

A PAPER PRESENTED AT RHODES UNIVERSITY COMMERCE WEEK IN  
GRAHAMSTOWN

"Who will control the (business) organisation of the future - in South Africa". A brief strategic evaluation as to the possible impact of the ideologies of "workerism" and "populism" on the business community.

(This paper may not be quoted without the permission of the author.)

By Geoffry Ronald Heald

B.Soc.Sc: (UCT)

B.Bus.Admin(Hons) MBA Stellenbosch

Senior Researcher, Industrial Relations Research Unit

Stellenbosch University Business School

Tel: 975761 (021) Work

617213 (021) Home

8th August 1986

---

"So noodsaaklik soos die bloedsomloop vir die liggaam is, so noodsaaklik is die sirkulasie van gedagtes vir 'n volk. Dié sirkulasie van gedagtes: d.w.s. die vrye uitspreek van eie mening en die aandagtige luister na die mening van ander, sodat 'n wisselwerking ontstaan ... en mettertyd miskien 'n wederkerige begrip en 'n mate van gemeenskaplike oortuiging; dit is die "oop gesprek" nie alleen tussen individue nie, maar ook tussen groepe. En hiersonder is geen gesonde politieke lewe moontlik nie."

N.P. van Wyk Louw 1951

## I N D E X

	Page
I. Introduction	1
II. The acknowledged power basis of the emergent trade unions	2
III. The alienation of the business community from the state	3
IV. The workerists and the populists	4
V. The strategically divergent approaches by which the workerist and populists endeavour to effect change	6
VI. The logic underlying the destructive relationships between management and populist orientated trade unions	7
VII. Conclusion	9
VIII. Bibliography	12

---

## I. INTRODUCTION

When evaluating the concept of "control" one is almost by definition compelled to appraise the true nature and complex and shifting realities underlying the terms "power" and "domination". As Grosser (1980) submits with so much incisiveness "the power of whom to make whom do what and when?. Through what intentional or unintentional influence? And what about the very real power of the weak over the strong, especially when the latter in order to remain strong viz-a-viz a third force, himself needs the support of the weak and must therefore support him." (2)

It appears as if though the perception as to what factors of production constitute the private sector in South Africa, are being subjected to a fundamental process of redefinition, or more correctly, a profound realignment. What seems to be happening in practice, is that the business communities conception of the so-called "private sector" has broadened from the previous notion of a rather exclusivist club, with membership only being allocable to management, to what is now becoming a broader and more complex association which is increasingly including labour.

Crisis make for strange bedfellows. Representatives from the Azanian Peoples Council of Trade Unions (AZACTU) the Council of South African Trade Unions (CUSA) and the Congress of South

African Trade Unions (COSATU), have recently individually called for commerce and industry to reach a common alliance against the present government, and it is posited that the forces which have precipitated this at present tentative cohabitation, do not include a naive philanthropy, or acquisition of virtue on the part of either management or the trade union movement, so much as a very carefully considered strategic evaluation as to the nature of the prevailing power relations in this country. (3) In this argument, the term "tentative cohabitation" is purposefully used to express both the forces which are impelling management towards an alliance, which, is an alliance in the sense that there is a de facto consensus in certain very influential circles within both capital and labour as to the considered mode in which industrial power broking should occur, and which will be seen to be not entirely incompatible with the notion of "workerism", but it is suggested incompatible with the radical change perspective of "populism". In short it will be submitted that if populism were to become the dominant ideological ethos in the emergent trade union movement, there will be little possibility of a stable alliance regarding the mode of industrial power broking between the business community and the emergent trade union movement ever being germinated. This analysis will be aimed at exploring the strategic implications of this proposal, in order to provide an indication as to who might become definitive in controlling the business organisations of South Africa in the future.

## II. THE ACKNOWLEDGED POWER BASIS OF THE EMERGENT TRADE UNIONS.

It was in the early 1980's - prior to the formation of COSATU

that certain trade unions started to show great brilliance in their ability to manipulate power and to synchronise pressure against organisations, in order to solicit fairly clearly definable and often substantial material and human rights benefits. Trade Unions which were affiliated to the now dissolved Federation of South African Trade Unions (FOSATU) were particularly conspicuous in this respect. This pressure was generally applied within the ambit of the present industrial relations system, during the actual collective bargaining process, or negotiations between management and trade unions. After the industrial court, started making precedental judgements as to what type of conduct constituted fair labour practices, together with the rapid growth in competence of the trade unionists in negotiations, management began losing many significant court cases and power struggles. In short, the trade unions swiftly engaged in reversing the previous huge imbalances in power which had tended in the past to overwhelmingly favour capital, because of inter alia the pre-Wiehahn statutory deprivation of blacks from possessing trade union rights. (4)

### III. THE ALIENATION OF THE BUSINESS COMMUNITY FROM THE STATE

The State's inability to effectively jettison apartheid has placed extraordinary pressure on the business community as indexed by the resultant growing internal and international economic isolation and degeneration. Foreign Minister Pik Botha's call for sanctions "the sooner the better" is symptomatic of the increasing and de facto cosmic alienation of the business

community from the State, and which is only now starting to manifest itself in action and reaction. What could be more deliterious for the power position of capital than a plea which in effect boils down to a call for its very withdrawal and a supposedly influential plea at that? As Prof. David Welsh so vividly articulated it "South Africa's foreign policy is now reminiscent of a combination of 19th century gunboat diplomacy and a finely developed death wish."(5) The acute pressures which the trade union movement have placed on the business community, and which culminated during November, 1985, in the formation of COSATU, together with the political desert which the government has led this country into, have resulted in the seeds being sown for the potentially profound politicisation of the business community. I am submitting that the preconditions have been set for the business leadership of South Africa to succumb to the wiles of an appropriate catalyst which could lead it into open confrontation with the State. That is of course if the traditional and more subtle means of voting with ones feet, and airline tickets doesn't take on pre-eminence, and thereby dilute the trend.

#### IV. THE WORKERIST AND THE POPULISTS

What could this catalyst be? It is suggested that the current conflict between the "workerists" and "populist" tendencies in the trade union movement could quite readily represent such a catalyst (6). At the outset it must be acknowledged that the divisions between the workerists and populists are often unclear but that does not detract from their reality. Put simply, the

workerists regard themselves as representing the primary stakeholder in the organisation. They argue that trade unions should maintain an independent political stance as this affords them maximum strategic flexibility.

The workerists are therefore fiercely jealous of their trade union autonomy and independence, which provides them with maximum leverage in the collective bargaining and negotiating process at which they have been seen to be so proficient. On the other hand the populists view the community in general as being the primary stakeholder in the organisation (7). Consequently the populists endorse the trade unions developing strong alliances with certain chosen extra parliamentary political organisations.(8). It follows that there is sometimes a fundamental contradiction in the objectives of trade unionists who have populist orientations and their worker constituencies, which can and often does manifest itself in serious dissent. To substantiate my thinking it is projected that once the full impact of sanctions manifests itself in the coal mining industry and fruit exporting industry in the Western Cape that the rifts between the workerists and populists within the trade union movement will become deeply entrenched and irreconcilable. In this sense the leadership of the National Union of Mineworkers (NUM) and the Food and Allied Workers Union (FAWU) for example, can expect to be placed under extreme pressure from their worker constituencies, when they are faced with the enormous numbers of retrenchments which these sanctions inexorably imply. This scenario which I have just sketched is quite ironical because it could deliver the very emergent trade unions, who gave their expressed or implied support



for sanctions a body blow, the force which is of such a magnitude, that the prognosis for their future recovery would be poor indeed.

Essentially therefore (and in greatly simplified form) we are dealing with various concepts of stakeholderism in the business organisation.

Management views the shareholders as being the primary stakeholders in the company.

The workerists see the workers as being the primary stakeholders, whilst the populists regard the community as being the primary stakeholders in the business organisation.

V. THE STRATEGICALLY DIVERGENT APPROACHES BY WHICH THE  
WORKERISTS AND POPULISTS EFFECT CHANGE.

There are important differences in the way in which workerists and populists effect change during the course of their negotiations with companies on issues pertaining to wealth and privilege. An evaluation of the manner in which these different groups induce pressure for change may provide an index as to their potential ability to become definitive as far as their future ability to exercise control over business organisations is concerned.

From a strategic point of view it is suggested that the manner in which the aspirant stakeholders choose to effect change will

determine management's preparedness or reluctance to enter into an alliance with them, viz-a-viz the acceptance of their views of industrial power broking and which again infers a critique as to the viability of any aspirations which they might harbour for control of business organisations in the future.

In general terms the workerists subscribe to the collective bargaining process and the accompanying forms of duress geared at inducing decision makers to reallocate resources and wealth. Strikes, go-slows, court action and the like are applied in order to achieve for their worker constituencies what are primarily factory related material and human rights objectives.

To this end the workerists have been extremely successful and have won many concessions. It is not common knowledge that management have frequently responded positively to the deep challenges posed by the workerists and that they too, have contributed to the creative settlement of disputes. This sometimes positive response from management stems from a tangible appreciation of the legitimacy of their demands, and more importantly the viability of the process of negotiation by which those demands were presented to management.

VI. THE LOGIC UNDERLYING THE DESTRUCTIVE RELATIONSHIPS  
BETWEEN MANAGEMENT AND POPULIST ORIENTATED TRADE UNIONS

Whilst it is acknowledged that there are exceptions, the relationship between populist orientated trade unionists and management have generally speaking been abrasive in the extreme,

and more often than not, are simply atrocious. (9). Why is this so? As far as the negotiating climate is concerned there is frequently a reciprocally held sentiment on the part of both management and the populist orientated trade unionists, that the opposing party is totally lacking in virtue, which Plato defined as wisdom, courage, justice and temperance. (10). Suffice it to say that this denial of virtue infers that the parties will tend to bargain in bad faith.

The denial of virtue opens up a power vacuum for Machiavellian opportunism and for gangster leadership on both sides. Another important reason underlying the frequent conflagrations in the relationship between populist orientated trade unionists and management lies in the methods which the populists use in inducing pressure on Management.

In management's view the populist trade unionists do not subscribe to the collective bargaining process, and for this reason management often accuse the populists of setting ultimatums, but not bothering to negotiate. Ironically, their mode of decision making is perceived as being unilateral and in a sense similar in nature to the prescriptive and paternalistic management approach which the workerist orientated component of the South African trade union movement has started negating in those business organisations where they have achieved recognition. The rules and precedents which the workerists have negotiated and so painfully won, are often ignored by the populists. Pressure on the company to change, in populist terms is usually harnessed by a large number and variety of different

community based secondary organisations. Because the community in general are involved (i.e. there are many actors) together with the fact that the populist trade union is often at best a key party to the negotiation offensive against the company, there is sometimes a degree of confusion within the community, who are mobilising the pressure, as to the very nature of that dispute. This means that the diagnosis of the conflict might be subject to an exponential process of redefinition. A cardinal question when there is a dispute between a populist orientated trade union and a business organisation is "where does the power lie?" Put another way, "who controls the offensive against the company when a populist orientated trade union is involved?" The populists would respond that "the community does". This response is true but it is only half the truth. The rationale underlying this contention is contained in the following logic. Because there are so many organisations in the community involved in this type of dispute, the power is in actual fact diluted to the extent that it tends to become vicarious and ephemeral. This reasoning implies that the other half of the populists argument as to who controls the power, omits to acknowledge that although the community might control the power in a very broad sense, nobody does in actuality.

Consumer boycotts have indicated that this type of populist applied pressure can ultimately force an allegedly recalcitrant organisation to back down, often at the cost of the total disintegration of that company, with the full implications of bankruptcy, shortages of goods and services and employment that this collapse typically implies.

VI. CONCLUSION

Elements of the workerists' mode of power broking might offer a viable contribution to the construction of a post-apartheid South African economy. This scenario assumes a continuation and acceleration in the exchange of wealth and privilege over the negotiation table via the process of collective bargaining.

Many insurance companies have historically seen their origins in the trade union movement. In South Africa we have the prime historical example of "Die Spoorwegbondkas" which was the original provident fund created for the poor whites, who were employed on the railways during the great depression. This fund saw the origins of the financial giant which is today SANLAM.

The populist trade union approach implies in the final analysis at its most optimistic scenario the reconstruction of the post apartheid economy. For the populists the South African economy must be destroyed before a post apartheid economy can be born, in the context of an anticipated cultural revolution. There is little concern for the excesses during confinement (if I might use the analogy of birth) and there is consequently a high probability that the post apartheid economy, if delivered by populists will suffer from the economic equivalent of downs syndrome or the fetal alcohol syndrome, or something similar, or worse.

The question then arises - who will control the business organisation should the populists come to the fore and become definitive in the interaction between management and labour? My answer to this question is "not many people" as the scenario for the South African economy would in my view be one of degenerative collapse. (11). Should the workerists in the trade union movement become definitive during the transformation into a post-apartheid economy, it is submitted that the scenario would be far more optimistic. Unfortunately time permits me only one practical example to substantiate my contention. The National Union of Textile Workers (NUTW) and the Sweet Food and Allied Workers Union (SFWU) have recently developed a negotiation demand for submission to companies whereby they are requesting that pension funds should be reconstituted into provident funds with the employer contribution being allocable to the employee on a pro-rata basis over a ten year period. (12). They are negotiating for representations from the trade union movement to sit as trustees on these proposed provident funds, who will have a say in where they are invested to achieve optimum rates of interest etc. In addition to the normal standard benefits like death and disability payments they have suggested that 5 per cent of the employer contribution should be allocated to a housing benefit scheme for all employees. The implications of the above strategy is of critical importance. It infers inter alia that from the workerist stance:

1. There is scope for negotiating viable agreements within the South African economy between management and labour. Even in the context of the present state of emergency.

2. Workerists will gain increasing power of control in business organisations, that is if they abide by their strategic orientation.
3. There is acceptance of individual property ownership.
4. That the workerists have at least an orientation which shows that they subscribe to a belief that they have a material lot, which must be improved upon and protected, and that the best way to achieve that, is by collective bargaining process.

#### VIII. BIBLIOGRAPHY

- (1) Van Wyk Louw N.P. Liberale Nasionalisme Nasionale Boekhandel Bpk., Kaapstad 1958, p.13.
- (2) Gromer A The Western Alliance European American Relations since 1945, The Seabury Press, Inc. 1980, New York p. 19.
- (3) See for example COSATU Memorandum dated 19th June 1986 "Call from COSATU". Nationally to all local regions and affiliates.
- (4) There are numerous court cases cited in the Industrial Law Journal (published by Juta and Co. in co-operation with the Centre for Applied Legal Studies, University of the Witwatersrand) which substantiate this claim. Koyini and Others V Strand Box (Pty.) Ltd. is one such instance.
- (5) Sunday Tribune 10th August 1986.

- (6) See Article entitled "The NUTW's big split" p. 53 Financial Mail July 18, 1986, and pamphlet entitled "Unions Grow" March 1986, issued by the NUTW.
- (7) Sisulu (previous president of the Media Workers Association) "Peoples education for Peoples Power" Keynote Address, National Education Crisis Committee, 29 March 1986 in Transformation I University of Natal Economic History Department.
- (8) Carrim Y "Working-class Politics to the fore" Work in Progress Vol. 40 1986.
- (9) See inter alia: The Union Flour Mills Dispute against the South African Allied Workers Union 1985 and article by Pillay D, The Port Elizabeth Stayaway. Community Organisations and Unions in Conflict, Work in Progress 37, 1985.
- (10) Donald G R "The Negotiating Climate in South Africa. Is there a place for virtue?" Paper read at Natal University Worker shop on Political Negotiations, July 1986.
- (11) "Scenarios for South Africa "The Economist 17-23 August 1985.
- (12) I am at present personally involved in negotiations with the NUTW at James North Africa on this issue. Mr. Copelyn, General Secretary, has intimated that this matter has already been negotiated at inter alia: C G Smith, Rennie and that it is in an advanced phase of negotiation at David Whithead and the Framo Group.

-----



