

Company Monitor: Case Study of Unilever and Akzo Nobel

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While all NALEDI publications adopt a pro-labour perspective, their conclusions do not represent the policies of COSATU



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Company Monitor¹

Introduction

The main purpose of this report is to highlight the labour practices of Dutch multinational corporations in South Africa. It forms part of a broader research programme of FNV Mondiaal in which the activities of Dutch multinational corporations are being studied in a number of developing countries. The purpose is to compare their practices in relation to the globalisation of labour rights as measured by the OECD's Multinational Guidelines and the ILO's Core Conventions.

The report is structured as follows: a brief overview is given of the methodology used as well the difficulties experienced, especially in relation to access to management. This is followed by a brief examination of South Africa's labour legislation and, in particular, legislation which has specifically been put in place to help overcome the distortions created by South Africa's apartheid labour legislation. The rest of the report follows the structure suggested by FNV Mondiaal with regards to examining certain aspects of labour standards, union freedom and association, collective bargaining, workplace restructuring, industrial relations, corporate social responsibility and environmental practices.

Methodology

Use was made of publicly available information detailing the performance and practices of Unilever and Akzo Nobel. These included annual reports, press reports and Internet articles.

Management, shop stewards, union members and union officials from the union head offices were interviewed to get a cross-section of views and perceptions. Interviews were conducted in Gauteng and KwaZulu-Natal. Union officials and shop stewards were very open to discussion, despite some long delays before responding to requests for information.

Unfortunately, management from Unilever South Africa were unwilling to participate in the research project, despite numerous attempts to obtain their participation. Attempts to get co-operation were also directed at Corporate Head Office level in the Netherlands by FNV Mondiaal.

¹ The author would like to thank all shop stewards and union members for their time and insightful input.

Labour Legislation

This section provides a brief overview of the most important pieces of labour legislation.

The labour market was one of the cornerstones of the apartheid system in South Africa. The new democratic government saw one of its priorities as being the implementation of new labour laws to counter this history of labour suppression. These laws include:

- The Labour Relations Act – this law regulates the relationship between trade unions and employers. The stated purpose and objectives of the Act include advancing social justice, giving effect to the fair employment practices of the South African Constitution, and giving effect to ILO obligations.
- The Basic Conditions of Employment Act – this law sets minimum conditions for all workers, especially those that fall below a prescribed wage threshold.
- The Employment Equity Act – this law tackles South Africa’s history of racial job reservation, and removes barriers to employment and advancement of historically disadvantaged groups (i.e., ‘designated groups’). Furthermore the Act stipulates that companies, depending on the number of people employed, have to submit employment equity plans to the Department of Labour.
- The Skills Development Act – this law addresses the apartheid legacy of under investment in skills development of black people, and the growing tendency of companies to neglect the training needs of their workforces and of the broader economy.

The Labour Relations Act sets out the rules for the establishment of worker and employer representative bodies. In terms of the Act, a union must provide proof that it is sufficiently representative in order to enjoy organisational rights accorded by the Act, for example, the rights of access to the workplace and to implementation of stop order facilities. In relation to certain rights, the union is expected to provide proof that it is a majority union; for example, the right to elect Shop Stewards, right to assist in grievance and disciplinary hearings and the right to disclosure of information are dependent on it having being recognised as the majority union.

The Labour Relations Act, in particular, been criticised by business. Their criticisms largely stem from their perception that the Act makes it difficult to hire and fire employees. The law is not overly cumbersome in terms of retrenchments for operational reasons. In fact ‘operational’ requirements are widely defined and retrenchments are easy to implement – so much so that more than 500 000 formal sector jobs were lost in its first five years of implementation. With regards to the dismissal of workers, the Act does require employers to show ‘fair reason’ and ‘fair procedure’. In particular, the Act tries to address past discriminatory practices inherent in easy dismissals in which unskilled black labour was seen as an easily disposable labour source. This requires that employers change their approach to managing labour, something that they are generally reluctant or find difficult to do. Through this law, the Commission for Conciliation, Mediation and Arbitration (CCMA) was established to resolve disputes brought to it by workers.

Two laws, in particular, place specific requirements on companies to establish committees and draw up implementation plans. They are the Employment Equity Act and the Skills Development Act.

1. The *Employment Equity Act 1998* seeks to redress past inequalities in terms of employee recruitment and employment profiles of companies. The act requires that “every employer must take steps to promote equal opportunity in the workplace by eliminating unfair discrimination in any employment policy or practice”. Employment policy or practice includes: recruitment, job classification, remuneration, employment benefits and terms and conditions, promotion and dismissal. The act makes specific reference to disadvantaged groups, referred to as “designated groups”, include blacks, women and the disabled. Companies are required to develop employment profiles, identify barriers to employment/advancement of designated groups in their company, and develop and implement plans to address this. Companies are to compile reports together with worker representatives and send these to the Department of Labour. The EEA applies only to firms of a certain size (based on employment or turnover), and does not include any targets; firms are required to determine their own targets after consultation with employees/unions.

The main features of these plans are that they must:

- a. achieve reasonable progress towards employment equity;
- b. state the objectives to be achieved for each year, the names of those managers responsible for the implementation of the plan, and the affirmative action measures to be implemented;
- c. set numerical goals to achieve the equitable representation in occupational category and level in the workforce and a timetable within which this is to be achieved, and the strategies intended to achieve those goals;
- d. set a timetable for each year of the plan for the achievement of goals and objectives other than numerical goals; and
- e. set procedures to monitor and evaluate implementation of the plan and to resolve any dispute about the plan.

The plan may not cover a period shorter than one year or longer than five years.

Under section 24, designated employers must assign one or more senior managers to take responsibility for monitoring and implementing their Employment Equity Plan.

2. The Skills Development Act places a levy on employers to contribute to a fund that supports skills development in all sectors of the economy. In terms of the Act, employers are required to contribute 1% of the wage bill, which is very low compared to the much higher international norm of company expenditure on skills development. Employers implementing a skills plan can recover their costs from this fund. The law thus forces all employers to share in the costs of skills development, and also creates incentives for them to establish workplace skills plans.

The following table briefly sets out how South African labour legislation gives effect to the fundamental labour rights established by the ILO Conventions as well as the dates when they were ratified by the South African government.

ILO Core Conventions	National Legislation
Freedom of association (Conventions 87) Ratified 1996	This convention is enforced in the LRA, Act number 66 of 1995.
Right to organise and to collective bargaining (Conventions 98) Ratified 1996	This convention is enforced in the LRA. The LRA obliges employers to disclose information relevant to collective bargaining.
Abolition of all forms of discrimination (Conventions 100 & 111) Convention 100, ratified 2000 Convention 111, ratified 1997	This convention is enforced through the Employment Equity Act. However, government has chosen not to enforce equal remuneration in the labour laws, but to leave it open for the labour movement to apply this convention by means of collective bargaining between employers and employees. There is still a large wage gap between women and men and between black and white workers doing work of equal value. Discrimination with regards to people suffering from HIV/AIDS is also covered in the Employment Equity Act.
Minimum Age Convention (Convention 138) Ratified 2000	This convention is enforced as part of the BCEA. The law prohibits employers from employing children of less than fifteen years of age.
Abolition of forced labour (Conventions 29 and 105) Both ratified 1997	This convention is enforced through the BCEA.

While South Africa has ratified most of the ILO core conventions, implementation in practice is largely incomplete. Each of these key labour rights is discussed individually in the research findings.

Case Study I: Unilever

Numerous requests for an interview were sent to Unilever Management. A letter requesting an interview was sent on 11 April 2002; unfortunately, Unilever responded in the negative on 28 May 2002. Subsequently, a further letter requesting an interview was sent on 29 May, but once again management sent a letter on 20 June declining to participate. Copies of the letters are attached. Unilever did, however, post copies of documents relating to their operations in South Africa.

Unfortunately this has hampered getting access to information and giving management the opportunity to acknowledge or refute claims made by shop stewards and union members. It would seem that this uncooperative approach by Unilever South Africa runs contrary to the spirit of their own **Code Of Business Principles: Management Commentary, April 2002**. This document states that *“Unilever wishes to operate as an open, transparent company. We have a bias to disclosure for all internal and external audiences and to fulfil all legitimate requests for information, unless business or personal circumstances of those involved require confidentiality”*.

Interviews were held at the Lever Ponds/Unifoods plants at Boksburg (Gauteng) and Maydon Wharf (KwaZulu-Natal (KZN)). Interviews were conducted with shop stewards and union members. Interviews were also held with union officials from CEPPWAWU and FAWU (both affiliated to COSATU) and NUFBWSAW (an affiliate of NACTU). Due to unforeseen difficulties, interviews were not conducted at the Unifoods plant in Pietermaritzburg (KZN) during my visit. CEPPWAWU officials and union members were very open to discussing matters, and this is greatly appreciated.

General Characteristics of Unilever South Africa

Unilever products have been available in South Africa since 1890, with Sunlight Soap being the first product. The South African subsidiary of Lever Brothers was registered in 1904, with the first factory being built in 1912 in Cape Town. In 1914, the factory was opened in Durban. This site of the soap factory remains at Maydon Wharf. A margarine factory was built in 1954 in Boksburg, Gauteng.

Factory production is based in five locations around the country (Boksburg – Gauteng Province; Maydon Wharf, Phoenix, Pietermaritzburg – KwaZulu Natal; and Stellenbosch – Western Cape). There are a total of 14 factories throughout these regions.

Unilever’s business interests centre around two categories: Home and Personal Care and Foods and is market leader in a number of product rangers. The food division operates under a number of brand names such as Foodsolutions (non-distributive sales of edible fats, oils and bakery products); Simonsberg cheese (speciality cheeses); Ola SA (speciality ice-creams); UBR Foods SA – Unilever/Bestfoods/Robertson Foods SA (edible fats, spices, sauces, tea etc.). The Home and personal Care division operates under the following brand names; Lever Pond’s (personal products, soaps, detergents and household cleaners) and Quality Products (third party manufacturers of soaps, toiletries

and hotel guest products). While many of the Unilever products are international brands such as Sunlight, Lipton, Ola, Lux and Flora, many are wholly South African such as Mrs Ball's Chutney and Simonsberg cheese.

Unilever South Africa had an estimated annual turnover of R7.7 billion for the year 2002. Over the last decade, capital invested has exceeded R1 billion. South Africa accounts for more than half of group profits in Africa. The Lever Pond's division accounted for R4.35 billion or 56% of total turnover while Unilever Bestfoods Robertsons (UBR) accounted for R3.3 billion.

Turnover per employee has more than doubled since 1988 from approximately R637 000 per employee to R1 450 000 per employee in 2001 (measured in constant 2001 money). This stems from a gradual rise in turnover since 1994 and a sharp drop in employment since 1990.

Although UBR is only active in 21% of the food and beverage market, it has an average of 57% market share in those sectors where it is active. It's market share is largest for the chutney sector having 74% market share followed by 67% for margarine. Its smallest market share is cream with only 7.7% market share.

Lever Pond's has number one position in South Africa for home/personal care products. It controls 72% of the market for laundry products and 61% for skin cleansing products. It's market share is smallest for hair care products accounting for only 7% for the market share putting it in second or third position.

Capital expenditure has gradually risen since 1997. In 2001, capital expenditure was approximately R235 million up from R140 million in 1997. However this is down from the peak of approximately R370 million in 1989 (measured in constant 2001 money).

Employment by Unilever SA has declined sharply since 1988. Employment peaked at just over 8 000 in 1988 before declining to 4 000 by 2000. Employment for 2002 is estimated at 5 100, with Lever Pond's employing 2 031 people and (UBR) employing 2 860 people.

The following table presents permanent and temporary employment figures for the year 1999 or 2000.

Division	Permanent Employment	Temporary Employment
Boksburg Detergent factory	385	160
Homecare	150	60
Powders	320	34
Liquids	110	50

Source: Official Unilever Document

The above table above represents only part of Unilever's operations, and does not cover its entire workforce. The table shows that with the exception of powders, temporary workers represent some 30% of the workforce. The figures above are only for one year

and therefore do not show a trend, however according to shop stewards there has been a growth in the use of temporary workers via labour brokers and fixed term contract workers. Another trend has been the growth in outsourcing of activities, especially in the Boksburg plant.

There are a number of trade unions organising at Unilever South Africa. They are the Chemical Paper Printing Wood and Allied Workers Union (CEPPWAWU), the Food and Allied Workers Union (FAWU) and the National Union of Food Beverage Wine Spirits and Allied Workers (NUFBWSAW). In KZN, CEPPWAWU is active at the Lever Ponds plant in Maydon Wharf and FAWU at the Unifoods plant in Pietermaritzburg. NUFBWSAW is the active union in Boksburg. Both CEPPWAWU and FAWU are affiliated to COSATU and NUFBWSAW is affiliated to NACTU.

COSATU is the largest union federation in South Africa with approximately 1.6 million members. They are organised in all sectors of the economy. CEPPWAWU and FAWU have a union membership of 73 700 and 119 000 each. NACTU is the third largest union Federation with a membership of approximately 400 000. NUFBWSAW has a union membership of 35 000. Like COSATU, NACTU is also organised in all sectors of the economy, however its base is different in that it has a tradition of being strong in a number of plants, rather than being strong within a sector as a whole.

Results from Interviews

Labour Relations

Interviews with the COSATU-aligned union organisers, shop stewards and union members indicate some difficulties relating to issues of labour relations. In particular, concerns centre around the right to organise, dismissals and collective bargaining.

At the Maydon Wharf site, the Chemical Workers Industrial Union, affiliated to COSATU, managed to get a recognition agreement with Unilever after three months of negotiations in 1984. However, artisans were excluded from this agreement - this is not uncommon in South Africa. Towards the end of 1999, a number of artisans tried to join CEPPWAWU². Management was however opposed to this and stated that Unilever paid “top wages” and that there was no need for them to belong to a union. Union members stated that the white artisans (who are in the majority) were told that their jobs were secure if they did not join the union.

Later that year, CEPPWAWU took the case to the CCMA to be resolved. After three years the CCMA found in favour of CEPPWAWU. The shop stewards claim that Unilever unnecessarily delayed the process at the CCMA by confusing issues around bargaining and organisational rights. While the artisans managed to secure organisational

² The CWIU became CEPPWAWU following its merger with the pulp and paper union.

rights such as the deduction of stop order facilities and the right to elect shop stewards, they were unable to achieve full bargaining rights in terms of wages.

Workers argue that management discriminated against artisan union members. With the relocation and closure of Unifoods at the Maydon Wharf plant, workers say that only non-unionised artisans were sent to interviews for posts at the Lever Ponds section. Furthermore, for the 2000 wage increases, union artisans received a 2 - 4% increase, while non-unionised artisans received between 8% and 14% increases. (I am unable to confirm whether these differing wage increases are due to discrimination between unionised and non-unionised workers or that the work performance differed between these two groups). CEPPWAWU member also state that management tried to weaken union strength at artisan level by making some artisans First Line Managers (team-leaders) and told them that they should leave the union.

CEPPWAWU has the option to elect a full-time shop steward at Maydon Wharf, but has decided against this. There are currently 13 shop stewards at the Maydon Wharf site.

NUFBWSAW has been organised since 1979 at the Boksburg plant. In the beginning, the union stated that they did experience difficulties in trying to organise. Workers responsible for organising experienced victimisation. This often took the form of constructive dismissal with the company making life difficult for these workers leading to their resignations. In 1981 the union managed to sign a recognition agreement with the company.

Currently, there are 29 shopstewards down from 34 in 2001. This follows the closure of the distribution and bottling section. There are two full-time shopstewards at the plant. According to NUFBWSAW, the company does not exercise any pressure on workers to dissuade them from joining a trade union. In general the company does not discriminate against workers for belonging to a trade union. There may be the occasional isolated incidents but this is due to a particular manager rather than due to company policy.

Access to information and the right to distribute information

In terms of the LRA, representative trade unions have the right of access to the company. NUFBWSAW stated that the union has had no difficulty in having right of access to the workplace. This is also the case for CEPPWAWU at the Maydon Wharf site.

At both sites, the company-recognised unions stated that there has been no difficulty in distributing union information, as there are union notice boards throughout the workplace.

As mentioned previously the LRA obliges employers to disclose information relevant to collective bargaining. NUFBWSAW states that they are given all the relevant information to assist them in their collective bargaining; however, these requests are not always dealt with timeously and the union may sometimes have to request this information more than once.

A typical problem experienced by unions in general is that they are deliberately given too much information and have to weed out what is useful for negotiations. There are, however, limits as to what the LRA can require employers to disclose. Companies are not required to disclose any information that they consider private and confidential, and, consequently, the employer defines what is confidential, private and privileged.

Issues around the introduction of new technology, restructuring and outsourcing are discussed in meetings between management and worker representatives. The LRA of 1995 enabled the establishment of workplace forums on the initiative of trade unions. There has been no request for such a workplace forum at Maydon Wharf. NUFBWSAW used this right to establish a workplace forum at Unilever Boksburg. This workplace forum was established to discuss the issue of restructuring. The forum came to an end during 2001 following the ending of discussions around workplace restructuring.

There are a number of other structures at plant and national levels to discuss various issues. These include health and safety committees, Employment Equity Forums, and Skills Development Forums. Union shop stewards state that all these structures meet regularly and that management is willing to hold a meeting before a scheduled meeting if a particular need arises.

CEPPWAWU has been trying to obtain organisational rights at the Lever Brothers plant in Boksburg for more than a year. In early June 2001, CEPPWAWU approached Unilever South Africa (Pty) Ltd to exercise organisational rights in terms of the Labour Relations Act 66 of 1995.

In October 2001, CEPPWAWU requested permission to hold a general meeting of its members on the company's premises. The company refused this request stating that only unions "which have a collective agreement with the said employer" are allowed to have meetings on the premises.

CEPPWAWU and Unilever met in November 2001 to discuss the exercise of organisational rights. Unilever requested that CEPPWAWU forward a list of its members so as to evaluate whether CEPPWAWU was sufficiently representative at the Boksburg plant. In terms of the LRA, a minimum threshold of 30% is regarded as sufficient for certain organisational rights.

In mid November 2001, CEPPWAWU requested stop order authorisation forms for approximately 280 employees and requested that the company deduct subscriptions from employees and deposit them into the CEPPAWU bank account.

CEPPWAWU members claim that Unilever responded by stating, amongst other that:

- "33 members of CEPPWAWU were due to go on pension in November 2002 and therefore there was no reason for them to join CEPPWAWU;
- 56 of CEPPWAWU's members were going to be retrenched in March 2002;
- 6 were artisans and had no right to join a union;

- some were supervisors and had no right to join a union”³.

Unilever requested that CEPPWAWU verify its union membership numbers. The company claimed that CEPPWAWU only represented 9% of the bargaining unit and, therefore, was not sufficient to claim bargaining rights.

In order to resolve the issue, CEPPWAWU referred a dispute relating to the company’s refusal to bargain to the Commission for Conciliation Mediation and Arbitration (CCMA).

In order to clarify the issue, the CCMA in January 2002 recommended the further verification of membership numbers. This verification process showed that CEPPWAWU had 287 members out of 800 employees (36%). As the union had achieved over the 30% mark it is entitled to certain organising rights in terms of the LRA.

Even after the completion of the verification process, Unilever failed to process the stop order authorisation or to discuss the exercise of organisational rights by CEPPWAWU.

As the two parties were unable to resolve the matter through conciliation, an arbitration hearing was held on 22 August 2002. Unilever failed to attend the hearing, arguing that the CCMA had failed to provide them with the date for the arbitration hearing. The CCMA however argues that Unilever was notified per fax on 12 July 2002 about the arbitration hearing.

The CCMA made the following award:

“From the uncontested evidence of the applicant, I find that the Applicant has sufficient representation at Unilever S.A. (PTY) LTD. And must therefore be the organisational rights as set out in the following sections of Chapter III of the LRA 66 of 1995.

- *Section 12 – access to workplace*
- *Section 13 – deduction of trade union subscriptions*
- *Section 15 – leave for trade union activities.*

As far as consultations in respect of operational requirement dismissals are concerned, the company must in terms of section 189 (1)(c). consult with CEPPWAWU.

The company is further ordered to supply CEPPWAWU with figures (either the number of non-union members or the number of employees belonging to other unions) to enable CEPPWAWU to establish the strength of their union membership in relation to other unions operating at the company.

It is further recommended that the parties formalise their relationship and try to reach agreement on trade union representatives (section 14) and disclosure of information (section 16)”. Wynand Stapelberg – CCMA Commissioner – Gauteng.

³ Sihlali Molefe Attorneys, 4 June 2002.

Unilever has stated to CEPPWAWU that it will be challenging the Default Award and will be requesting the rescinding of the award.

Industrial Action

Over the past five years there have been a few disputes. In the case of the Boksburg plant there was a one-hour work stoppage in 1999. The union was dissatisfied over the reduction in the employment of temporary workers and the retrenchment of one temporary worker. According to NUFBWSAW, this temporary worker was re-employed on a new three-month contract. In 2000, there was a two-day strike over wage negotiations. (NUFBWSAW failed to give any information relating to this strike).

In 1998 there was a five-day strike at the Maydon Wharf site, which was in response to a call for a national sectoral strike. Also in 1998 the Personal Products section went on a work stoppage. The stoppage lasted for two shifts over concerns around nepotism by the human resources department and insulting remarks made to workers. In 2001 there was a work stoppage that affected the Sunday night and Monday morning and night shifts over the entrance of armed South African Police onto Lever Ponds premises. In terms of company policy no armed person may enter company premises. Also in 2001 there was a two-hour work stoppage following a derogatory remark made by a manager. At the Phoenix site there was a three-hour stoppage as a result of a contractor wearing a Lever Ponds overall. Lastly in 2002 there was a one and a half-hour work stoppage concerning artisan bargaining rights.

Restructuring

There have been a number of restructuring initiatives at Unilever in recent years:

- 1994/1995 – IKHWEZI
- 2000/2001 – Project Apollo
- 2001/2002 – Project Dock
- 2001/2002 – PERZULU
- 2002 – Merger of Unifoods with Bestfoods and Robertson

The primary purpose of **project IKHWEZI** was to outsource non-essential services and focus on core areas. In recent years there has been an increasing focus on sub-contracting. This saw the disposal of Unilever's distribution company, S.A. Warehousing and their consumer research business, Research International, in order to focus more fully on core businesses⁴. The canteen, security, gardening and forklift maintenance and hire were all outsourced in the early 1990s. This was followed by the outsourcing of cleaning both in the factory and the offices. Later, activities such as palletising, bleaching, tank farming (storing of oil), engineering, fitting, boiler making and electrical activities were outsourced. So far there has been no outsourcing of production activities at the Maydon Wharf plant.

⁴ Unilever in South Africa – supplied by Unilever S.A. (Pty) Ltd.

Project Apollo saw the relocation of the Unifoods plant at Maydon Wharf in Durban to the Boksburg plant in Gauteng. Both plants were manufacturing edible fats and oils products for the South African market. At the time of the relocation, the Boksburg plant employed about 500 people while the Maydon Wharf plant had about 270 employees in the edible fats and oils products divisions. The primary purpose was to lower direct operating costs by utilising only one plant and to absorb the excess capacity at the Boksburg plant.

However, according to shop stewards, the relocation of production away from Maydon Wharf to Boksburg was a pre-conclusion, despite negotiations and discussions with the trade union. Before 1994 all plants at Lever Ponds began preparing for the transition of the South African economy in light of the opening up of the South African market and, with it, the advent of international competition. This preparation was done through training, adopting 'World Class Practices', etc. The Unifoods plant in Maydon Wharf was excluded from these preparations.

The introduction of project Apollo led to some job losses, early retirement of some workers and voluntary retrenchments; however, the majority of the workforce was absorbed into the Lever Ponds plant.

Project Dock at the Maydon Wharf plant saw the asset rationalisation of the boiler house which was outsourced to a separate company.

Project Phe-ZULU forms part of Unilever's global business strategy announced in 2000 which is called their "Path to Growth" programme. This project is based on improved returns to shareholders and the regaining of some of their lost global market share.

The plan involves their local businesses throughout the world, in developing strategies to re-order their manufacturing activities into integrated regional networks in support of their brands. The target is a world-class supply chain based on some 150 key sites plus a number of sites producing principally for local markets. Consequently, some factories will be phased out and the remaining factories will compete with each other to be part of the strategic factories, largely through reducing costs of production.

This strategy is aimed at achieving sustained profitable growth by focusing resources on 400 leading brands.

Unilever South Africa has demonstrated its commitment to the "Path to Growth" programme by embarking on a series of projects that will overhaul the entire supply chain, leading to improved factory efficiencies and better service levels. It is intended that the key manufacturing sites in Durban will be repositioned as regionally and globally competitive suppliers for a range of personal products, while the Boksburg powder factory will be benchmarked in line with globally competitive standards. The company is investing heavily in up-skilling. In order to reduce input costs, regional buying and sourcing opportunities are being pursued. Furthermore, a brand disposal strategy is being implemented to ensure non-core brands have either been disposed of or are phased out

over time so that resources can be concentrated behind the leading brands owned by the company.

At the Boksburg plant, recent restructuring initiatives have been introduced with the purpose of raising minimum education levels to facilitate the move towards a world class manufacturing strategy as well as the introduction of new machinery requiring higher skills levels. The establishment of a Strategic Change Forum, of which NUFBWSAW was part of, enabled discussions over restructuring. It is estimated that the workforce of the Boksburg Plant was reduced from 1500 to 1100 in 2001. While previous restructuring initiatives at Boksburg have not led to retrenchments, as this was usually dealt with through Company Initiated Early Retirement and voluntary retrenchment, this was not the case in 2001 given the size of job rationalisation process.

According to CEPPWAWU union members, the retrenchment package offered to these workers was lower than previous retrenchment packages. In some previous retrenchment packages, workers were offered four weeks for every year of service. However, in this round of retrenchments, workers were only offered three weeks for every year of service. Compared with industry norms this is still a good severance offer. In terms of the Basic Conditions of Employment Act, the law stipulates a minimum of one week for every year's service.

CEPPWAWU members interviewed said that while Unilever was retrenching they were also hiring new workers on a temporary basis. Unilever employees who are responsible for plant spillages and general maintenance have been targeted for retrenchment yet Unilever is making use of an outsourced company to perform these tasks. According to CEPPWAWU, these workers are being paid R50 per day with no benefits.

The restructuring of the Boksburg plant saw the introduction of Project Vuka. Unilever describes the project as follows:

A New Class of Entrepreneur – Vuka!

An inspiring new initiative in human resource development is Project Vuka, currently being implemented by Unilever's Boksburg site. Vuka is a pro-active Project run by Unilever to assist former employees who have faced retrenchment. Vuka assists retrenched workers by setting them up in small businesses, and then supporting them through a mentorship programme offering business management and marketing skills. ("Touching the lives of all South Africans Everywhere, Every Day", Unilever – Report 2002)

NUFBWSAW was able to negotiate the establishment of new business ventures with the assistance of the company for retrenched employees under project VUKA.

Approximately 30 people have managed to set up these new business ventures in areas such as repairing forklifts, manufacturing of blue dye, mixing chemicals, powder packing and preparing chemicals. These activities take place offsite. The union managed to guarantee a contract between Unilever and these individual business ventures - providing that certain conditions are met such as quality standards and that they are based on Unilever's production volumes - for a minimum of three years. The union initially

wanted a minimum period of five years. Furthermore, Unilever will provide assistance in terms of training, financial consultation assistance, assistance with the development of a business plan, and the services of a relevant manager in Unilever who will assist in providing backup skills where necessary.

One project has been the establishment of Gauteng Soap Powders, which manufactures and packages Lever soap products. The firm initially started in 1995 with six employees and is planning to employ another 15 retrenched workers from Unilever's Lever Ponds Boksburg site. Gauteng Soap Powders currently produces 17 000 tons of soap powder per year and has an estimated turnover of R5.1 million. They have managed to secure a five-year supply contract with Unilever. Unilever states that this is a show of their commitment to the development of small and medium sized enterprises and black economic empowerment⁵.

However, according to a CEPPWAWU shop steward, some of these projects have been a failure as the new business ventures were unable to meet certain quality standards.

The individual financial cost of these business ventures is high as workers involved used their pension money as well as borrowing money from banks to start up these businesses.

The retrenchment of the 53 employees in the distribution section was precipitated by the research and recommendations of the Strategic Change Forum of which NUFBWSAW was part. The task of the Strategic Change Forum was to recommend ways to:

- “maximise asset utilisation and to reduce complexity in production;
- maximise benefits of capital investment;
- focus on core business and simplify the conversion process;
- improve factory performance through the implementation of world class structures, skills and practices; and
- divest Unilever of non-core categories and non-core activities”⁶.

CEPPWAWU union members state that the restructuring was due to profit maximisation and not financial loss. The rationale was to comply with some of the standards set by Unilever's overseas parent company. (Unfortunately there is no way to verify this claim).

Unilever acquired **Bestfoods** world-wide interests (at an estimated purchase price of \$20.3 billion), which meant they owned 50 % of Robertsons Foods automatically in a joint venture with Hunt, Leuchars & Hepburn (HL&H), the Remgro subsidiary. As a result Unilever has plans (which were recently approved) to merge Unifoods, Unilever's local food division, with Robertsons⁷. At issue are the likely job losses and the threat that the merger will pose to competition in the local soup market. Unilever's Royco brand and Bestfoods's Knorr range hold the lion's share of the local soup market. The Competition Commission gave conditional approval for the merger provided the range of products under the Royco Brand is sold to a third party. Unilever was given six months

⁵ “Unilever offers a helping hand”, Senior Business Correspondent, 30 August 2002, *Business Day*.

⁶ Sihlali Molefe Attorneys, July 2002, Legal Documents

⁷ Webber Wentzel Bowens – Competition Law Union, August 21 2001.

in which to find a suitable buyer. In August 2002 Unilever managed to find a buyer for the Royco Brand.

The new joint venture is estimated to be worth approximately R5 billion⁸. FAWU members from Robertsons Foods were told by management that the merger is necessary for the company to retain market share, to become more competitive in terms of global competition and to increase exports. Specifically, Remgro is interested in the joint venture because it sees the growth of the Israeli market as more likely to be profitable than growth of the market in South Africa. Furthermore, it cannot access the Israeli market without Unilever's recently purchased network of foreign companies. According to newspaper articles, Unilever and Remgro believe that they can profit from market growth in Israel and Africa by forming a joint venture.

The proposed restructuring of manufacturing facilities in South Africa is based on comparing local costs of production with those of a food manufacturing company based in Poland. According to this study, South African costs are approximately \$367 per ton, compared with \$332 per ton in Poland. The aim of the South African restructuring is therefore to reduce costs to this 'international benchmark'.

Domestic and African sales are expected to contribute 40% of revenue (income) of the new merged company while export sales from Israel will form 60% of income.

The two companies claim that the merger of the operations in South Africa will result in:

- Improved logistics (reduced costs of transporting warehousing, inventory and sales);
- Introduction of new technology;
- Increased capacity utilisation of existing plants;
- Increased ability to purchase raw materials at cheaper prices (more power to negotiate with suppliers);
- Lower personnel and overhead costs

There is also the danger that the merger could pave the way for international procurement as opposed to local procurement. In South Africa the tariff on herbs and spices is almost zero, thereby offering little protection to local producers.

In terms of Competition Law, the merging companies have to inform the trade unions organised in the companies that they intend to merge. According to FAWU, neither company consulted with the union about the merger. It was only following a letter sent to the companies from the Competition Commission that they started to inform the union about the proposed merger. Furthermore, the companies were reluctant to disclose information relating to the number of potential job losses as a result of the merger.

The threat to job losses comes from merging the operations of Robertsons Foods, Robertsons Food Services, Hudson and Knight and Unifoods. There is still no definite figure on the impact of job losses following the merger; however, the worst possible

⁸ Nicola Jenvey, *Business Day*, 14 September 2001.

scenario presented by the companies is 745 job losses of which 356 are of union members.

Both companies have retrenched over the last six months:

- **Robertsons:** 31 people were retrenched as a result of relocating Trimpak sachet packaging from Alrode, Johannesburg, to Fountain Park, Durban.
- **Unilever:** 13 people were retrenched following the closure of margarine and oil manufacturing facilities in Durban. A total of 263 out of 276 people were not retrenched as a result of the closure, but were instead employed at Lever Ponds.

There are still ongoing discussions around a social plan for retrenched workers.

Labour Conditions

Child and Forced Labour

Interviews with union members and shop stewards from all three union affiliates agreed that Unilever does not make use of child or forced labour. Shop stewards were unsure whether Unilever specified this to their sub-contractors, but had never witnessed this practice on site. This study did not examine the supply chain of Unilever, especially regarding its agricultural inputs into Unifoods. There are no accurate national statistics measuring the extent of child labour on farms in South Africa.

Employment Equity

A requirement in South Africa, in terms of the Employment Equity Act, is for companies to submit Employment Equity Forms in which they provide a breakdown of employment according to race and gender across different occupational categories.

Companies are also required to develop Employment Equity Plans in which they provide details on how they plan to improve the representivity of their employee structure in terms of race, gender and disability.

[continued overleaf]

Breakdown of employees according to race and gender at Maydon Wharf

	Male				Female			
	African	Col.	Indian	White	African	Col.	Indian	White
Legislators, Senior Officials and Managers	10.3%	0.0%	17.2%	55.2%	6.9%	0.0%	0.0%	10.3%
Professionals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Technicians and Associate Professionals	18.2%	2.7%	43.6%	14.5%	7.3%	0.9%	6.4%	6.4%
Clerks	7.7%	2.6%	41.0%	0.0%	10.3%	5.1%	17.9%	15.4%
Service and Sales Workers	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Skilled agricultural and fishery workers	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Craft and related trades	18.2%	10.1%	31.3%	40.4%	0.0%	0.0%	0.0%	0.0%
Plant and machine operators and assemblers	79.2%	2.2%	18.1%	0.3%	0.0%	0.0%	0.0%	0.3%
Elementary Occupations	81.2%	2.0%	16.1%	0.0%	0.7%	0.0%	0.0%	0.0%
% by Race Group	57.6%	3.1%	24.0%	9.2%	1.9%	0.4%	1.8%	2.1%
% by Gender	93.9% Male				6.1% Female			

Source: Maydon Wharf Employment Equity Forum 2002

It should be noted that the breakdown for employees at the Maydon Wharf plant is likely to overestimate the proportion of Indians within the company. This is due to the demographic profile of the province.

According to information supplied in an Unilever Report 2002 on South Africa, black managers represent 32% of all employees at management level. Unilever has set a target of a minimum of 43% black managers by the end of 2004. Unfortunately, due to the lack of co-operation from Unilever South Africa, it is impossible to accurately break down these management categories in terms of “top” and “senior” management levels and exactly what decision making authority its management positions entail. Given this limitation, the representation of black managers at Unilever South Africa seems to be comparable with national averages. Information from the Department of Labour⁹ show that 12.6% of all top managers are black and 18.4% of all senior managers are black.

According to the Unilever report, women make up 33% of all employees at the management level. Looking only at the Maydon Wharf plant, women represent 17.2% of those at management level, far above their representation at the plant as a whole which is only 6.1%. Once again it is impossible to separate “top” and “senior” management levels. Unilever’s representation of women as a whole is comparable with the national average of 33.5% of management positions being held by women. The national statistics for South Africa show that 12.5% of all top management positions are held by women and 21.0% of senior manager are women.

No figures were given in the Unilever report, nor by the Maydon Wharf Employment Equity Forum as to the representation of disabled people.

Despite these figures, shop stewards expressed a number of concerns about employment equity. Some shop stewards expressed concern that the Employment Equity Forum – a structure comprised of both management and worker representatives - address employment equity concerns at a company level and not at a plant level. This is a valid concern, as it makes it difficult for workers to accurately judge any progress in terms of improving the representativity of black, women and disabled employees. Shop stewards expressed the need for an employment equity plan to be developed for each plant site.

⁹ Employment Equity 2001, Department of Labour (data based on a sample of 8 000 employers across all sectors of the economy).

Union members from both CEPPWAWU and NUFBWSAW felt that not enough change had taken place, and even felt that the situation had got worse. Added to this is the high turnover rate amongst black managers who stay with Unilever for a very short time period. It is difficult to judge the situation, as this is quite a common practice amongst black managers in South Africa given their short supply.

Discrimination

None of the unions organised at Unilever have taken any action against the company for discrimination based on race, gender, religion, disability or any other personal attribute. Union members at the Maydon Wharf site, however, felt that black and white artisans were treated differently. For instance, when reaching retirement age, white artisans are allowed to continue working until the introduction of the annual April wage increment. By comparison, black artisans are put on retirement the day they reach retirement age. Unionised artisans also felt that they were discriminated against in terms of opportunities for access to promotion. (It is however difficult to test the validity of these claims.)

Training

As mentioned earlier, firms in South Africa are required to make investments in skills development, to help address the legacy of apartheid in terms of dealing with the substantial skills shortage in South Africa. In terms of the Skills Development Act, companies are required to pay a 1% levy as well as develop Skills Development Plans. According to information supplied by Unilever, they currently spend 4% of their payroll on skills development and training. According to Unilever's South Africa Report 2002, "We found that with the labour pool getting smaller, if we had people with a good education then we could have them trained for promotion. Through training and up-skilling, we have factory workers who are now supervisors".

A requirement of the law is that companies submit skills development plans. In these plans they have to report on their current skills profile as well as the types of skills they require and mechanisms of how to achieve these. Sector Education Training Authorities have also been established for all sectors in the economy, in which appropriate skills needs and training programmes have been or are in the process of being developed. Much of the focus of these authorities is to develop Unit Standards.

Companies are also required to develop a structure(s) at company level to provide a forum for worker representatives and management to discuss issues relating to skills development. Unilever has established such a forum.

Unilever also offers Adult Basic Education Training (ABET) up to the equivalent school grade 10 (10 years education) in literacy and numeric skills. Workers who attend these courses are required to do so in their own time. Unilever will refund workers for the cost of the course if they pass.

Occupational and health and safety training are offered continuously. All sub-contractors are also required to attend health and safety training.

Working Hours

Working hours differ from site to site and from section to section depending on the type of shift worked. The Boksburg plant uses two different shift systems. The one shift operates on a continuous system with two shifts each 12 hours long with four crews of employees. Thus, workers work 12-hour days for four days per week. Another section of the plant operates on a three-shift system with three crews each working 8 hours a day. This section of the production plant is closed on a Saturday and Sunday. The normal workweek for these workers is 40 hours.

In terms of the BCEA, overtime is permitted on a voluntary basis up to a maximum ten hours per week and should be paid at a premium. Union members at both the Maydon Wharf and Boksburg sites stated that you may work as much overtime as you like, even more than the maximum 10 hours permitted in terms of the BCEA. Overtime is rewarded at 1.5 times the normal rate. Sunday is paid at two times the normal rate and public holidays at 2.5 times the normal rate.

Wages

Wages within Unilever are negotiated annually on a plant basis. Consequently, the rates of pay and benefits differ from plant to plant. The following table provides information on monthly wages of workers at the Maydon Wharf plant, for grades JC 10 (unskilled jobs such as packing and sweeping) to JC 16 (line operator responsible for overseeing the smooth running of a particular production process), effective from 1 January 2002. Wage information supplied by NUFBWSAW if for the effective period November 2000 to November 2001 and is therefore not directly comparable with the wage level at the Maydon Wharf Plant.

Monthly Wage Levels for workers in the bargaining unit at Maydon Wharf and Boksburg Plants

Grades	Maydon Wharf (2002)	Boksburg (2001)
JC10	R3611	R3423
JC11	R3808	R3567
JC12	R4268	R4126
JC13	R4802	R4656
JC14	R5461	R5245
JC15	R6240	R5862
JC16	R8599	Not supplied

Amounts have been rounded up to the nearest Rand

As previously mentioned, workers at the artisan level were given organisational rights but are still denied full bargaining rights. They therefore fall outside the bargaining unit in terms of wage negotiations. Currently, a system is in place in which 50% of artisan

wages are based on the Bargaining Council rate and the remainder based on personal appraisals. The union at plant level is still trying to negotiate for wage rates to be based solely on the Bargaining Council rate.

Using a living wage formula of home ownership (based on the smallest government standard acceptable – a 34 sq. metre house) one needs to earn R4 000 per month to make the necessary bond repayments. This is above the current wage paid to the two lowest job categories. Using national statistics, approximately 66% of those formally employed in South Africa are able to afford to buy a home.

While wages paid to the lowest job category of workers at Unilever may not be sufficient to enable home ownership, Unilever is still a relatively well-paying employer, paying in the upper 75th quartile of the bargaining council rates.

Benefits

Benefits	Management	Permanent Staff – Bargaining Unit	Non-standard employees (temporary staff)
Provident/pension fund	Yes	yes	no
Medical aid	Yes	yes	no
Loans	Yes	yes	no
Education bursaries	Yes	yes	no
Transportation	Yes	no	no
ESOPS	Yes	yes	no
Paid vacation	Yes	yes	no
Paid sick leave	Yes	yes	no
Medical facilities on site	Yes	yes	yes
Housing assistance	Yes	yes	no
Childcare services	No	no	no
Incentive bonuses	Yes	yes	no
Severance pay	Yes	yes	no
Paid maternity leave	Yes	yes	no
Car allowance	Yes	no	no

Non-standard employees refer to temporary or fixed term duration/limited duration employees, casual workers, etc.

Non-standard employees are excluded from all benefits with the exception of access to medical facilities on site. Membership of the medical aid scheme is voluntary.

In terms of the Basic Conditions of Employment Act (BCEA), workers are entitled to a minimum of 15 days' paid vacation leave. Also in terms of this Act, workers are entitled to 12 days' paid sick leave based on a three-year cycle.

Unilever offers workers with less than five years' service 15 days' paid holiday leave. For those with five to nine years' service or more, they receive 18 days' paid holiday leave and those with ten years or more receive 20 days' paid leave.

Women on maternity leave are given 50% of their wages for six months. Paternity leave is three days' paid leave. With regards to maternity leave this is superior to rights

established by the Unemployment Insurance Act 63 of 2001 which came into effect on 1 April 2002. In terms of the Act a contributor is entitled to maternity benefits for a maximum period of 17.3 weeks or four consecutive months. The maximum percentage benefit payable by the Fund is calculated on a sliding scale with the lowest earners (earning R150.00 or less per month) receiving the highest percentage benefit, i.e. 58.6% of their monthly remuneration and the highest earners (earning R10 000 or more per month) receiving 30.8% of their remuneration¹⁰, ¹¹.

Other Benefits

Favourable loan rates are arranged for workers through a private sector bank - at prime rate less two percent. Unilever also assists workers in terms of home ownership by helping them with collateral.

There is a reward system based on interim performance on a particular production line which is linked to meeting monthly production targets.

Employee Share Option Schemes are available to workers with at least three years' service. Once a worker has three years' service they qualify for 150 free Unilever shares. They are also entitled to purchase more shares from a "share pool" at a discounted rate.

The union at the Boksburg plant wants the merit increase system to be phased out and replaced by a system based on performance pay in which workers can share in rewards based on company profit levels.

Corporate Social Responsibility

According to interviews with workers, Unilever is quite active in a number of corporate social responsibility programmes. This programme allocates funding based on the recommendations of the social committee on which both worker representatives and management sit. Programmes range from leadership development - the Nelson Mandela Scholarship for formerly disadvantaged future leaders - to programmes relating to schools and university research, orphanages, a safehouse project for abused children,

¹⁰ There have been two interpretations of situations where a contributor also receives maternity pay from her employer. Section 24 (2) of the Unemployment Insurance Act (UIA) states that in the case where a contributor also receives maternity pay from her employer, the Fund will only pay the difference between such maternity pay and the maximum benefit payable by the Fund. In the first interpretation the Unemployment Insurance Commissioner interpreted section 24 (2) as follows. If a contributor is entitled to a maximum percentage benefit from the Fund of 40%, but she also receives 30% of her remuneration as maternity pay from her employer then she will only be entitled to 10% of the original benefit from the Fund, thus 10% (Fund) + 30% (Employer) = 40%. A later interpretation, however, was that an employee would be entitled to the maternity pay received from her employer as well as the maternity benefit payable by the Fund provided that the total of the two benefits do not exceed 100% of the contributor's earnings. Thus using the same example 40% (Fund) + 30% (Employer) = 70%.

¹¹ COSATU has put the ratification of ILO Convention 183 of 2000, which deal with maternity protection, on the agenda of the Labour Market Chamber of NEDLAC. This convention provides for maternity leave and benefits for all workers, including "vulnerable workers". It provides for a minimum percentage of maternity benefits of 66%.

environmental programmes, crime prevention and AIDS. In 2001, Unilever spend R12 million - or more than 3% of its after tax profits - on corporate social responsibility,.

Environmental Policy

Interviews with shop stewards indicate that Unilever South Africa takes its commitment to sound environmental practices seriously. They stated that a senior manager is responsible for environmental policy and that all workers receive environmental training. At the Maydon Wharf site, all manholes are clearly marked in terms of what effluent may be released where and all transport vehicles that enter the plant are checked for oil leaks.

According to the Unilever South Africa Report 2002, “factories drive their eco-efficiency through key performance areas: emissions, water, energy, waste (hazardous and non-hazardous) and effluent. The majority of these factories have NOSA 5-star and NOSCAR ratings, and Unilever is working towards ISO 14001 accreditation of all its main sites by the end of 2002”.

Case Study II: AKZO NOBEL

Methodology

Interviews were held with management, shop stewards and a union official from SACWU. The researcher found that management was very open to discussing matters, and this was greatly appreciated.

Akzo Nobel does not have a large presence in South Africa. It is primarily involved in veterinarian pharmaceuticals, paints and previously in inks. It is only in the area of powder coatings that Akzo Nobel has any production capacity. In the case of veterinarian pharmaceuticals, its presence is limited to sales. The Akzo Nobel division operating in the inks sector changed hands through a management buyout in February 2002 and is now Swedish- and South African-owned.

Results from the Interviews

Akzo Nobel operates under the name of Interpon Powder Coatings. The company was originally formed in 1970 as a joint venture between Plascon (South African owned - 49%) and Courtaulds Coatings (British owned – 51%). At that stage the joint venture was only manufacturing Marine and Yacht coatings. In 1994 the production range was extended to include powder coatings.

In 1998 Akzo Nobel bought Courtaulds PLC resulting in Akzo Nobel owning 51% and Plascon 49%. In 1998 the production range was extended to include Plascon's protective coatings, wood coatings and coil coatings. These three divisions were later closed during the course of 2001 due to poor profitability.

Production of powder coatings is located in Alberton (Gauteng) as well at the head office and research laboratory. There is also a small polyester resin manufacturing facility in Durban and a sales office in Cape Town. No production of marine coatings takes place in South Africa. There is a sales office and warehouse in Durban and Cape Town.

Akzo Nobel presently has approximately 60% of the market share in marine coatings in South Africa and approximately 50% of the powder coatings market. Annual turnover is estimated at R90 million for powder coatings and R60 million for marine coatings. It is not expected that there will be any growth in the powder coatings' division as the market is already mature and saturated. There is also limited export potential in the rest of Africa for both these products.

There are some capital improvement plans with the focus on modernisation and the replacement of old equipment and on health and safety initiatives (part of dust reduction exposure policy) to conform to global business requirements. It is not anticipated that these plans will lead to any job losses. However, it is likely to lead to higher skill requirements.

The South African operation is required to conform to corporate directives relating to risk, health, safety and the environment, as well as quality, branding, marketing, manufacturing improvement plans, together with general corporate governance policies and accounting practices.

Decisions relating to employment and restructuring are taken locally provided they are in line with the budget. Operational and financial objectives are decided at a local level. Issues related to research and development and product ranges are taken locally.

Investment decisions below 25 000 Euros are decided locally in line with capital budgets; all other expansion plans are developed locally but need approval at the group level.

Akzo Nobel currently employs 111 people – (87 in powder coatings and 24 in marine coatings).

Labour Relations

Interviews with shop stewards and union organisers indicate good relations between Akzo Nobel and its employees. Management described its relationship with the union as “fine”. The South African Chemical Workers Union (SACWU), a NACTU affiliate, is the only union organised at the Akzo Nobel Plant in Alberton. SACWU has a union membership of approximately 40 000. The union was active at the plant before Akzo Nobel acquired the plant in 1998. 99 per cent of workers in the bargaining unit are organised.

According to the shop stewards and union organisers, there have never been any difficulties in getting the union recognised. There are currently two shop stewards at the Alberton plant, as per the requirements of the BCEA. The company deducts trade union dues off the payroll.

The union described the relationship with management as positive and they are always willing to consult and provide information necessary for collective bargaining. Regular monthly meetings are held between worker representatives and senior management and weekly meetings with middle management. Issues discussed at the meetings include health and safety, company performance and time keeping. Monthly shop steward meetings are held with management. The Transformation Committee discusses employment equity and skills development issues.

The Health and Safety committee meets monthly, HIV/AIDS issues are discussed in training plans and at health and safety meetings. The company is still busy developing its HIV/AIDS plan, but has started discussing issues around awareness. They also have plans to provide free testing and counselling. It would however seem that this policy is not very effective, as shop stewards were not aware of any specific policy to deal with HIV/AIDS. As far as they were concerned, the policy simply involved the handing out of free condoms.

Worker representatives are able to call unscheduled meetings if they have an important issue to discuss. Shop stewards are given time off to attend to union matters on request.

SACWU has no difficulty in distributing information to all workers at the plant.

Industrial Action and Disputes

In 1997 there was a five-day work stoppage. The demand was for a 13% wage increase. According to a shop steward, Akzo Nobel was prepared to settle at 13%, but Plascon was not. The trade union lost the strike with union members going back to work after five days and receiving only a 10% wage increase.

In 1998 there was a chemical industry sectoral strike over wages at the national level which lasted five days.

In 1999 a dispute was referred to the CCMA over conditions of employment. Workers who were moved from Plascon to International Paint were on contracts with different terms and conditions. Issues of dispute included a transportation benefit and access to salary advances. At the time of the merger between Akzo Nobel and Plascon, Plascon was providing workers with a transport subsidy. This stemmed historically from Plascon's relocation from Johannesburg to Alberton (approximately 25 kilometres from Johannesburg). Akzo Nobel did not want to continue with this transport subsidy.

The other area of dispute concerned access to salary advances as well as company loans. Akzo Nobel had a policy of restricting salary advances to no more than three times a year. Plascon allowed its employees to access salary advances as many times as they wanted. Plascon also provided company loans at low interest while Akzo Nobel provided company loans at the current prime rate.

Subsequently workers were informed of the intentions to close PC, Wood and Coil coating businesses and no ruling was made.

Restructuring

According to the shop stewards, issues around restructuring, such as outsourcing, sub-contracting and the introduction of new technology are not discussed and negotiated. The shop stewards do however feel that this in part stems from their ignorance and from therefore not requesting meetings. They also felt that the company should take the initiative in raising these issues with the union.

The most significant restructuring took place in 2001 with the closure of three divisions. Workers were offered voluntary retrenchment packages. This closure led to the loss of 172 jobs. There was no industrial action as a result of these retrenchments, but the matter was dealt with through a formal consultation process.

In terms of a social plan, workers received three weeks' pay for every year's service, (the BCEA stipulates one week for every year's service). Akzo Nobel provided R2 000 for each retrenched worker to receive training and they assisted with the writing of curricula vitae of workers and provided three months' free medical-aid cover. Plascon arranged financial management advice for retrenched workers. Lastly, if any vacancies exist or there are opportunities for casual work, these retrenched workers are given first option to fill the vacancy.

Currently, activities such as boiler making, cleaning, security, canteen services and specialised maintenance are all outsourced. Wages given to these workers are dependent on the wages paid according to the applicable bargaining council. According to the shop stewards, there has been no increase in the use of sub-contracted workers. The company only makes use of casual labour on an *ad hoc* basis and uses temporary workers to meet increases in production.

Labour Conditions

Child and Forced Labour

Interviews with shop stewards stated that Akzo Nobel does not make use of child or forced labour. Shop stewards were unsure whether Akzo Nobel specified this to their sub-contractors, but had never witnessed this practice on site. They also did not know whether Akzo Nobel specified this to their suppliers.

Employment Equity

A Transformation Committee has been established at Akzo Nobel to look at issues of employment equity. Both management and worker representatives sit on this forum. (As previously mentioned this is a requirement in terms of the Employment Equity Act.)

Breakdown of employees according to race and gender at Akzo Nobel

	Male				Female				Total
	African	Col.	Indian	White	African	Col.	Indian	White	
Legislators, Senior Officials and Managers	1			3				1	5
Professionals				3					3
Technicians and Associate Professionals	3	1	2				1		7
Clerks	2				2	2		8	14
Service and Sales Workers			2	15	1	1		4	23
Skilled workers	5			2					7
Craft and related trades									
Plant and machine operators and assemblers	34	3	7						44
Elementary Occupations	8								8
Total permanent	53	4	11	23	3	3	1	13	111

Men represent just over 80% of all Akzo Nobel employees. Black men represent 20% of those at senior management, the person concerned is the human resources manager. Women represent 20% of those at senior management, the person concerned is the financial manager.

Shop stewards say that there have been no complaints about discrimination by the company. Shop stewards say that there have been some efforts to improve the representation of blacks and women at management level.

Training

Issues around skills development are dealt with in the Transformation Committee. Interviews with shop stewards indicate that the skills development plan is linked to the employment equity plan. As per the Skills Development Act, Akzo Nobel currently spends 1% of its payroll on training

Of the 33 employees who received training last year, just over 50 per cent were plant operators. Clerical occupations were the next biggest occupational category who received training with 18 per cent participating in training over the last 12 months. 36 per cent of those who participated in training were women, and this is higher than their overall representation in the company, which is 18 per cent. Almost 85 per cent of those who received training in the previous 12 months were black.

Working Hours and Wages

Normal working hours are 40 hours per week. Overtime is voluntary and is limited to 10 hours per week. The plant operates on a one-shift system, except over seasonal peaks when it operates on a two-shift basis.

Wage bargaining takes place at a centralised level. Minimum wage rates are established through the Industrial Chemical Bargaining Council. Plant level discussions relate to shift allowances, meals, transport and service awards.

According to a SACWU official, Akzo Nobel is not the highest paying in the sector, but one of the more reasonable and wage rates are above the minimum level established by the bargaining council. The current minimum established by the bargaining council is R2 200 per month and the current minimum paid by Akzo Nobel is R3 400 per month.

The following table provides the average monthly income according to occupational categories.

Occupational Category	Monthly Gross Income
Highly skilled/professional/management	R18 398
Skilled artisan	R5 639
Semi-skilled	R3 738
Unskilled	-

Basic remuneration, excluding overtime and company contributions to medical aid, pension funds and motor vehicle allowances.

Once again using a living wage formula of home ownership, the average salary paid to semi-skilled employees is below the level that would be required to meet the necessary bond repayments.

Benefits

Benefits	Management	Permanent Staff – Bargaining Unit	Non-standard employees (temporary staff)
Provident/pension fund	Yes	yes	no
Medical aid	Yes	yes	no
Loans	Yes	yes	no
Education bursaries/grants	Yes	yes	no
Transportation	Yes	Yes	no
ESOPS	Yes	yes	no
Paid vacation	Yes	yes	no
Paid sick leave	Yes	yes	no
Medical facilities on site	Yes	yes	yes
Housing assistance	No	no	no
Childcare services	No	no	no
Incentive bonuses	Yes	yes	no
Severance pay	Yes	yes	no
Paid maternity leave	Yes	yes	no
Car allowance	Yes	no	no

Non-standard employees refer to temporary or fixed term duration/limited duration employees, casual workers, etc.

Transportation allowances are given to certain employees in the bargaining unit. This is linked to the historical benefit provided by Plascon to workers living in certain areas.

Akzo Nobel assists employees with the education of their dependents. Financial assistance is given to employees with children from grade 7 to grade 12. Tertiary education grants of R1 500 per annum are given. Study loans are also given to staff on an interest-free basis. If an employee passes the course, they do not have to repay the loan.

The company currently provides up to six months' maternity leave. For the first four months employees receive 33% of their salaries with the difference coming from the Unemployment Insurance Fund. Three days' paternity leave is provided.

With regard to incentive/profit share bonuses linked to company performance, if targets have been met, employees receive between one and two weeks' pay.

Corporate Social Responsibility

The company does not have any established charities to which it makes donations. Rather contributions are made on an *ad hoc* basis depending on who approaches the company for assistance.

Environmental Policy

Shop stewards were uncertain whether Akzo Nobel had an environmental policy and they were not sure whether a senior manager was responsible for environmental standards. According to the company, a senior manager is responsible for environmental concerns. There is also a Health and Safety and Environmental Committee.

Environmental standards/targets are established by the head office in the Netherlands.
Akzo Nobel South Africa is currently targeting ISO 14001 listing in 2003.

NOTE: 'Unfair Dismissal'

During this period 53 employees were dismissed. The union believes that Unilever deliberately delayed its recognition until the dismissal of these workers. Consequently these workers were dismissed without any communication or consultation with CEPPWAWU, but with NUFBWSAW.

CEPPWAWU believes that management is reluctant to recognise their union as they are seen to be militant and radical. Furthermore they are reluctant to bring in a new union as they have a sweetheart union in place.

A number of problems have been identified by CEPPWAWU regarding the existing union NUFBWSAW. In addition the employees of Unilever have raised concern about the leadership of NUFBWSAW and had requested the election of a new branch leader. In particular the dismissed workers feel that the branch leader of NUFBWSAW had an adverse impact on their representation at the consultations meetings.

The purpose in highlighting these worker concerns is not to deal with the particular internal problems relating to NUFBWSAW who is affiliated to NACTU who have taken disciplinary actions, but rather to highlight the particular relationship that the union, or rather its particular leader, have with Unilever. These concerns, expressed by some workers, link to the alleged conflict of interest of NUFBWSAW's branch leader and lead negotiator at Unilever Boksburg. These largely relate to him having allegedly expressed an interest in purchasing some of the departments that were to be outsourced by Unilever. In addition he also ran a micro-lending and funeral scheme operated from the premises of Unilever with stop order facilities.