly believe that these worker participatory structures assist them to influence work restructuring processes:

> Yes, I can say we have influence in these committees. We present our views on what must be done to improve the company's economic performance. When we say this, yes the company listens to us and we feel good about this. The company wanted to close [the plant] in 2005 and the press shop, but we resisted these plans … because of our active involvement [in the committees] (Interviewee 4).

Work teams

The work team is an example of what Pateman (1970) conceptualised as *task-centred worker participation*. The work teams in the plant are aimed at soliciting workers' inputs on how productivity and quality can be improved, and production costs reduced. Each work station in the plant has a work team that consists of no more than twelve workers. All members of the work teams are elected by workers in a specific work station and team leaders are elected by the elected team. Team leaders are responsible for convening briefing meetings and consulting management on any issue related to the workplace, particular shop-floor production issues. The idea is that workers should have regular meetings to assess their progress with regard to eliminating waste and improving productivity and quality.

According to IG Metall's head of the Department of Work and Innovation, Dr Dietlief Gerst, the union policy on teamwork is that it must be supported and strongly encouraged:

> For IG Mettal it is important to have work teams. Research shows that work teams are effective. IG Mettal believes that work teams are very important and must be supported. [Without] the use of political strength

> [you cannot] develop your own vision on economic and social policy (Interview, Gerst, August 2009).

Dr Gerst mentioned the 1996 and 2005 *Studie von Ray* by Preher and the 2002 research titled *Benchmarking Study* done by the Institute for Applied Ergonomics to back the union's argument that work teams are effective. He further indicated that IG Mettal advocates for "semi-autonomous work teams" because "workers must take control of the politics of production" (Interview, Gerst, August 2009). Whereas the work teams remain organisationally intact in the VW Kassel plant, some companies in Germany are phasing out these teams because "employers want us to believe that work teams are not functioning well. They are trying to change the teams" (Interview, Gerst, August 2009).

The phasing out of work teams in some companies is not motivated by any sound economic or logical reasoning; instead this is "about ideology and political power … it is about class struggle" (Interview, Gerst, August 2009). It appeared to me that the VW Kassel Works Council regards the work teams as a means through which workers can acquire organic knowledge about production systems so as to improve the union's knowledge and expertise on work organisation and production systems. Almost all of the Works Council members I interviewed indicated, implicitly or explicitly, that it was important that workers understand the production process.

IG Mettal shop steward committee members in different workplaces, including the VW Kassel plant, are instructed by the union to play an active role in these work teams so that there is synergy with the work done by the union's deployees in the Works Council and to ensure that the teams remain relevant and that they are not abused or manipulated by management (Interview, Gerst, August 2009). As a Works Council member argued:

> Team work is our initiative that seeks to eliminate waste and reduce unnecessary movements. We cannot allow the company to tell us what the work team must do because they wanted to shut down this plant in 2005. This is our company; we will fight for its survival … without it we do not have jobs (Focus Group 1).

The Works Council also demanded training of team leaders in problem-solving techniques. The motivation is that this will capacitate them to respond to any issue on the shop floor without having to constantly consult supervisors.

Planning committee and ideas management committee

The *planning committee* is among the strategic committees of the Works Council responsible for dealing with workplace restructuring. This committee played an influential role in the Works Council's battle against the failed management attempt to close down the plant and outsource the press shop (Focus Group 1). The planning committee discusses management's plans on strategic issues such as investments and their impact on employment and location security.

It also monitors agreements related to, and advises the Works Council on, workplace restructuring. It seemed to me that this committee acts as a work restructuring advisory body to the Works Council. The committee in the VW Kassel plant sometimes invites IG Mettal representatives and experts to assist in dealing with complicated and highly technical problems.

The *ideas management committee* works closely with the work teams in making recommendations on how work processes and quality can be improved. One of the Works Council's booklets states fairly clearly that one of the chief tasks of the ideas management committee is "to activate existing potential in the form of ideas related to all areas of the company's activities and use these to the benefit of the company and workplace" (VW, 2006:12). These ideas are expected to enhance working conditions, reduce costs, and improve the quality of products and services.

Works Council members are rather less enthusiastic about the ideas management committee; one of the members stated that workers are discouraged from sharing their ideas because they are not remunerated for their ideas on how to best improve production:

> BMW, Daimler-Mercedes Benz pay their workers for their ideas … here workers feel cheated because VW does not give them any reward for their ideas. But if there is a deadly problem everyone fears for their jobs … it is only when there is crisis that workers are prepared to give their ideas (Interviewee 8).

Some of the work done by the planning, ideas management and other committees of the Works Council is discussed during the regular monthly meetings between the Works Council and management. The introduction of the new automatic gearbox assembly line at the plant was discussed in a series of monthly meetings with management. Sometimes special meetings are called to discuss urgent issues.

It is worth noting that some major workplace restructuring decisions can only be made by the company's supervisory board. Even if this is the case, the VW Kassel plant has two advantages in terms of influencing decisions in the supervisory board. Workers are normally guaranteed the support of the Lower Saxony state, which not only owns 20% of the company's shares but also has veto power on the board (Focus Group 1).

The state of Lower Saxony is usually reluctant to agree to workplace restructuring plans that would adversely affect the working condition for workers or threaten job security (Interviewee 11). This is largely influenced by the fact that VW is of strategic importance for the Lower Saxony state in terms of employment and economic growth in the region. Political parties fear that any mistake might result in them being voted out of government by the electorate, whose well-being depends on the existence and success of the plant. A member of the Works Council in the plant indicated that even though the plant employs about 13 000 workers, about "63 000 people are dependent on VW [Kassel plant alone] for living" (Interviewee 7).

The other advantage is that the chairperson of the Works Council in the plant, Jurgen Stumpf, is also a member of the VW supervisory board (Interviewee 7). He fully understands issues facing workers in the plant and he can lobby their interests with firsthand experience (Interviewee 8). In my interview with him, he demonstrated exceptional understanding of the workplace restructuring challenges confronting the VW

Kassel plant, such as outsourcing of production and global commodity chains in the automotive industry.

4.3 Restructuring of work at the Uitenhage plant

4.3.1 Overview of the VW Uitenhage plant

The VW Uitenhage plant is essentially an assembly plant for VW passenger cars. The plant originally begun in 1948 as the South African Motor Assemblers and Distributors (SAMAD), but was bought by Volkswagen Germany in the early 1950s following its successful licence application to assemble and market its cars in South Africa (Maller, 1992). Volkswagen's decision to establish the plant in South Africa was part of West Germany's reconstruction efforts from the devastating and destructive effects of the World War II.

The plant is situated in the Eastern Cape province of South Africa in a small and busy industrial town called Uitenhage. The plant was strategically located in the Eastern Cape because of its proximity to the harbour; this was an important economic consideration as most of the production parts had to be shipped from Germany (Maller, 1992). Being next to the harbour meant that the company would save transport costs. By 1957 the company employed about 900 workers and assembled 45 Beetle models per day. With the growing domestic demand, introduction of local content legislation and contracts from Volkswagen Germany, the plant substantially expanded its production capacity in the late 1980s to 350 cars per day and a workforce of about 8 500 workers (Maller, 1992). In 1966 the company was renamed Volkswagen South Africa (VWSA), and even to this date it is called by this name.

The VW Uitenhage plant prides itself as one of the first companies in South Africa to grant black African workers the right to freedom of association and organisational rights, in 1970. Indeed, VW is the first company in South Africa "to appoint full time shop stewards even though African trade unions were not recognised at the time" (VWSA, 2009:1). Workplace restructuring became profound in the late 1970s when the plant started to assemble the Golf model (VWSA, 2009). The company changed almost all its

production divisions, from the press shop to the assembly line, in order to accommodate the new model.

In 1989 the company introduced the Volkswagen Community Trust whose main responsibility was corporate social responsibility in the surrounding communities. In 1990 NUMSA signed a recognition agreement with VWSA management in which the company committed itself to affirmative action and employment equity (VWSA, 2009). In the early 2000s VWSA was regarded as a leader in the South African passenger market and was declared the passenger market leader in 2005, 2006 and 2007. In 2009 the plant was wholly owned by Volkswagen *Aktiengessellschaft* (VW AG), and its position in the South African economy was of strategic importance. It is one of the leading contributors to the South African economy in terms of foreign direct investment, skills development and technology transfer.

The production of cars at the plant is divided into four divisions, namely: press, body, paint and assembly. Restructuring of work in the plant takes place in these shops. The press shop bends and presses a variety of metal sheets (such as car roofs and door frames). The body shop constructs the shape or body of cars—it brings together all the parts from the press shop and puts them together on a platform to form a car shape. All material from the body shop is sent for painting to the paint shop (a car body is painted before it goes to the assembly line). Once all these processes are done, the painted body of the car is sent into the assembly line where a final product is produced. Cars are then sent to an open yard next to the plant for domestic and international distribution.

The Uitenhage plant gets some of its components from the Volkswagen Kassel plant, but it also relies on other components suppliers in the surrounding areas such as Johnson Controls (supplies seats), Good Year (supplies tyres), Faurecia Interior Systems (supplies interior plastic), Flextech (supplies side mirrors and cables), Bloxwich Industries (supplies metal pressing parts), Rehau Polymer (supplies bumper systems), Grupo Antolin (supplies headliner and door panels), and Schenelleke (supplies smaller technical parts).

The survival of these components supply companies primarily depends on the Uitenhage plant, without it there is no business. Its problems are spilled over to all these component suppliers. Adjacent to the VW Uitenhage plant is the newly established Nelson Mandela Bay Logistics Park (NMBLP) whose main purpose is to store and distribute components to the automotive assembly plants. A strike in one of the supplier companies has the potential to terminally disrupt production in the VW plant, and a strike in the VW Uitenhage plant itself can result in temporary layoffs of workers employed in most of these components supplier companies. In 2009 NUMSA was the major union

4.3.2 Workplace restructuring and the response by NUMSA shopstewards in VWSA

Background

At its Sixth National Congress in 2000, NUMSA argued that workers in the South African metal sector had encountered many attacks from employers as a result of work restructuring. It noted that concepts such as outsourcing, new technology, productivity, realignment, restructuring, right-sizing and down-sizing had became common place in the sector (NUMSA, 2000). At the Seventh National Congress in 2004 the union resolved that it had to be proactive in its engagement with restructuring because workers had lost jobs as a result of it. This was a clear indication of work reorganisation in the sector, and the automotive sector in particular. These were the issues which the union had to grapple with more seriously in the period 2000 to 2009, and beyond.

Volkswagen 2000 strike

The heated contestation over workplace restructuring between management and workers became more profound in 2000 when the shop-stewards committee at the Uitenhage plant signed an agreement with management on production targets and schedules. This agreement, known as VW Golf A4, was partly linked to the reorganisation of work because it included the need to "restructure production to meet targets of a massive order of vehicles by overseas customers" (Buhlungu, 2009:103). This agreement sparked heated debates amongst workers because the shop stewards did not consult workers in

signing the Golf A4 agreement. The tension arising out of the strike became so huge to the extent that some workers embarked upon an illegal strike (Buhlungu, 2009).

Among other things, the agreement included no overtime pay for weekends, a reduction of the break time, and compulsory overtime with no notice. These were the issues that did not go well with most workers at the plant. However, there is no consensus amongst scholars and within NUMSA on what actually caused the strike. According to then NUMSA General Secretary Silumko Nondwangu, the strike was merely an expression of "ultra-left" tendencies within the union. Mtutuzeli Tom, NUMSA President at the time, argued that this was an expression of the old guard that was opposed to change, and that the "A4 Agreement [was] a sell-out as it changed the whole culture of doing things" (Bolsmann, 2009:16).

This strike is relevant for this research because it illustrates one of the dilemmas facing the union in its engagement with work reorganisation and restructuring at the workplace. From the outset, it was evident that the strike was directed at the union leadership, not at Volkswagen management *per se*. As one worker put it, "It is exactly against NUMSA that we are striking" (Rachleff, 2000:6). The strikers felt betrayed by their own union which, in their view, was deviating from the historical tradition of worker control and internal democracy. Some of the strikers complained that they had not been consulted about the VW Golf A4 agreement before it was signed, and that they only heard about its signing in the media (Rachleff, 2000).

The 2000 VWSA strike demonstrates the way in which the role of worker representatives can be undermined by globalisation and the dilemma confronting NUMSA in the face of workplace restructuring. Worker representatives are being pulled, like pieces of elastic, between two positions. On the one hand, they face demands by management for workers to go on short time and to cut their wages. On the other hand, they are accused by their members of being co-opted because they have not succeeded in blocking management's restructuring strategy. The result has been a vote of no-confidence in their representatives and a destabilisation of South Africa's largest and strongest organised workplace.

Changes in production systems

In the early 2000s the VW Uitenhage plant introduced new production systems in order to improve its production output and quality (Interviewee 13). What is clear here is that restructuring of work in this plant is geared primarily at consolidating flexible production system as a principle underpinning the post-Fordist labour process. In 2006 the company introduced a highly automated paint shop—which cost the company R750 million. The plant's managing director, Andreas Totsmann, hailed the investment as an indication that VW AG has confidence in its South African plant (Czernowalow, 2005).

The main difference between the old and new paint shop is that the latter is highly automated and can adjust the temperature much easier (Interviewee 13). The new paint shop uses water-based paint materials, thereby reducing solvents and improving treatment of wastewater. At the time of its installation Totsmann indicated that:

> The new facility will give us substantially improved flexibility. This means that we will be able to paint and, thereby, manufacture a greater variety of car shapes and sizes - ranging from the ultra small car segment up to the B or medium class segment. This flexibility gives us confidence going into the future to accommodate changes in a very dynamic industry (quoted in Czernowalow, 2005:1).

In January and February of 2006 the company retrenched 76 workers owing to this expensive investment in the plant (Interviewee 13). The dispute between the plant management and NUMSA over the retrenchment became so contentious such that the Department of Labour had to intervene in the matter.

In 2008 the company also installed a new body shop, press shop and assembly line as part of its efforts to improve its capacity to produce quality cars at greater speed. According to the VW global head of production, Dr Jochem Heizmann, the introduction of new technologies in the plant was a necessary investment for the plant's ability to speedily meet both the domestic and global demand for VW cars (Department of Trade and Industry, SA).

One of the shopstewards describes the changes in plant in January 2009:

> Upon opening of the plant this year [2009] we saw a totally new plant. There are still a lot new systems that are being introduced … it was a completely new plant with new technological stuff (Interviewee 16).

The new press shop is 80% automated compared to the previous press shop, which had 45% automation (Interviewee 13). The old press shop was largely manually operated but the company has now installed a new technologically advanced system in the new press shop. The new body shop is about 80% automated and has about 250-300 robots that do much of the work (Interviewee 13).

The plant had announced its intention to stop the production of the A1 Golf, Jetta A5 and Polo 240/1 by the end of 2009. From 2010 the plant will be assembling the new Metro and Polo 250 models. By mid 2009 the plant was already beginning with a process of reducing the four platforms to three platforms. The ultimate goal in restructuring the platforms was to have two platforms at the beginning of 2010 ready to assemble the Polo 250 and Metro models. The company normally restructures its production systems when they are planning to introduce new car models. This is the case with any other automotive assembly plant. Assembling of new car models involves massive changes in production systems and methods.

Responses by the Uitenhage plant's shop stewards to workplace restructuring

How has labour at the VW Uitenhage plant responded to the introduction of new production systems outlined earlier? This research found that shop stewards in the plant somewhat felt disempowered and discouraged from participating meaningfully in management-driven workplace change. The installation of new production systems did not involve meaningful participation of workers.

It further shows that the existing worker participation structures do not give workers any real power over workplace restructuring. The shop stewards in the plant are quite aware of the pressures exerted upon the company by neo-liberal globalisation and its attendant trade liberalisation. Most of them are not keen on obstructing restructuring of work. For the shop stewards, workplace restructuring is increasingly becoming a serious concern that the workers must proactively engage with:

> The vast automation that has engulfed our plant sort of adds as a problem. Productions systems which are now being introduced are new to us because … they have been developed for the developed countries; here we are still struggling even to interact with these because they are not talking directly to us as workers (Interviewee 14).

Shop stewards argue that obstructing workplace restructuring might compromise the competitiveness of the plant, thus endangering their jobs. Without workplace restructuring and continuous improvement of production system, the company might lose its competitive edge under the current harsh conditions of the capitalist global political economy. As one shop steward neatly puts it:

> We are not saying that we must work using the old methods ... but what we want is the company to protect the jobs of the people. You will understand that we are competing with other countries which are using the new methods to manufacture cars. We are not saying that they must get rid of new systems, but they must make sure that they protect our jobs (Interviewee 18).

Another shop steward concurred:

> You will have a challenge if you move off the new productions system because of the competition in the market itself … if you do not meet that particular standard in terms of making sure you reach a particular quality there will be problems. Within the space of a year we have seen an immense transformation in VW—they started with the state of the art paint shop that has got capacity that doubles the capacity of the old paint shop. We need a balance between these new production systems and job security (Interviewee 15).

Worker participation structures on workplace restructuring

The Uitenhage plant has numerous worker participatory structures which in theory are supposed to ensure that workers have a say in decision making on a variety of issues in the plant, including workplace restructuring. These structures include the *Joint Strategic Workshop (JSW)*, the *plant committee*, the *negotiation committee*, *unit head meetings* and *weekly meetings* between *supervisors* and *briefing groups*. The JSW is a predecessor to the joint union-management executive council (JUMEC) and its mandate, in theory, is to deal with any strategic matters affecting the plant. Decision on strategic issues such as the installation of new machinery and changes in work should ideally be discussed at the JSW. The plant committee meets every first Friday of each month and comprises heads of departments (including the head of production) and all shop stewards (Focus Group 2).

Through the plant committee all stakeholders share information and attempt to seek mutually acceptable solutions to any problem. Many of the plant committee's decisions remain recommendations until they are ratified by management. The negotiating team deals with a whole range of company issues such as banking of hours, work time and other important shop-floor issues (Focus Group 2). It consists of the heads of the plant's human resources department and the human resources director, all full-time shop stewards, NUMSA office bearers at the plant and an official from the union's regional executive committee, and industrial relations specialists or any specialists depending on the issue being discussed. Such specialists, unlike in the VW Kassel plant, are invited by the plant management to participate.

One of the shop stewards in the plant regards the negotiating committee as "the most important committee. It is an important forum ... if we disagree on anything we launch a dispute" (Interviewee 16). Unit heads meetings are departmental-based and are geared at allowing managers and shop stewards in different departments to discuss "strictly production issues" (Interviewee 13). Weekly meetings between supervisors and briefing groups—also called team talks—are convened before the start of weekly work shifts to discuss issues related to quality standards (Interviewee 13). These team talks are not

taken seriously by most shop stewards because they are not powerful when it comes to decision making:

> We meet before the shift begins just to say the same things we have been saying for ages. Look, it is frustrating to make the same suggestions every day but the supervisors do nothing (Interviewee 18).

The shop stewards do not believe that these structures give them any power whatsoever over workplace restructuring in the plant. As the former chairperson of the shop-stewards committee indicated: "No, these committees do not give us any power in decision making. We just share information most of the time" (Interviewee 11). Most of the shop stewards regard most of these committees as nothing but a desperate attempt by management to gain legitimacy on whatever they seek to do.

The JSW has historically been viewed as the most important and strategic platform for workers to advance their interests in regard to qualitative shop-floor matters such as working conditions, introduction of new production systems and shifts. However, shop stewards in the plant accuse the management of not taking the JSW seriously and of using it just to inform shop stewards about their plans to restructure work. According to one of the shop stewards:

> JSW is only there to sort of cement a position whereby management can at a later stage state that 'what we are doing now we have told your union'. JSW is a tool which management use to inform workers about changes in production systems and claim that they consulted us. We were informed about the new technologies for the press shops and other departments … but we do not engage there, we just get informed (Focus Group 2).

A shop steward indicated that the scope for engagement in the JSW is very limited and that this can at times be demoralising:

> 'In fact what is happening in this JSW is that we are given broad principles not in details and at times we do not know what informs these broad principles. The information that we get there is limited because that structure is only to share information and not to engage. If you want to

> engage they will send you elsewhere and when you get there you do not engage on the issue. JSW is sort of a formal consultation forum that does not give workers any power to influence decisions (Focus Group 2).

Other shopstewards view the JSW in the same light and some go to the extent of dismissing it as a talk show:

> To me it is like a talk show that JSW ... it is a talk show, when you speak of joint decision making you are speaking of more than one, but when we come with our input there they do not care about our strategic input ... so to me this JSW does not make sense (Interviewee 15).

However, not all shop stewards dismiss the JSW as an absolutely useless structure; one of the shop stewards stated that:

> JSW taught us a lot of things because today we are able to raise issues in different platforms because of the information we get at JSW. But one thing we cannot get out from the JSW is that they are saying is about joint decision making platform but there is little in truth in this. We cannot abandon the JSW because by doing that we will be suppressing an opportunity to get information (Focus Group 2).

Limited access to information and lack of trust

Management seldom makes attempts to brief shop stewards about their plans to restructure work or furnish them with all the information about their plans to restructure work. This explains why shop stewards believe that management does not negotiate workplace change with them in good faith. This was indicated by one of the shop stewards who complained:

> There is a deliberate attempt by management to hide information from us. I do not know why… (Interviewee 16).

In the same vein another shop steward echoed the same complaint: "The Company is not always transparent when they introduce new production systems" (Focus Group 2). When asked why they do not request the information from management, one of the shop stewards replied, ''Not unless you want to resign on that particular day" (Focus Group 2).

The feeling by workers that management negotiates workplace change in bad faith fuels the lack of trust between the shop stewards and management. “To me what is happening here is that management is not transparent ... maybe they do not trust us” (Focus Group 2). Asked whether they trust management, one shop steward said, “How can we trust them? They are not transparent to us ... we do not want to be trusted by them” (Focus Group 2).

Some shop stewards seem sympathetic to the plant management’s half-hearted commitment to negotiate workplace restructuring with them because they (management) get orders from VW headquarters in Germany. They argue that the fundamental constraint to real worker participation lies in the foreign ownership of the plant.

To some it seems rather impractical to have real worker participation in a foreign company as the decision making process is centralised in the company’s headquarters:

> We do have capacity to engage management on these issues but the challenge is that management tell us that ‘this is not our call but it is the mother company’s call from Germany’. There are some agreements which are signed in Germany but they are not in our favour. The problem of capacity is not there ... we are trained extensively within the progressive trade union movement to understand issues that talk to macro and micro economic issues. We know what we want (Focus Group 2).

At the NUMSA Central Executive Committee meeting, one of the committee members argued that it is not possible to have “full participation” in a foreign company: “We cannot have full participation in a company which is foreign owned” (SWOP, 2009a).

They also argue that co-determination law as it is practised in Germany is not an appropriate industrial relations system because:

> As NUMSA we do not believe in co-determination because it is opposed to our ideological school of thought. We do not need co-determination

> because if a mistake is made by management it should remain management's mistake alone; it should not be a mistake of the union and management (Focus Group 2).

NUMSA General Secretary Irvin Jim concurs:

> The union is not in partnership with employers; thus workers cannot co-determine decisions with management. A workplace belongs to the employer, not workers (SWOP, 2009a).

In 2009, NUMSA commissioned the Society, Work and Development Institute (SWOP) at the University of the Witwatersrand to undertake a study aimed at identifying changes in work organisation and production systems in the metal sector, and to assist the union in developing a strategy on these issues. The union noted that it was unfortunate that it lacked a coherent strategy on how to respond to workplace restructuring and how to influence it to benefit workers. This is why it was important that a study be conducted to better inform the union's strategy on restructuring of work. As part of the study, a survey was conducted in a number of workplaces, including the VWSA Uitenhage plant, to establish workers' attitudes towards work, production and participation.

The responses of the twenty shop stewards at the Uitenhage plant to questions about workplace restructuring and worker participation are summarised in Tables 4.1 and 4.2.

Table.3 Responses to the statement "Management knows best and should make all the company decisions about changes to the production system".

	Number of Responses	%
Strongly agree	0	0
Agree	1	5
Neutral/ do not know	0	0
Disagree	5	25
Strongly disagree	14	70

Source: SWOP (*2009: 57).*

Table.4 Responses to the statement "Workers should participate more in making company decisions about changes to the production systems".

	Number of Responses	%
Strongly agree	17	85
Agree	3	15
Neutral/ do not know	0	0
Disagree	0	0
Strongly disagree	0	0

Source: SWOP (2009:58).

Table 4.1 clearly shows that the shop stewards do not approve of management's unilateral approach to workplace restructuring. Table 4.2 shows that shop stewards would like to be involved in decision making on changes in production system. The central point here is that shop stewards in the Uitenhage plant want to be consulted when VW restructures work in the plant.

4.4 Possibilities and limits to worker participation in a foreign plant.

The Uitenhage VW plant is a typical example of foreign direct investment (FDI). In neo-liberal economic terms, multinational corporations are considered important entities that are necessary for economic growth and development in host countries, particularly in developing countries. Most countries have introduced economic policies aimed at attracting FDI from MNCs. These policies provide a variety of investment imperatives to encourage MNCs to invest in their countries. The growing influence of MNCs has affected labour relations policies and practices in various countries. Most MNC headquarters have absolute power in terms of work reorganisation in subsidiary plants located in the global South. Owing to the fear of capital flight, many governments in developing countries have to accept unilateral restructuring of work by the MNCs.

In an attempt to understand the inability of the shop stewards at the Uitenhage plant to influence and shape workplace restructuring, this report asks an important question: is it possible to have real worker participation in a foreign-owned plant? Drawing from the data presented here, this report argues that workers in foreign-owned plants located in developing countries are unlikely to secure real worker participation in workplace restructuring. However, this does not mean that workers in the home countries of multinational corporations automatically have a better chance of securing real worker participation in their workplaces.

The tendency by multinational corporations, such as Volkswagen, to embark on unilateral restructuring in their overseas plants located in developing countries can best be described as imperial restructuring. This argument is related to Webster *et al.*'s (2008) argument that space gives leverage to MNCs to impose work restructuring in their plants—a strategy they refer as "whipsawing" and Greiner's theory on 'coercive comparisons'. The whipsawing strategy enables MNCs to impose work restructuring strategies such as work intensification, downsizing and casualisation by threatening closure of a factory (Webster *et al*., 2008).

MNCs are able to embark on unilateral restructuring because of the power they wield in influencing government policies. The current neo-liberal economic development trajectory has not only weakened the power of nation-states to promulgate or enforce policies on industrial democracy. It has also led these nation-states to believe that part of the role of multinational corporations is to modernise production systems and their countries in general. In the workplace, MNCs use "coercive comparison" (Grenier, 2006) and the "whipsawing strategy" (Webster *et al*., 2008) to neutralise workers and their unions' opposition to the restructuring of work.

Imperial restructuring must be understood as an outcome of the current global neo-liberal development trajectory. Most countries have now liberalised their economies in order to attract direct investment from MNCs. The role of FDI is normally viewed as that of bringing capital and introducing new technology into subsidiary plants located in host

countries, with the overarching strategic goal to bring about development. As Ozler and Taymaz (2004:1) put it: "FDI has been considered by many development economists as an important channel for transfer of technology to developing countries , and an important tool to generate jobs in those countries".

MNCs, therefore, are not concerned at all about informing and consulting workers about their plans to restructure work. They often do this without carefully assessing the impact such a decision will have on workers and on society in general. MNCs are convinced that they have a divine right to restructure work as they wish irrespective of the obvious social consequences. This vindicates Bakan's argument that MNCs "are globally blind" and that they act with a "reckless disregard for consequences" (cited in Webster *et al.,* 2008:48). Decisions on restructuring of work are made in the parent plant of a particular MNC without engaging in any meaningful consultative process with workers.

The reorganisation of work is done in line with the MNC's requirements, while the views of local actors are utterly ignored. Worker participatory structures are sometimes established, but these structures do not give workers any real power to influence decision making in their workplaces. This is exactly the case in the VW Uitenhage plant. The company's headquarters in Germany installed a new body, press, paint shops and assembly lines in the Uitenhage plant without consulting local workers. The management justifies unilateral restructuring of work in the name of competitiveness and matching the standards set by the VW best performing plants elsewhere.

In his study on the influence of MNCs in the reorganisation of work at two subsidiary plants of an MNC in Canada, Grenier (2006) argues that local plants (either labour or local managers) can sometimes resist workplace restructuring imposed by the headquarters of an MNC. He then asks a question: do MNCs have influence over the behaviour of workers and unions? In an attempt to answer the question, Grenier finds that MNCs use "coercive comparisons" to persuade workers to accept and co-operate with management-driven workplace restructuring. The term coercive comparison refers to "the

use of performance comparisons to which are attached rewards and sanctions of individual units [plants]" (Grenier, 2006:66).

With coercive comparisons, MNCs compare plants with indicators such as labour productivity, profits, production costs, quality of products, and so on. Plant A might be surpassing plant B in terms of labour productivity, profitability and quality. Plant B is therefore put under pressure to match the standards of plant A. The coercive power of these comparisons lies in the fact that the survival of each plant depends on its comparative ranking with other plants (Greiner, 2006). The headquarters of a particular MNC can influence reorganisation of work in one of its off-shore plants using coercive comparisons. According to Greiner (2006:67), coercive comparisons "provide MNCs with a powerful tool to neutralize the workplace as a site of resistance to their rationalization policies".

In their ground-breaking study on restructuring of work in major multinational corporations in the white goods industry, Webster *et al.* (2008) discuss the strategies used by Electrolux in managing its processes on work restructuring. They indicate that Electrolux has developed an innovative strategy which involves "shaping the new geography of production through constituting a new form of space competition within the corporation itself" (Webster *et al*., 2008:41). They describe this process as "regime shopping" that entails the ability of the multinational corporation to make all the company's plants across the globe compete with each other on a number of issues, including productivity.

The process of regime shopping is facilitated by the power of multinational corporations to use spatial fix as a tool to impose work restructuring at the local level. As a process, regime shopping involves multifaceted strategies aimed at countering possible resistance on the part of labour to its plan to restructure work. One of these is the "whipsawing strategy", through which companies "leverage restructuring agreements (intensify labour, downsize and casualise) by threatening closure and relocation to cheap labour zones" (Webster *et al.*, 2008:41).

VW headquarters in Germany uses, through local management, both coercive comparisons and the whipsawing strategy to facilitate and justify imperial restructuring at its Uitenhage plant. The restructuring of the paint shop, body shop and assembly line were all done in the name of boosting competitiveness and matching the quality standards of other VW best-performing plants elsewhere. Bad performance and low productivity of the plant might result in plant closure and relocation to another country. This possibly explains shop stewards' acceptance of workplace changes, as they were worried about matching the good performance of other VW plants.

Most shop stewards indicated that the introduction of new production systems and machinery, despite the fact that they were unilaterally installed by the VW headquarters, was necessary for securing the global competitiveness of the plant and meeting the high standards of other VW plants in Germany. These observations are similar to the findings of Grenier's (2006) and Webster *et al.*'s (2008) studies. This report illustrates the power of coercive comparisons and the whipsawing strategy used by VW in neutralising workers' resistance to imperial restructuring.

4.5 The global economic meltdown and labour

4.5.1 The economic crisis and its impact on workplace restructuring

This research was conducted during 2009, at the peak of global economic restructuring arising out of the economic recession that began in 2008. During the recession, the global automotive industry witnessed rationalisation, mergers and acquisitions as well as retrenchments, short time, layoffs and factory closures, particularly in the components sector. Most car manufacturing companies were battling to continue their operations owing to the financial strain. Car sales declined and some auto components manufacturers in South Africa closed down (Jurgens and Blocker, 2009). Both South African and German auto industries have drastically cut back on production, and this has negatively affected their backward and forward linkages in the supply chains.

The president of South Africa's National Association of Automotive Component and Allied Manufacturers (NAACAM), Roger Pitot, described the crisis as "very, very serious" (Cremer, 2009). VW headquarters in Germany indicated that the first five weeks of 2009 "have shown that the crisis is fully weighing on us" (Cremer, 2009). On average, VW global production output had dropped by 20% in February 2009 compared to the December 2008 output (Jurgens and Blocker, 2009). In March 2009 the plant's management in Uitenhage was estimated to be producing 28 000 vehicles less than the 92 000 production output in 2008. The decline in production is attributed largely to poor local and global demand owing to the global economic meltdown (Cremer, 2009). By June 2009, six component manufactures were liquated as a result of the decline in car sales in South Africa. One of the VWSA components suppliers, Schnellecke, issued a notice to NUMSA about its intention to retrench 700 workers as it feared liquidation if it continued operating with excess labour (Jim, 2009).

These developments led NUMSA to painfully acknowledge that "NUMSA is bleeding. Every day company notices of retrenchment or short time arrive on our fax machines. The reason is always the same 'drop in orders'" (NUMSA, 2009:7). The Kassel plant also experienced a dramatic decline in production output due the decline in local and global demand for cars. In 2008 the VW Kassel plant produced approximately 2.9 million gearboxes and 3.8 million exhaust systems, but this had dramatically declined by the end of August 2009. Most of the plants that depend on the VW Kassel plant to order their components were devastated by the decline in demand for cars.

The German economy has been the most hard-hit by the global economic meltdown, primarily because of its reliance on the automotive industry (Jurgens and Blocker, 2009). Employment stability in the German auto industry remained fairly stable until June 2008. The auto manufacturing industry (and the associated components supplier industry) is among the leading industries in Germany, and one of the country's main employers. The German auto industry is of strategic importance to the national developmental imperatives.

According to Blocker and Jurgens (2009) “the German automotive industry is among the global winners in the sector between 2006 and 2008”, and that the German car brands had a 17.4 share in the global market in 2008. However, by mid 2009 the German auto industry was under distress, as Jurgens and Blocker (2009) indicate that “Production by German cars makers fell by 31% and exports by 40% compared to 2008” (see Figure 4.2).

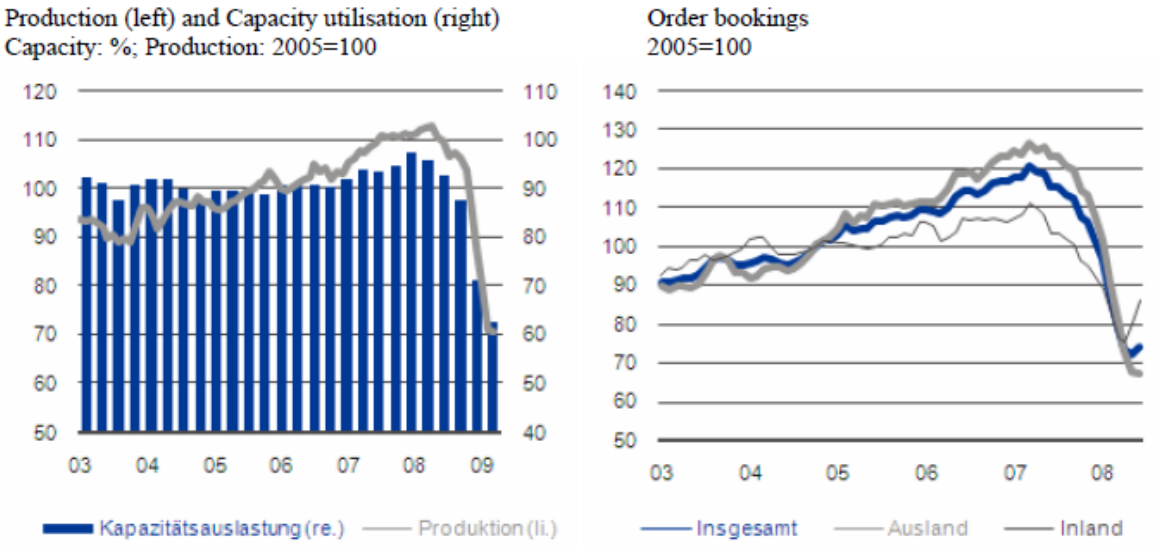


Figure.2 ***German car production, capacity utilisation and order bookings 2003-2009.***
Source: Jurgens and Blocker (2009:3)

The 2008 global economic recession resulted more in the reorganisation of work than changes in production systems. This study could not establish any correlation between changes in production systems and the 2008 global economic meltdown. The two plants installed new technologies and machinery long before the pinch of the crisis was felt. Neither the Kassel nor the Uitenhage VW plants have introduced new production systems in response to the economic crisis. Instead, the crisis affected employment relations and patterns—that is, shifts and working time. The Uitenhage plant has dismissed 400 workers through voluntary severance packages and introduced short time, whereas the Kassel plant workers have been placed on government-subsidised short time. In 2009 the Uitenhage plant was planning to retrench 2 000 workers on the grounds that they were contract workers (Jim, 2009).

Short time seems to be the dominant response adopted by the two plants. IG Mettal, through the Works Council, regards short time as the only feasible measure for saving jobs, while NUMSA is aggrieved that it was not properly consulted in the process of introducing short-time work. In Germany, Section 87 of the Industrial Constitution Act accords Works Councils co-determination rights on the introduction of short time, but at the same time it puts a legal responsibility on the Works Council to take into account employers' interests (Jurgens and Blocker, 2009). Management at the Kassel plant argue that it is only through short time that the company can avoid insolvency and redundancies. IG Mettal agreed to this.

Most workers at Uitenhage plant were "working four days every two weeks which is short time instead of their normal five days" (Jim, 2009:4). Other countries, such as Sweden, felt the pinch of the global economic meltdown to the extent that they thought of pulling out from the automotive industry altogether (Jurgens and Blocker, 2009). Workers in the Uitenhage plant were asked not to report to work from 23-27 February 2009, and again for two weeks in April. Unlike their German counterparts, they were not compensated for the lost time. In Germany, the government's unemployment insurance can pay up to 67% of the lost work time depending on the number of dependents the individual worker has.

Workers in other motor companies in South Africa such as Toyota, Ford, General Motors and Mercedes-Benz were also subjected to unpaid short time (Jim, 2009). South African employers who introduce short time and voluntary severance packages "do this without consultation with the union, and they plead innocence that they are not retrenching" (Jim, 2009:4). This is unlike in the Kassel plant, where management and the Works Council entered into an agreement on short time and that there should be no retrenchment until 2011.

4.5.2 NUMSA

In South Africa the crisis has generally given rise to retrenchments, short time and temporary lay-offs in the auto industry. However, it is important to note that even before

the global economic meltdown workers "lost jobs as a result of companies adopting lean and new management techniques in order to achieve international competitiveness of firms on continuous bases. In order to be competitive, companies' restructured production and displaced workers by new technology and machines" (Jim, 2009:4). The economic crisis has only worsened the job losses in the South African auto sector. NUMSA has responded by way of a National Job Security Conference held in March 2009 (Jim, 2009), and a series of regional Job Security Conferences.

NUMSA's General Secretary, Irvin Jim (2009:6), indicated that these conferences were convened because the global economic meltdown had plunged the South African economy into a crisis and that "Every day jobs are being lost. NUMSA is of the view that this is a crisis and a job bloodbath". In just three months, from November 2008 until January 2009, 1 660 jobs were lost in the South African auto industry alone. An important outcome of the National Job Security Conference was the idea of training lay-off schemes, a policy which has now been adopted by the South African government. The conference resolved to work together with the government in the fight for job security and job creation. It also emphasised the importance of providing shop stewards with training on workplace restructuring (Jim, 2009).

4.5.3 IG Mettal

In collaboration with the Hans Bockler Foundation, IG Mettal organised a conference under the theme *Industrial Policy Tomorrow*. The conference was aimed at developing IG Mettal's response to the global economic meltdown. One of the strategies that emerged from the conference was the *"Working Together for a Good Life"* (*Gemeinsam für ein gutes Leben*) campaign (Jurgens and Bockler, 2009). According to IG Mettal senior official, Michael Guggemos, this campaign entails three basic objectives, namely: job security, real worker participation in decision making in workplaces and social security (Hans Bockler Stiftung, 2009).

An IG Mettal document titled "Active Response to Crisis" (*Aktiv aus der Krise*) puts it fairly clearly that major decisions around relocation and major investment must be done

in consultation with works councils and the union (IG Mettal, 2009). It also categorically declares that there shall be "no dismissals in 2009" (IG Mettal, 2009). The document commits the union to renew its demand for co-determination rights on workplace restructuring so as to ensure that workers have real influence in issues of work restructuring. It further states that it does not make sense for workers not to have a say in things that affect their daily lives in the workplace, such as relocation.

4.6 Conclusion

This chapter has made an attempt to report and discuss IG Metall and NUMSA's responses to workplace restructuring from 2000 to 2009. The study suggests that workers in the VW Kassel plant are more proactive and effective in their engagement with workplace restructuring than the shop stewards in the Uitenhage plant. This is attributed largely to the German industrial relations system based on institutionalised participation. The inability of workers at the Uitenhage plant to influence work restructuring processes is partly because VW headquarters in Germany introduces new production systems and restructures work without consulting workers in the plant—this I described as *imperial restructuring*.

Most shop stewards at the VWSA plant are discouraged from participating in workplace restructuring in the plant because they feel that the company is not interested in their inputs on how work should be restructured and organised. Some strongly feel that it is unlikely that a foreign company will allow workers in another country to give strategic leadership on how things should be done; this includes strategic decisions on workplace restructuring. On the basis of this, the research report argued that it is difficult to have real worker participation in a foreign company

It was also reported that both IG Mettal and NUMSA were inward looking and protectionist in their response to the 2008 global economic meltdown. Their common concern was primarily job security. In their seminal work, *Grounding Globalisation: Labour in the Age of Insecurity*, Webster *et al.* (2008) argue that when labour is confronted by insecurity they often turn inwards and demand national protectionism to

save jobs. These findings beg another important question regarding worker participation: under what conditions are workers keen on worker participation? From the evidence presented here, it is clear that workers are more interested in shaping work restructuring when job security is threatened.

CHAPTER FIVE

Conclusion

5.1 Job insecurity and the will to participate

Under what conditions do workers desire greater participation in decision making? This question has not been adequately answered by previous theories on worker participation. Marxist analyses of worker participation (such as Crouch, Burawoy, Mandel and Ramsay) ignore that workers are more interested in participating in decision making when faced by uncertainty about their jobs, just as employers are interested in worker participation when their authority and legitimacy is threatened. Whereas Ramsay (1977) views worker participation as an employer-driven phenomenon, it has been supported by workers and unions "on the basis that it has offered an opportunity to extend their influence and control" (Jackson, 1991). However, the experience has been that even though workers show interest in participation, they seldom exert any meaningful control or influence in the workplace (Ramsay, 1977).

According to Sverke and Hellgren (2001:4), job security can be defined as "the subjectively perceived likelihood of voluntary job losses", while Greenhalgh and Rosenblatt (1984:438) define it as "a perceived powerlessness to maintain desired continuity in a threatened job situation". It is important to note the distinction between "job instability" and "job security". The former refers to the objective risk of a job loss and the latter refers to a subjective perception of the risk (Sousa-Poza, 2004). A number of studies in the recent past clearly show that job insecurity has increased since the dawn of neo-liberal globalisation (Webster *et al*., 2008). In the automotive industry, job insecurity has increased under the devastating 2008 global economic meltdown. As it was indicated in Chapter Four of this report, workers in the VW plants in Kassel and Uitenhage experienced a sense of insecurity.

It is quite evident that workers in both plants were willing to negotiate restructuring of work (introduction of short-time work) with their local management. Their desire to

participate in decision making on work reorganisation was mainly motivated by their fear for possible job losses owing to the global economic crisis. However, the will to participate at the Kassel plant predates the 2008 global economic crisis but their interest in participating has always been informed by a fear of possible job losses. The Works Council demanded participation in the restructuring of production at a time when management was convinced that the plant had to shut down because it had lost its competitive edge in the global automotive industry. The Works Council also resisted management's plan to close the press shop. During the 2008 global economic crisis, workers in the plant demanded greater participation in order to shape the structure and workings of the short-time work.

Shop stewards at Uitenhage plant also demonstrated an interest in participating in workplace restructuring, particularly in light of massive temporary lay-offs, voluntary separation packages and short time caused by the 2008 global economic recession. Workers in both plants have shown equal commitment to protectionism as a tool to save their threatened jobs. In order to advance their common protectionist tendencies and protect their jobs, these workers desire greater participation in decision making at their plants. Traditional Marxist perspectives that views worker participation as a means through which capitalists seek to resolve the crisis of profitability and to manufacture consent cannot be generalised.

Although the concept of "job insecurity" has received sufficient intellectual attention, there is little knowledge on its relationship to workers' desire for greater worker participation in workplace restructuring. This study clearly suggests that job insecurity can at times propel workers' desire for participation in decision making. As to whether their engagement can be effective or not is secondary; the primary argument here is that workers at the two plants displayed the desire to participate in the restructuring of work.

Other previous studies hint at this argument. De Witte's (2005) study focuses on the influence of job insecurity on member participation in unions. He argues that union members are more likely to participate in the activities of a union during times of crisis as

they see it as a tool to fight job losses or any other contentious issue. However, De Witte's study does not directly discuss possible influences on workers' interest or desire to participate in decision making over restructuring of work.

5.2 The challenge for labour in the global South

This research raises important questions about the need for labours' strategy to respond to the restructuring of work at the global level. As it was argued in the beginning, the automotive and the auto component industries are increasingly gaining presence the world over. The current neo-liberal globalisation thrives through hyper-capital mobility and continuous improvement of production strategies aimed at improving performance and quality.

The optimism found in Harvey's (2000) seminal text, *Spaces of Hope,* and Herod's ground-breaking (2001) *Labour Geographies* is promising on the possibility of a strategy for labour to challenge the growing power of multinational corporations. Whereas Harvey and Herod are reticent on South-South labour international solidarity, one can borrow from their optimistic and powerful arguments to argue that labour in the global South must intensify the already-existing structures for global networks and use them to challenge international capital's logic, particularly on work restructuring. The overarching argument in Harvey (2000) and Herod (2001) is that labour can shape the landscape of capitalism and challenge the power of international capital. Karl Marx (1976) and Karl Polanyi (1944) argued that labour under capitalism is a "fictitious commodity" and that any attempt to treat it like any other commodity would give rise to workers' resistance and opposition against employers.

Harvey (2000) takes this argument further to support the emergence of a new labour internationalism (NLI) on the basis that it presents opportunities for challenging the exaggerated power of multinational corporations and global capital in general. Herod (2001:5) further challenges the pessimistic argument that views global capital as having terminally weakened labours' power; he argues that "there is always opposition to power and domination, a fact that is seen every day in countless workplaces, fields, offices".

The hyper-mobility of capital in the current period has not only rolled back labour's hard-won gains, particularly in the global South (Harrod and O'Brein, 2002), but also intensified the debate "as to strategies to confront the power of global corporations" (Webster *et al*., 2008:197). The rise of neo-liberal globalisation has created a dense cluster of organisational challenges for labour; among these challenges is the proliferation of atypical forms of employment (Harrod, 2002) and the unilateral imposition of new production systems without any genuine consultation.

The global economic restructuring in the late twentieth century prompted labour to rethink and debate the best strategies for combating the ever-growing power of multinational capital (Webster *et al*., 2008). Scholars have identified and analysed what they term new labour internationalism or new global unionism. By new labour internationalism we are referring to a more decentralised, democratic and flexible global labour solidarity model (Webster *et al*., 2008). New labour internationalism presents an opportunity for labour in the global South to confront the power of multinational companies and ensure that restructuring of work does not compromise workers' well-being and rights.

In 1996, the World Congress of the International Confederation of Free Trade Unions (ICFTU) noted that "the position of workers has changed as a result of globalisation of the economy and changes in the organisation of production" and emphasised the need to re-invigorate labour's international solidarity in opposition to global networked capitalism (Munck, 2002:13). Eder (2002) argues that the idea that labour is "structurally defenceless against mobile and globally organised capital" is not true. This is a clear sign of labour's potential in the global South to challenge the unilateral restructuring of work in subsidiary plants of the multinational companies located in developing countries.

Accordingly, imperial restructuring and "whipsawing" can be combated or challenged through innovative campaigns by labour in the global South. Such campaigns must be aimed at taming the destructive power of multinational corporations. This would concretely involve building organisational and political strength of the already existing

structures for labour in the global South such as the Southern Initiative on Global Trade Union Rights (SIGTUR). According to Webster and Lambert (2002:342), the emphasis on "southern" must be understood politically to mean the bringing together of "the most exploited working classes all over the world, where union rights are negated or constrained, and political situations restricted".

Future research can look into concrete and practical strategies which can be used by labour in the global South to respond to the restructuring of work. Such research must look into strategies of overcoming the already known challenges facing new labour internationalism such as the North-South divide, inward-looking tendencies of trade unions, and so on. As Webster *et al.* (2008:209) have shown, "the most fundamental challenge to a new labour internationalism remains that of bridging the North-South divide".

5.3 Overall summary of the main findings and arguments

This research report has set out to comparatively investigate worker participation in workplace restructuring at the Volkswagen plants in Kassel and Uitenhage. It sought to answer the question: How has the Volkswagen workforce in South Africa and Germany engaged management on changes in production systems and work organisation? Using the Marxist labour process theory as its primary theoretical tool of analysis, the report argued that the automotive industry has generally experienced a transition from the Fordist labour process to the post-Fordist labour process characterised by flexible production methods.

Some of the major characteristics of the Fordist labour process include mass production of standardised products, utilisation of inflexible technologies such as the assembly line, repetitive work for each worker and utilisation of standardised work routines. On the other hand, the post-Fordist labour process is characterised by Just-In-Time and Total Quality Management production strategies. These changes are also linked to the restructuring of work in the global automotive industry. Using Gerrefi's (1999) notion of commodity chains and Bonacich and Wilson's (2008) theory of the logistics revolution,

the report attempted to explain the emergence and intensification of the global supply chain in the automotive industry.

The main finding of the research was that Volkswagen workers at the Kassel plant are more proactive and effective in their engagement with workplace restructuring than their Uitenhage counterparts. The report proposed two main factors to explain this variation. Firstly, the report contended that the co-determination law in Germany enables workers in the VW Kassel plant to influence and shape work restructuring through institutionalised participation. In South Africa, the industrial relations system remains confrontational and the lack of trust between employers and employees remains the order of the day.

Secondly, the research report argued that the inability of Uitenhage workers to influence the restructuring of work is worsened by the fact that their plant is controlled by VW headquarters in Germany. In addition to effective institutionalised participation, Works Council members in the Kassel plant are further advantaged by the fact that Volkswagen is a German multinational corporation with a particular history and relationship with the domestic plants. The report developed the concept of *imperial restructuring* to explain how South Africa's position in the global political economy fosters unilateral restructuring of work in the VW Uitenhage plant. The role of multinational corporations in developing countries is normally viewed to be that of spilling-off technological innovations and increased performance.

South Africa is among the developing countries which have designed and adopted neo-liberal macro-economic policies in the quest for foreign direct investments from multinational corporations. Workers in some of these countries do not enjoy any real support from their own governments to secure participation in decision making on issues related to restructuring of work. Any resistance to the introduction of new production systems or methods on the part of labour is likely to be viewed as an obstruction to development and modernisation. As part of imperial restructuring, multinational corporations such as Volkswagen use what Grenier (2006) calls "coercive power" and

what Webster *et al.* (2008) call the "whipsawing" strategy to neutralise labour's opposition to their plans to restructure work.

The 2008 global economic meltdown has affected the organisation of work in both the Kassel and Uitenhage plants. Many workers in the Uitenhage plant have either taken voluntary severance packages or have been placed on short-time work. In the Kassel plant almost all workers on the shop floor were subjected to short-time work at the peak of the crisis. The common worry for workers in both plants was their fear of losing jobs owing to the global economic crisis. This fear has in turn propelled worker interest to participate in processes of workplace restructuring.

The research report therefore argued that workers are more interested in participating in decision making when faced with possible job losses as an outcome of a particular crisis. This argument has some implications for Marxist literature on worker participation. Without invalidating the revolutionary Marxist literature that views worker participation fundamentally as a capitalist strategy to quell industrial unrest and manufacture consent on the part of labour, this report argued that workers' interest in participating in workplace restructuring is heightened when job security is threatened. Therefore, it is not sustainable to always regard worker participation as a tool used by capital to resolve capitalist crises of profitability or legitimacy. Sometimes workers also see it as a tool to safe-guard their jobs.

The revolutionary Marxist literature on worker participation disregards that workers are sometimes interested in shaping and influencing workplace restructuring when faced by uncertainty about job security. It is worth noting, however, that the *interest* and *ability* to influence workplace restructuring are not immediately reducible from each other. This means that interest in participating does not on its own imply that workers have the ability to influence work restructuring processes. Workers might have the ability to shape workplace changes but lack interest. Through active participation in decision making workers intend to take charge of the factory in the event that it collapses.

In his analysis of the impact of the 2008 global economic crisis on workers, Hattingh (2009) argues that factory occupations were spreading as labour sought protection against massive retrenchment of workers, particularly in the global automotive industry. In 2009, workers in the biggest car manufacturing company in South Korea, Ssangyong, responded to the management attempt to close down its Pyeongtaek plant by occupying the factory. These examples persuaded Hattingh (2009:1) to conclude that "factory occupations—in some instances even self-management—seem to be creeping back onto the agenda of a growing number of workers". This shows that workers are interested in worker participation and that they see it as a means to occupy the factory in the event that management plans to retrench workers in mass or to shut down a plant.

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Appendices

Appendix A: Informed Consent Form for the focus groups and interviews

I……hereby consent to participate in the interview/group discussion for the research project conducted by a Wits University sociology student, Themba Masondo. The purpose of the study has been explained to me and I understand that my participation is voluntary. I am aware that my responses will be kept confidential and that there will be no direct benefits or rewards for my participation in the study.

Name of the participant……
Signature……
Date…….