

Understanding the causes and re-thinking the future post the strike wave

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Overview of what we will talk about...

The triggers and the migrant labour demographic pattern

- Implats triggers
- Demographic pattern of workforce

Socio/political environment of poverty and inequality:

- Migrant labour system and migrant life
- Triple burden of migrant life
- Employee debt

Collective Bargaining and institutional failures

- Union and Company
- Stakeholder participation forums
- Employee Communications
- Corporate Culture

Some solutions and opportunities



The Implats trigger strike

- April to Oct 2011 wage negotiation
- Failure to address RDO increases in wage negotiation
- Consult NUM on adjusting miners post negotiation
- RDO's hear of 18% increase to miners tacitly approved by NUM
- Know NUM branch leaders are miners
- Return to home to Flagstaff/Lusikisiki aggrieved at NUM and Company
- Make strike action plan and demand:
 - No negotiation with NUM
 - 9,000 net
- Implats strike committee composition – Amapondo
- Strike adjustments at Implats inspire Lonmin ,Angloplat, Gold etc
- Common patterns

Migrant and workforce demographic

- Almost entirely migrant (Mozambique/Lesotho/SA)
- The vast majority on platinum are from the Eastern Cape
- The Eastern Cape majority are primarily Amaondo (Lusikisiki/Flagstaff)
- Two thirds have long service of 25 years or more service with an age demographic of 45 - 55 years;
- One third is young have short service, mobile, under 30 years and do not fear unemployment and carry no responsibility
- The combination of old, functionally illiterate with young, aspirant, angry and hungry for change = explosive
- Regard themselves as performing most physically challenging and most dangerous work
- Long perception of under value, notwithstanding real wage adjustments

South African migrant labour life features...


- Migrancy is global feature for resource extraction
- Apartheid migrancy basic structure unaltered for 150 years
- Made worse by structural unemployment and labour broking needs
- Core feature of apartheid legacy migrancy is driven off deep poverty, and long work cycles
- The triple burden of the migrant post living out allowance:
 - Home – hunger and poverty of rural poor
 - Community – dinyatsi, transport, debt and lending
 - Work – dangerous and physically demanding work
- Migrant double families - dependency from 8 to 15
- Violence and hunger at homestead and hungry dependents on mine
- All of above = socio economic drivers for industrial action

The strike balance sheet....

- Billions of rand in direct losses
- Billions more rand in investment sentiment losses
- Union legitimacy crisis
- In excess of 50 deaths and hundreds of injuries – Farlan Commission
- Total loss of majority union legitimacy; emergence of new union and
- large non unionised workers show dissent to any union
- Violence and intimidation and deaths
- Deep anger and distrust amongst workers for management and union leadership
- Physical attacks against union leadership
- Collapse of collective bargaining structures
- Mass dismissals and retrenchments coming

In short, the end product is an industrial relations meltdown which will refashion the future of collective bargaining, union representation and company operation management into the future

The underlying institutional failures



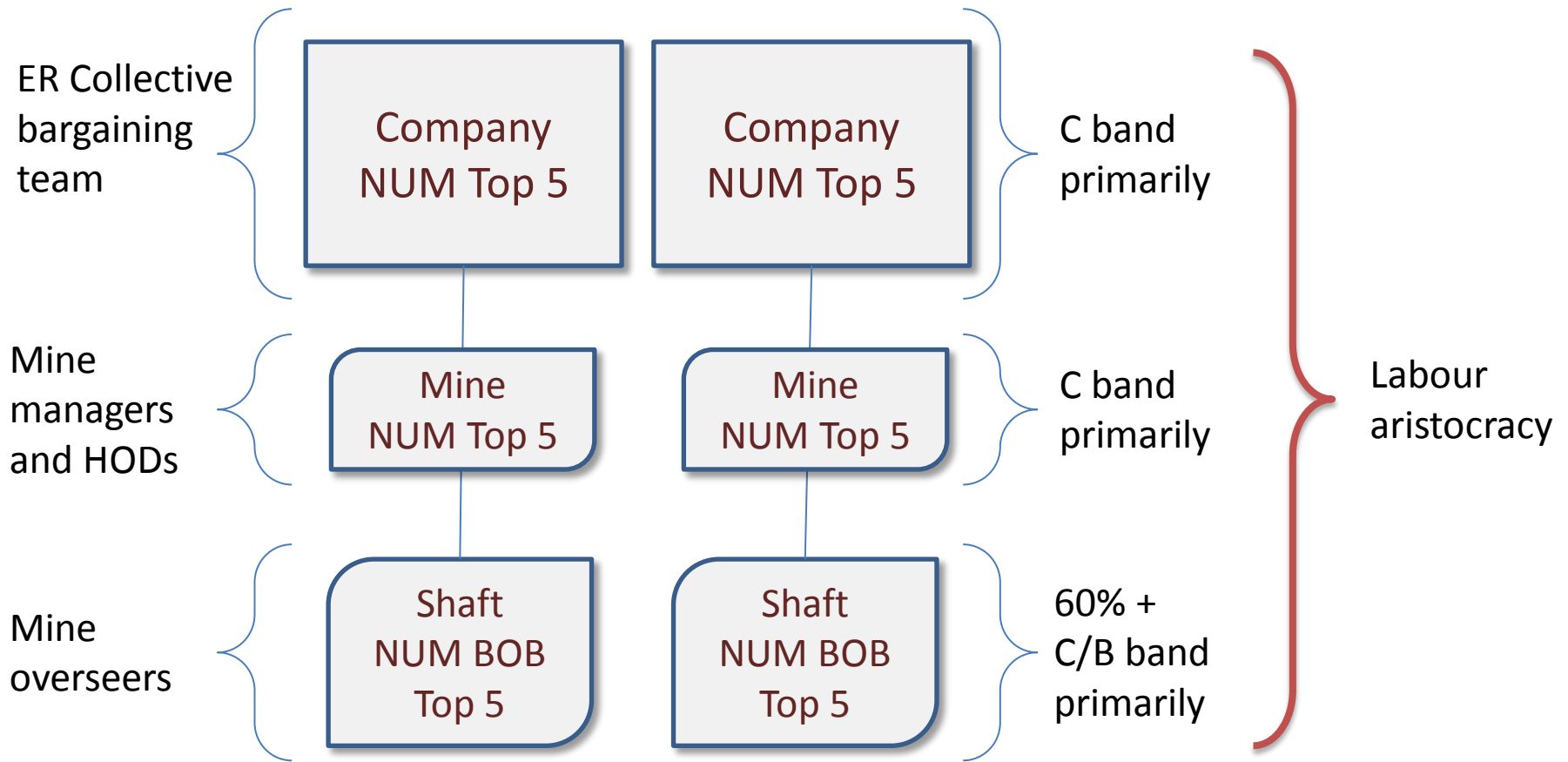
The above mentioned causes do not sufficiently explain the collapse of the entire collective bargaining dispensation



Institutional drivers in:

- Union structures
- Management structures
- Joint forums
- Communications
- Corporate culture

Poor Union Representivity



“A” level employees have little or no representation in the union at all levels

Union aristocracy : the benefits of representation

- Wage and/or grade or allowance adjustment benefits for FT & Top 5 at branch and shaft level
- Removal from production to office work
- Time off for union congresses and training
- Career progression into management
- Additional benefits and perks of leadership re tenders, recruitment, cell phones, transport

Labour aristocracy signs:

- Removal from life experience of A band membership
- Collapse of constituency based representation
- Low levels of accountability and low levels of union democracy in elections
- Poor general meeting attendance
- Leadership accountability replaces membership accountability
- Percentage increases feather the top more than bottom – enhance wage stratification in bargaining unit

Line management is disempowered and ineffective in resolving people problems

Union authority is effective

Overinvestment in union driven processes re:

- Reduced line management authority
- Reliance on union communication to employees

Line management's is ineffective

- Front line management conflicted authority re union allegiance (miners/Shift bosses)
- Line management
 - Low people management capacity
 - Low conflict resolution skills
 - Heavy reliance on employee relations managers
 - Heavy reliance on collective processes

Employee relations is union dependent

De facto majoritarianism created illusionary ER comfort zone characterised by:

- Heavy reliance on union driven collective processes trumps direct, line communication to employees
- No actual verification of union representivity and/or accountability to employees
- Heavy reliance on union communication to employees without any independent verification of employee views
- Failure of stakeholder forums to hear signals in union mandating processes re general meeting attendance, ballots, etc

Collective agreements are failing to capture the support of employees....

- No constituency accountability for shopstewards
- Low democracy in union elections
- No membership control over union benefits for leadership
- Little worker control on PT and FT shopstewards service to members
- Wage ATB adjustments stratify bargaining unit by percentages making lowest band get less in rands than upper echelons

Low levels of support for both wage and recognition agreements amongst the lowest paid

Participation forums

- Largely operational forums re safety and production
- Low level of people problem resolution rate
- Low stakeholder management skills
- Low capacity to innovate and initiate

Employee participation forums standardised yet ineffective in people problem resolution

Employee communication

- Communication is one way and standardised
- Communication is written brief reliant, which has limited affectivity in illiterate employee environments
- Limited engagement with employees directly through spoken word
- Reliance on union to communicate

Communication is entrenched and standardised, yet ineffective in capturing employees understanding

Corporate culture

- Disconnect between ER and line - line not empowered or consulted vs ER see line as weak and ineffective
- Line decisions overturned by senior management
- Local management is bearer of bad news; HO is bearer of good news
- Line hear decisions after union has already communicated them
- Low levels of accountability and ownership : blame culture

Management structure is hierarchical, top-down, and engenders low accountability and non-alignment at all levels of organisation

All stakeholders are losing

Shareholders

- Unstable regulatory environment
- Low returns
- Declining investor sentiment
- High risk investment environment

Labour

- Pay inequality
- Migration vs. localisation
- Empowerment
- Skill development
- Co-determination
- High expectations

Company
Value

Government

- Complex and ineffective regulations
- Lowering revenue returns
- High admin prices
- Incapacitated local government
- Corruption, nepotism

Community

- Mine dependent community
- No ownership
- Little development
- High expectations

All stakeholders aligned and share common vision of value creation and value sharing

Shareholders

- Transformed company
- Performance driven business operating model
- New investment & growth on return on investment
- Stable and predictable regulatory environment

Labour

- Stable & secure employment
- Performance driven
- Aligned interests
- Skilled & Educated
- Safe, healthy



Company Value

Government

- Effective and simple regulations
- Lower cost of doing business
- Higher revenue returns
- Efficient and competent local government

Community

- Competitive, viable and independent community
- Ownership of profitable enterprises
- Development (housing, education, infrastructure, health services)

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