Business & Economics for the 21st Century
Volume II

ANTHOLOGY
SELECTED PAPERS

1998 BUSINESS & ECONOMICS SOCIETY INTERNATIONAL CONFERENCE

EDITED BY:
Demetri Kantarelis
BUSINESS & ECONOMICS SOCIETY INTERNATIONAL

MISSION

The third industrial revolution and the increasingly global market oriented economy have been raising new questions for Practitioners and Academicians in Business and Economics. What are the implications for national and transnational entities, global wealth distribution, international inflation, and government regulation? What new theories, methods and approaches are available? How should Business and Economics education approach these new challenges?

As the world moves into the information age, the B&ESI aspires to:
• Serve as a medium of open discussion for everyone interested in Business and Economics problems;
• Facilitate communication between Practitioners and Business/Economics Academicians as they pursue excellence in practice, teaching and research;
• Promote the disciplines of Business and Economics as fields of study.

CURRENT ACTIVITIES AND FUTURE PLANS

The Society is currently organizing its third International Conference which will take place in the Canary Islands / Spain from July 22 to 26, 1999, at the Melia Las Palmas Hotel. For a glance at last year’s Conference, visit the B&ESI Web Site (see URL at the end of this page) and link to “1998 Program”. The Society publishes an Anthology with papers selected from its annual conference. Future plans include the publication of an electronic Magazine (with invited columnists) and a semi-annual scholarly Journal.

INSTITUTIONAL MEMBERSHIP

The B&ESI welcomes Institutional Members. Institutional Members are business firms, academic institutions, governments, and other organizations that share B&ESI’s objectives. These members will be listed in the Conference Program / Abstracts, Anthology, Magazine, Journal, Announcements, and on Display at the Conference.

The B&ESI has established Sponsoring, Supporting, and Contributing Institutional Memberships. Institutional Members are entitled to participate in the Conference without paying registration fees as follows:
• Sponsoring - up to 12 participants (not less than) ___ $2,400
• Supporting - up to 6 participants ___ $1,200
• Contributing - up to 3 participants ___ $600

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AWARDS

The Business & Economics Society International would like to express its gratitude to those Outstanding Conference Participants who unconditionally and enthusiastically “go the extra mile” in reviewing, presenting and discussing papers, chairing sessions, organizing panels and conducting round-table fora. In recognition of their services, the Conference organizers are honored and delighted to present them with the OUTSTANDING CONFERENCE AWARD. In alphabetical order, the 1998 recipients are:

Gary Baker
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Adrian Carr
University of Western Sydney, Australia

Barney Erasmus
University of South Africa, South Africa

Nikiforos T. Laopodis
Villa Julie College, USA

Tony Mallier
Coventry University, UK

Priscilla R. Reis
Idaho State University, USA
PREFACE

We are indeed delighted to publish Business & Economics for the 21st Century - Volume II, an anthology of selected papers from the 1998 Business & Economics Society International Conference that took place in Rome / Italy from July 17 to 21. The Conference attracted more than 140 academicians and practitioners from more than 20 countries; 93 participants presented various papers / topics in Business and Economics. The authors of 82 papers requested evaluation for possible publication in the anthology and, after a blind review process, 40 manuscripts were selected for the volume.

The papers are primarily written for academicians, researchers as well as highly ranked executives or administrators; they range from conceptual, to theoretical, to empirical and have been assorted into the following topic areas: Perspectives on Business & Economics, Strategic Alliances, Marketing, Management, Labor Issues, Ethics and Philanthropy, Stock and Exchange Markets, Risk and Investment, Money Issues, Various Sectors / Industries, Forecasting, Law / Regulation / Value of Life, Transition Economics.

We would like to congratulate the authors for their invaluable contributions and acknowledge the many reviewers for graciously offering their constructive comments in a professional and timely fashion. (The names of all reviewers are listed on the next page).

Behind all this is the Business & Economics Society International (B&ESI), a USA-based entity founded by Helen and Demetri Kantarelis in 1996 to:

(i) serve as a medium of open discussion for everyone interested in business and economics problems;
(ii) facilitate communication between practitioners and business / economics academicians as they pursuit excellence in practice, teaching and research and;
(iii) promote the disciplines of Business and Economics as fields of study.

Business & Economics for the 21st Century - Volume II would have never be possible without Helen Kantarelis whose dedication, creativeness and above all leadership made all this possible. We would also like to thank Lori Mazur, Mark Mushinsky, Nathan Bedard and Palsons Printing whose professionalism enabled us to easily deal with all technical aspects associated with the production of this anthology.

Demetri Kantarelis
November, 1998
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ABSTRACT

Significant sociopolitical changes have, since 1990, occurred in South Africa, heralding a new era of democracy. The Reconstruction and Development Programme envisages worker participation as an element of economic growth based on the empowerment and motivation of the workforce.

The Labour Relations Act has introduced the concept of workplace forums the purpose of which is to give employers and employees the opportunity to negotiate on workplace matters which fall outside the ambit of collective bargaining. It seems, however, that organisations are still being managed in an autocratic manner. Apparently the pursuit of democracy has yet to reach the workplace. This paper examines the influence which international labour relations systems have had on legislation for greater workplace participation.

I. INTRODUCTION

Organisational management styles are changing throughout the world. The changes relate largely to present-day labour relations. The concept of “empowerment through democracy” is gaining worldwide prominence. These changes have not bypassed South Africa. Significant sociopolitical changes have taken place in this country since 1990. The first democratic elections took place in April 1994 and heralded the beginning of a new era, an era of democracy.

The Reconstruction and Development Programme (RDP), which is the Government of National Unity's policy framework for the transformation of South Africa, has the democratisation of society as one of its basic principles. The aim is to build a democratic, nonracial and nonsexist future. It is emphatically stated that the RDP represents a vision for the fundamental transformation of South Africa, through means such as the development of strong and stable democratic institutions, by reinforcing existing representation and participation and by ensuring that South Africa becomes a fully democratic society (ANC 1994:7).

The reconstruction and development programme (RDP) holds out a prospect of worker participation as an element of economic growth based on the empowerment and motivation of the labour force (Du Toit et. al. 1996:229). It also states unequivocally that legislation should promote worker participation and decision making in the workplace.

The roles of the actors in the labour relations arena will have to change in order to adapt to the new prerogative of participation and democracy. The most important changes will be the altered role of the trade unions and the increased worker participation in decision-making. Workers are finding themselves engaged in a struggle for survival and they will have to place increasing pressure on trade unions to help protect their interests. Trade unions will have to show greater understanding of the economic realities of this country when they frame their wage demands and other demands and arrange stay-aways. The hope is expressed that the establishment of workplace forums will give employees the opportunity to gain information regarding production costs, productivity, affordability and similar matters so that they will think twice before putting demands to management which could possibly threaten the survival of the business. Management in turn should learn to share the decision making function with its employees.

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The first democratic elections in this country not only established political democracy but also resulted in the pursuit of industrial democracy. Workers expect to obtain the right to greater participation in decision making in organisations. The Labour Relations Act 66 of 1995 came into operation on 11 November 1996 and one of the principal aims of this act is to promote worker participation in decision making. Various structures have been set up to encourage participation and extend organisational rights in order to achieve this aim. Workplace forums are the most important structure, however. This paper will focus on how legislation in the form of the Labour Relations Act and in particular workplace forums will influence worker participation in South Africa. Special attention will be paid to the purpose of these forums and the way in which they operate. The question which remains to be answered is whether workplace forums will lead to the democratisation of the workplace.

II. WORKER PARTICIPATION IN SOUTH AFRICA: AN OVERVIEW

Anstey (1997:1) defines worker participation as "a process recognising the needs and rights of employees – individually and collectively – to participate with management in organisational decision making areas beyond those usually associated with collective bargaining".

According to Nel et. al. (1997:24) participation can be described as "... the involvement of one group of employees (non-management employees) in the decision-making process of the organisation which has traditionally been the responsibility and prerogative of another group of employees (managers)." The attainment of democracy in the economic arena means that all workers should be given a direct or indirect opportunity to participate in the management and therefore in the decision making processes of an organisation. Democracy is, however, usually seen solely as direct participation in these processes. According to Nel et. al. (1997:23), industrial democracy is important to workers because it gives them a bigger say in the way the organisation, the economy and society as a whole are run. Management is also starting to become more enthusiastic about industrial democracy for other reasons, including the effective operation of the organisation. Essentially, participation means that workers who are working under the supervision of other people, and all those workers who are affected by the activities of a specific organisation, should have a say in decision making that concerns those activities.

South Africa's reentry into international markets and the demands of a more open international economy require us to produce value-added products and improve levels of productivity. This can only be achieved by means of a major restructuring process. Studies on the way other countries have responded to restructuring serve as a warning that our system of adversarial industrial relations, which was designed in the twenties, is not suitable for this enormous task. In countries like the United Kingdom, where the system of adversarial industrial relations was not supplemented by workplace-based institutions for worker representation and labour-management communication - a "second channel" of industrial relations - this process fared ill. Workplace restructuring was the most successful in the countries where participatory structures were in place, such as Japan, Germany and Sweden. If we are to have any hope of restructuring our industries and economy successfully, management and labour will have to find new ways of dealing with each other (Discussion Document 1995:31).

Before 1979 black workers in South Africa did not have access to the collective bargaining system. After that year the guidelines proposed by the Wiehahn Commission brought about certain changes. Attempts were made to establish independent labour organisations for black workers, but various strategies were applied by both the state and employers to undermine these organisations. One of these strategies was the Native Labour (Settlement of Disputes) Act of 1953, which restricted the representation of black workers on worker committees in the workplace and prohibited them from striking. These statutory works committees were therefore never utilised by black workers and by 1971 there were only 18 statutory works committees in the country. The Department of Labour indicated that there was a preference for non-statutory works committees because there were no restrictions in respect of their composition and they provided a structure by means of which workers could be represented.
Militant action by black labour in the early 1970s led to the promulgation of the Black Labour Relations Regulation Act of 1973, of which was to extend the existing works committee system. Liaison and coordinating committees were set up to restrain activism among the workers and establish an alternative form (to trade unions) of labour-management communication. Where statutory works committees had consisted solely of employees, employers could now appoint half the members of the new liaison committees and their chairmen. In effect, therefore, they formalised the non-statutory works committee system. By 1980 there were 2,745 liaison committees, 327 works committees and five coordinating committees representing the interests of 799,369 workers. Although at the time the Department of Labour saw the rapid growth in the use of these committees as increasing acceptance of this form of representation, alternative research has suggested that this growth was due to a strategic decision by trade unions who were representing black workers to use these forums to build up a base for a future independent organisation (Friedman in Anstey 1997:91).

The aim of the Labour Relations Act (LRA) 66 of 1995 was to convert the ILO guidelines and Constitutional rights, including those rights that relate to worker participation, into legislation. The policy framework of the RDP was also taken into consideration. This act represented an attempt to establish less hostile labour relations in South Africa, without in any way undermining the independence of the trade unions and traditional collective bargaining.

The new Act introduced the concept of workplace forums. Workplace forums are designed to enable employers and employees to conduct discussions on workplace matters which fall outside the scope of wage negotiation. Workplace forums were therefore intended to perform functions to which collective bargaining was not suited, namely joint problem solving and the solution of production conflict.

The history of worker representation in South Africa has therefore been conducive to a great deal of mistrust of such forums in the modern South African labour relations arena. Trade unions in South Africa are in a different situation now from their position during the years 1950 to 1995, however. They are now protected by the Constitution of the Republic of South Africa and the government has introduced legislation to protect the rights of labour. The present-day trade unions are very strong and cannot easily be suppressed by employers. International trends show that the influence of trade unions increases when worker participation programmes are implemented. Participation programmes also promote the development of employees.

III. THE ROLE OF WORKPLACE FORUMS

Workplace forums are intended to serve as a significant influence in changing labour relations in South Africa. The introduction of workplace forums represents a change in thinking for both employers and employees. Not everyone is ready to make this change, however.

A workplace forum has an obligation to

+ strive to promote the interests of all employees in the workplace, whether or not they are trade union members.
+ strive to improve effectiveness in the workplace.
+ be consulted by the employer, with view to achieving consensus on certain aspects.
+ attempt to democratise the workplace.
+ lay a foundation for cooperative rather than adversarial relations between employers and employees.
+ promote employee participation in decision making.
+ improve productivity and profitability.
+ support collective bargaining (instead of undermining it) by performing those functions for which collective bargaining is unsuitable.

The object of workplace forums is to create a more participatory culture in an environment which traditionally has been
characterised by adversarial employer-employee relationships. The attainment of this aim depends on drawing a clear
distinction between collective bargaining and indirect worker participation through representation by coworkers at workshop
level. Collective bargaining focuses mainly on the distribution of the wealth generated by organisations whereas workplace
forums are more concerned with the transformation processes involved in organisations' attempts to generate wealth.

IV. THE FUNCTIONING OF WORKPLACE FORUMS THROUGH CONSULTATION,
JOINT DECISION MAKING AND THE DISCLOSURE OF INFORMATION

Workplace forums are structures which have been put in place in order to introduce a specific form of participation,
namely indirect participation from inside the organisation. However, the ultimate success or failure of a workplace forum
depends largely on the processes followed and not so much on the structure. These processes are largely interactive and are
therefore of an interpersonal nature. The members of the workplace forum and the workers who represent the employer will
attempt to solve problems and take decisions by using various interpersonal processes such as the disclosure of information,
consultation, the holding of meetings and joint decision making.

Consultation

The central theme of consultation is that it remains the prerogative of management to take the final decision. According
to the LRA, management can only take a final decision regarding certain matters after they have consulted the workplace
forum and made an effort to reach consensus. Matters which should become the subject of consultation may be regulated
by a collective agreement with the representative trade union or, if no collective agreement exists, the workplace forum has
the right to be consulted by the employer regarding proposals on any of the following matters (Pennington and Van Zyl
1997:24):

- workplace restructuring, including the introduction of new technology and new working methods
- changes in the organisation of work
- partial or complete closure of plants
- mergers and transfers of ownership in as far as they have an impact on the employees
- the discharge of employees for reasons which are based on operational requirements
- the release of any collective agreement or any legal provision
- job grading
- criteria for merit increases or the payment of discretionary bonuses
- education and training
- product development plans
- export promotion

Joint decision making

The big difference between consultation and joint decision making is that with consultation an attempt is made to reach
consensus whereas consensus is obligatory with joint decision making.

In the case of joint decision making managerial prerogative is effectively done away with. The employer is not at liberty
to take final decisions or proceed with the implementation of proposals before coming to an agreement with the workplace
forum. Since everyone has to be satisfied with the proposal, the real challenge lies in creating a cooperative climate. Both
parties have to realise that any matter under discussion is a joint problem and that specific skills will be necessary in order
to find a joint solution.
Aspects for joint decision making include:

+ disciplinary codes and procedures
+ rules concerned with regulating the workplace which apply to the conduct of employees where this is independent of their work performance
+ measures which are designed to promote people who have been prejudiced by unfair discrimination
+ changes in the rules which regulate social benefit schemes, by the employer or by representatives appointed by the employer on trusts or on the boards of schemes controlled by the employer

**Disclosure of information**

The disclosure of information should be seen as an essential characteristic of participation. This theme is also addressed in the Constitution of the Republic of South Africa and may therefore be considered an inherent part of the transformation and democratisation of this country. The disclosure of information leads to transparency in the workplace and serves to reinforce trust between management and workers. The inclusion of this aspect in the new labour legislation is therefore essential for the democratisation of the South African workplace and society.

According to the LRA, regular meetings of the workplace forum should be held at which the employer should report on the financial and employment situation of the organisation as well as the predicted performance (Finnemore and Van der Merwe 1996:155). A workplace forum is entitled to obtain all the relevant information it requires to participate effectively in consultation and joint decision making.

**Practical implication**

The purpose of consultation, joint decision making and disclosure of information is to improve labour relations by providing a forum that will enable employees to participate in decision making in the workplace, improve effectiveness and obtain a competitive advantage (Baskin & Satgar 1995:46-55).

Both labour and business have certain reservations, however. Pennington and Van Zyl (1997:28) drew the following conclusion: Although the LRA has attempted to establish cooperative relations between management and the trade unions (including the labour force), many of the fears and reservations about workplace forums, specifically about the disclosure of information, consultation and joint decision making, centre around the “power element”. It is possible that neither of the parties is prepared to alter the traditional adversarial relationship because they fear that their power base will be eroded. The “us” and “them” syndrome still emerges frequently.

According to Pennington and Van Zyl (1997:31), labour legislation alone cannot be relied on to put an end to the discord between South African business and labour. Although the LRA deals with aspects such as consultation, joint decision making and disclosure of information in a fair amount of detail and attempts to lay a foundation for cooperation in the workplace, it cannot supply the single element which is necessary for employer-employee cooperation, namely mutual trust. An attitude which is characterised by mutual trust and willingness to put aside past differences would help to solve the problems that arise when negotiations concern sensitive subjects. The building up of cooperative relationships would serve as a sound foundation that would enable workplace forums to be implemented with as little conflict as possible.

**V. FACTORS THAT INFLUENCE THE FUNCTIONING OF WORKPLACE FORUMS**

In many respects workplace forums, as defined in the LRA, are aimed at encouraging democracy in the workplace. The rationale is that the democratisation of the South African population cannot take place unless the South African workplace is democratised.
In an attempt to give employees a say in their organisations for the first time, the new Labour Relations Act specifies that employers should set up structures by means of which elected representatives will be able to help to determine the organisation's policy regarding strategic development, salaries, equal opportunities and health and safety aspects. A workplace forum can only be established at the request of the representative trade union - employers are dissatisfied about this. All employees are represented, however. The problem is that although both management and trade unions are anxious to improve relationships, they both want to retain as much power as possible. Many trade unions are sceptical because they see workplace forums as a threat to their own power base. On the other hand managers often regard participatory management as an intrusion on their "managerial prerogative". The intention of the Act, namely democracy and participation in the workplace, will therefore be difficult to achieve.

Structures for workplace forums and other participatory processes can be established without much difficulty. The problems arise when the organisation's culture has to be changed to encourage participation. Existing attitudes must be changed. Where management formerly took decisions independently, they now have to adopt a new orientation and consult workers before taking decisions. At present there is a great deal of mistrust between the parties and it will not be easy to overcome.

The circumstances conducive to this mistrust include the following:

- a long history of a "war mentality", adversarial labour relations and private agendas
- the loyalty of parties to employer and employee representatives outside the organisation - to the detriment of internal loyalties
- political motives
- racial prejudice
- the development of strong collective bargaining skills which are geared to "beating the opposition"
- the development of deeply rooted mistrust, suspicion, hostility and even hatred between the parties

[Marais and Israelstam (1997a:41) identified various attitudes and skills which need to be changed (see table 1)]

**TABLE 1: REQUIRED ATTITUDINAL CHANGES**

<table>
<thead>
<tr>
<th>FROM</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pursuing private agendas</td>
<td>Identifying common goals</td>
</tr>
<tr>
<td>Fighting over wealth</td>
<td>Creating and sharing wealth</td>
</tr>
<tr>
<td>Focusing exclusively on one's own needs</td>
<td>Focusing on understanding others' needs</td>
</tr>
<tr>
<td>Ignoring others' needs</td>
<td>Adopting others' needs as our own</td>
</tr>
<tr>
<td>Seeking one-sided solutions</td>
<td>Seeking consensus</td>
</tr>
<tr>
<td>We-they approach</td>
<td>Teamwork</td>
</tr>
<tr>
<td>Disrespect</td>
<td>Mutual trust</td>
</tr>
<tr>
<td>Mistrust</td>
<td>Trustworthiness</td>
</tr>
<tr>
<td>Tantrum throwing</td>
<td>Mature rationality</td>
</tr>
<tr>
<td>Win-lose approach</td>
<td>Win-win approach</td>
</tr>
<tr>
<td>Shirking responsibility</td>
<td>Welcoming responsibility</td>
</tr>
<tr>
<td>Irresponsible attitude</td>
<td>Taking responsibility seriously</td>
</tr>
<tr>
<td>Talking at people</td>
<td>True communication</td>
</tr>
<tr>
<td>Secrecy and exclusiveness</td>
<td>Sharing information (openness)</td>
</tr>
</tbody>
</table>
Dominating discussions | Listening
---|---
Half-hearted performance | Optimum performance and conduct
Waiting for a pay packet | Working for productivity
Clinging to tradition | Building for the future
Injustice | Fairness


Change can be painful and there are various other complicating factors as well, such as:

- The inherent mistrust between the parties means that each party would like the other party to commit to change but is not itself prepared to make that commitment.
- Ingrained attitudes and skills are so deeply rooted that it is difficult to change them.
- Since these changes are still very new, there is no assurance that they will be successful.

In workplaces where there are high levels of literacy (eg the manufacturing and textile industries), the workplace forums will lead to increased worker participation. Workers in other industries (eg the construction and mining sectors) may be unable to get to grips with the complexities as a result of their low levels of literacy. Workplace forum representatives will require intensive training in order to be able to deal with these complex aspects. The initiation of workplace forums therefore depends largely on the literacy of the members of a trade union in a specific organisation (Pennington and Van Zyl 1997:37).

According to Marais and Israelstam (1997c:41), there is concern that meetings between workplace forums and the employer could degenerate into negative confrontations, like those that occur from time to time at meetings between management and trade union representatives. One should also bear in mind that in the case of workplace forums there are not just two parties (management and the trade unions) which have to be satisfied but a number of different employee groups.

Workplace forums are a form of employee participation which makes major demands on trade union leaders and managers if they are to fully comprehend and apply the dynamics of employee participation.

Almost all decision making will have to be considered by the forums first and this will necessarily result in delays. The parties will have to display enormous self-discipline and patience. Given the typical resourcefulness of South Africans, a method by which the workplace forums can function effectively will probably soon be found. Although the Act does provide some protection against breaches of confidence, management will naturally hesitate about placing sensitive matters on the agendas of workplace forums, because there is no guarantee that the information will not fall into the wrong hands.

According to Du Toit et. al. (1996:270), there is no doubt that the introduction of workplace forums will result in certain costs for the employer. Apart from the direct costs, such as the provision of facilities, the sacrifice of working time by members of workplace forums, etcetera, consultation and joint decision making take time. It becomes difficult for the employer to react quickly to new developments. This cost is readily balanced, however, by the following advantages of worker councils, which were identified in the German system:

- Although decision making takes longer, decisions are far more rapidly implemented than they used to be.
- There is less resistance among employees to decisions which have been the subject of consultation.
- Consultation contributes to a healthier atmosphere in the workplace.

Both direct and indirect costs will have to be incurred if the forums are to function properly. Many administrative and secretarial functions have to be provided but the biggest cost item is the time management will have to devote to the forum
meetings. If the forums are to function effectively, training for both employee representatives and management is essential. Even the labour force will have to be informed about the purpose and functions of the forums. The constitution of the forum will have to determine what form the training should take, who should provide training and how it should be funded. There is still some uncertainty about the definition of a workplace, especially where an enterprise consists of a number of plants.

Bendix (1996:343) says that the object of workplace forums is to encourage cooperation and participation, which will lead in turn to improved productivity and effectiveness. Whether or not this object will be achieved will depend largely on the way in which workplace forums are established and function, the attitudes of trade unions, non union members and management in respect of workplace forums and the extent to which trade unions will be able to separate their collective bargaining function from their cooperative/participatory function. There is some degree of overlapping between the duties and functions of trade unions (trade union representatives) and workplace forums.

A very clear distinction will have to be drawn between the matters which are dealt with by the trade unions, by collective bargaining and by workplace forums. Another difficulty is that it might not be easy to take consistent decisions at forums attached to plants which are situated in different parts of the country.

In an article in the Weekly Mail and Guardian (1995), Bosch and du Toit pointed out that because forums can only be established in workplaces with over 100 workers, over 74 percent of the labour force in South Africa is excluded from workplace forums. The sector which is excluded is economically significant because it contributes up to 58 percent of the gross national product. Because 75 percent of the economically active population does not belong to trade unions, many workers are excluded, because majority trade unions have to initiate the forums.

Finnemore and Van der Merwe (1996:157) also emphasise the fact that workplace forums have been established with the purpose of representing all workers in the workplace and promoting participation in the workplace. It is up to the majority trade union to take the lead in initiating the establishment of a workplace forum. As a result workers who are not members of trade unions, workers in workplaces where the majority trade union is unwilling to initiate a workplace forum and workers in workplaces where there are no trade unions are denied access to workplace forums. It therefore appears that workplace forums only cater for the interests of majority trade unions and their members.

South African businesses have to be economically competitive if they wish to survive. Improvements in the areas of quality, productivity, delivery and costs are possible topics for negotiation in the workplace forums. As long as employers and employees hold different views on matters such as productivity, to take one example, it will be difficult to make any progress. Workers are wary of appeals to “work harder” (Pennington and Van Zyl 1997:6).

Workplace forums are widely regarded with a great deal of scepticism. Trade unions fear that workplace forums will undermine collective bargaining and management fears that the forums will interfere with the free exercise of their managerial prerogative. On the other hand trade unions are always demanding increasing worker participation in managerial decision making and employers are always requiring more cooperation and flexibility from their workforce. This explains the resistance on the part of both trade unions and employers to the establishment of workplace forums. There will always be a conflict of interests between workers and employers in the workplace. While employees are striving for democratic representation and a higher degree of democracy in the workplace, the goal of employers is increased productivity and efficiency.

Up till now “participation” in organisations has meant that workers are involved in operational aspects of the organisation. This has been achieved by means of structures such as quality circles. In South Africa, however, the differences between the value structures of management and those of workers demand higher levels of participation. The new Labour Relations Act 66 of 1995 makes provision for workplace forums where participation in decision making at strategic level is encouraged. The question is, however: How ready is South Africa for this step, and will it really promote efficiency in the
VI. INTERNATIONAL LABOUR RELATIONS SYSTEMS

Our principle concern in the discussion that follows is to describe the direct and radical influence the labour relations systems of Germany and Britain have had on the South African system. Workplace structures of various kinds play an important role in countries such as Germany, Sweden, Japan and America. Each country has a different slant on the whole question. Germany has a system of statutory works councils on which all employees are represented. These works councils are not initiated by trade unions. Representation at a higher level is also made possible by the establishment of supervisory councils. Works councils are prohibited by law from participating in strikes. Sweden focuses on socio-technical teams which are highly democratic structures/bodies by means of which employees are directly involved in decision making. The Japanese system of cooperative teams promotes employee participation and ties with the organisation. This results in a high level of cooperation between management, employees and trade unions (Finnemore and Van der Merwe, 1996:157).

Germany

Backer and Olivier (1996:27) point out that the provisions governing workplace forums in the new Act are very closely based on the German model of worker participation and decision making. In Germany there is a system of joint decision making through works councils and supervisory councils. By law, works councils have to be established in all firms with more than five employees. Joint decision making would be applied wherever decisions have to be taken on matters such as working hours, methods of remuneration, training, staff appointments and transfers, health and safety regulations, etcetera.

In companies with 2000 or more employees, it is obligatory to establish a supervisory council, one half of which must consist of representatives of the employees and the other half of representatives of management. The chairman of this council should be a representative of management. In companies with less than 2000 but more than 500 employees, one third of the representatives on the supervisory council should consist of workers.

The statutory functions of the supervisory councils include the following:

- the formulation of company policy and supervision over the management of the company
- approval of the annual financial statements
- approval of decisions concerning the establishment or suspension of subsidiaries, the creation of production facilities, capital investments, the sale of property, the appointment of senior managers, etcetera
It should be remembered that joint decision making has evolved from the German labour relations system, which is highly disciplined and functions within a system of centralised collective bargaining. Trade unions are recognised at various central forums and play an important part in the economic and political development of the country. Many trade unions have large financial investments and most trade union leaders are highly qualified.

Backer and Olivier (1996:29) contend that we have succeeded in drafting an act which creates the impression that the German system has simply been transplanted to this country, but that is far from the truth. The big difference is that the system of participation is worker-driven in Germany whereas here it is driven by the trade unions. Forums can only be initiated by majority trade unions and the forums are also subordinate to collective bargaining. In Germany the works councils and supervisory councils exist side by side with trade unions and collective bargaining. Our forums are still control-driven and their roots lie in conflict-ridden relationships.

The South African model of workplace forums is largely based on the German model of works councils. There are, however, numerous differences (Anstey 1997:43-44). Tables 2 compares workplace forums in South Africa and works councils in Germany.

**TABLE 2: GERMAN WORKS COUNCILS AND SOUTH AFRICAN WORKPLACE FORUMS COMPARED**

<table>
<thead>
<tr>
<th>German works councils (WCs)</th>
<th>South African workplace forums (WPFs)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>History</strong></td>
<td></td>
</tr>
<tr>
<td>Introduced by employers and later legislation as a means of subverting independent trade unions. Bitterly resisted by trade unions at first, then taken over internally and used to advance worker interests.</td>
<td>Introduced under apartheid laws as an alternative to trade unions for black workers. Resistance by organised labour – suspicion surrounds initiatives to legislate WPFs. Cosatu preferred control by shop stewards.</td>
</tr>
<tr>
<td><strong>Prescriptiveness</strong></td>
<td></td>
</tr>
<tr>
<td>Compulsory if employees want a Works Council.</td>
<td>Compulsory if a majority union wants a WPF.</td>
</tr>
<tr>
<td><strong>Organisational size</strong></td>
<td></td>
</tr>
<tr>
<td>Over five employees</td>
<td>Over 100 employees</td>
</tr>
<tr>
<td><strong>&quot;Trigger&quot; agent</strong></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>Any representative (majority) trade union</td>
</tr>
<tr>
<td><strong>Representation</strong></td>
<td></td>
</tr>
<tr>
<td>All employees except senior managerial employees</td>
<td>All employees except senior managerial employees</td>
</tr>
<tr>
<td><strong>Trade union participation and control</strong></td>
<td></td>
</tr>
<tr>
<td>May initiate a WC where employees decide they want one, or call for meetings of a WC. Unions control elections and have the right to attend workforce meetings. At the request of at least 25 per cent of WC</td>
<td>A representative trade union may apply to the commission for the establishment of a WPF. Where a representative trade union is recognised as the sole collective bargaining representative of all employees in a</td>
</tr>
</tbody>
</table>
(Table 2, - continued)

<table>
<thead>
<tr>
<th>Members</th>
<th>Workplace in terms of a collective agreement, it may apply to the commission for a WPF and the members of the forum may be chosen solely from among its elected representatives. If the union loses its representativeness, the forum dissolves.</th>
</tr>
</thead>
</table>

### Meetings

| Quarterly, with a whole workforce in paid working time. Employer attends quarterly meetings and is entitled to address such meetings once a year to report on business, social and personnel matters. All meetings during paid working time. | Regular meetings of the WPF.  
Regular meetings with the employer at which the employer must present a report on the financial and employment situation, its performance since the last report and its projected performance in the long and short term.  
Regular meetings at appropriate intervals with the employees to report on activities, at one of which the employer must, each year, present a report on its financial and employment situation. All meetings must be held in working time without loss of pay, at a time and place agreed between the employer and the WPF.  
Trade union officials and office bearers of a representative trade union may attend all WPF meetings. |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### Facilities

<table>
<thead>
<tr>
<th>Employer bears all costs of activities, must provide accommodation, books, periodicals, and office staff necessary for performance of functions. Experts may be called to assist WCs at employer expense but trade unions usually supply such services free of charge owing to legislated restrictions on the extent of this service.</th>
<th>Every WPF to have a constitution which binds the employer to provide reasonable paid time off for an appointed election officer to arrange elections, and for elected WPF members to perform their functions and receive training relevant to these, to provide reasonable assistance to the election officer; to make facilities available to the WPF to perform its functions. Experts may be invited to attend WPF meetings and are entitled to any information and documentation the WPF is entitled to.</th>
</tr>
</thead>
</table>

### Articulation with other systems of participation

<table>
<thead>
<tr>
<th>Clear articulation with adversarial bargaining at sectoral level; codetermination on policy and strategic decisions at supervisory board levels; and codetermination and consultation on operational issues at WC level.</th>
<th>Confused. Collective bargaining occurs at sectoral and enterprise levels. At enterprise level, WPF functions and powers are subordinate to collective bargaining agreements and will, therefore, vary across enterprises. No provision for board-level participation.</th>
</tr>
</thead>
</table>

Britain

Until the late 1960s labour relations in Britain were not regulated to any significant extent. The first real labour legislation was introduced in the early 1970s and the Arbitration, Conciliation and Advisory Service (ACAS) was set up to resolve disputes and provide assistance to employers and employees in maintaining good working relations. Trade unions and trade union representatives play an important role in the British labour relations system. As a result there was no urgent need for committees and other participatory structures. Joint industrial councils were established in 1949, however. These councils were not intended to undermine collective bargaining, but to raise industrial efficiency by means of employer-employee cooperation. These councils did not enjoy much support, however. Worker committees came into being after the Second World War with the aim of increasing output and reducing conflict. Later on these committees were taken over by trade union representatives and used for collective bargaining. Workers' committees did not serve their purpose either, therefore.

Around 1973 attempts were made to introduce joint decision making in Britain (along the lines of the German model). British organisations did not, however, have the same kind of dual council system as German organisations. A British board of directors was more concerned with the physical management of the organisation than the German supervisory councils were. Management and the trade unions were against direct involvement by worker representatives. There were repeated proposals that a dual council system similar to the German one should be introduced but these proposals were turned down. In time a strategy was adopted in terms of which employers and joint representative councils were to set up their own participatory structures as long as these structures enjoyed the support of the majority of employees in the labour force. A dual council system was eventually approved but here the supervisory council was to have a bigger influence over management than was the case in Germany. Management would still be relatively free to take decisions.

In 1982 legislation as introduced which made it compulsory for organisations with over 250 employees to submit an annual report on the following:

- arrangements for passing on information to employees
- consultation with employees and their representatives
- attempts to encourage participation through profit sharing
- attempts to bring about shared awareness of the financial and economic factors that influence the organisation

Despite all these attempts, there is still no successful statutory system of joint decision making in Britain, although some organisations have introduced participation. Furthermore, no provision has been made for setting up works councils. For various reasons, such as trade union opposition, divisions on the method of worker participation, opposition from employers etcetera, worker participation has never really got off the ground in Britain (Bendix 1997:56-61).

In Britain there has been a movement away from centralised bargaining and the influence of collective bargaining has been reduced (Anstey 1997:5). Direct employee involvement increased during the 1980s. According to Gold (as quoted in Anstey 1997:47), industrial democracy in Britain has changed from joint consultation in the 1940s and 1950s to collective bargaining in the workplace from the mid 1950s to a brief interest in worker directors during the 1970s. Now, however, the focus has shifted to direct participation options. Organisations are obliged to provide particulars in their annual reports on worker involvement. The influence of trade unions has declined and there has been a shift from collective rights to individual rights. Forms of direct participation such as organisational reports, information systems, proposal schemes, quality circles, TQM, financial participation and shared ownership are increasing (Anstey 1997:47-50).

The British labour relations system is difficult to define, but it does illustrate two important points, namely:

- the strong interaction between the labour relations system and political structures
- the continual changes that take place and shifts in the balance of power and interests in the industrial and political spheres of a democratic country
It is clear that there are very strong similarities between the South African and the British labour relations systems, especially as regards attitudes to and views on trade unions.

Other countries

According to Backer and Olivier (1996:28), statutory works councils are found in the Netherlands, Austria, France, Belgium and Luxembourg. In Sweden, Denmark and Norway works councils are set up as a result of collective bargaining at the national level, and in the United Kingdom negotiations regarding works councils at company level are still in progress. The composition, rights and functioning of works councils differ considerably in these countries, however. Japan is famous for its quality circles, green areas and similar forms of worker participation. These approaches have been very successfully applied in numerous countries, including South Africa and the USA - without ever having been made legally enforceable.

Although the role envisaged for workplace forums is in keeping with international trends, it does also have some uniquely South African characteristics (Du Toit et. al. 1996:230). Chief of these is greater involvement of trade unions regarding the initiation of workplace forums in organisations. It is clear that South Africa could learn a lot from the experiences of other countries but that there is no single correct way of regulating relations between management and labour. A solution will have to be found that will take the unique demography of South Africa into account.

VII. OBSTACLES TO THE ESTABLISHMENT AND IMPLEMENTATION OF WORKPLACE FORUMS

It is clear that in practice the establishment of workplace forums is simply not happening. It is interesting that in November 1997 only eleven workplace forums have been established by the Commission for Conciliation, Mediation and Arbitration. What reasons can be advanced for this problem, and what solutions offered? A number of possible explanations for this trend are briefly discussed below:

• Trade unions are sceptical about the implementation of workplace forums because they see workplace forums as a threat to their own power base. They are therefore wary of initiating workplace forums.

• Management sees participatory management in the form of workplace forums as a way of undermining their "managerial prerogative".

• The relationship between employers and employees has traditionally been characterised by conflict. It is not clear as yet whether workplace forums will succeed in changing this adversarial relationship into a more cooperative one.

• Attitudes will have to change. The parties will have to attempt to make joint decision making the norm. The old adversarial approach will have to give way to consensus and mutual respect. The parties in the South African labour relations system are reluctant to change their attitudes, however, and appear to expect the other party to change.

• The introduction of workplace forums requires both employers and employees to alter their whole mode of thinking and not everyone is willing to change. The fear of change is derailing the entire process.

• Low levels of literacy on the part of workers prevent effective participation in decision making.

• Workers do not have a good grasp of business and business principles and this prevents them from taking informed decisions.
Mistrust between management and workers is not conducive to joint decision making.

Mistrust between trade unions and management leads to adversarial relations which cannot easily be remedied.

Workers believe that "bread-and-butter" matters are not being addressed by management or the trade unions.

Organisations cannot or do not want to allocate their resources (office space, telephones etc) to workplace forums.

There are ideological problems - trade unions have their roots in socialism, management in capitalism.

The history of committees in workplaces has been marked by a lack of success. There is a fear that workplace forums will be "just another committee" which will not succeed in getting management and employees to cooperate.

Past events, namely the establishment of works councils and committee systems, have left a "bad taste" behind. Management tried to use some of these committees to get rid of trade unions. This in turn led to mistrust between management, employees and their representatives.

There is no perceived need to be creative or try something new.

Employers and trade unions feel that they do not have sufficient time or money to get workplace forums to work.

Conflict may arise when power and wealth have to be divided.

The structures (workplace forums themselves) are in place, but there is a shortage of skills (for example, problem solving skills).

Workplace forums should be wary of confining their attentions to short-term goals. Their aim should be to plan for the future and achieve long-term goals and forge bonds.

Most organisations already have participatory structures and they would prefer to continue to use these established structures rather than to establish workplace forums.

The LRA does not state explicitly what information should be regarded as "relevant". It is therefore not clear what information should be disclosed.

The unilateral initiation of workplace forums by majority trade unions is regarded as a problem. We quote the following remark on the initiation of workplace forums by Pennington and Van Zyl (1997:50):

> The unilateral initiation of a workplace forum by the majority trade union is unacceptable. It is our belief that non-unionised employees, as well as the employer himself, should also be entitled to initiate an employee participation scheme. The forums as proposed could become a major area for conflict between majority and minority unions and between unionised and non-unionised employees. (Durban Chamber of Business, 1995)

The following aspects were not borne in mind when a model for workplace forums was designed:

- the size of the organisation
- the business sector
the organisation's phase of development

capital and labour intensiveness

the levels of skills applied

the sophistication of the staff

labour relations practices at different organisations

It has been suggested that different models may be better suited to different kinds of company. At most organisations different models are already in place. It should be remembered, however, that it is possible to contract out of the Act by collective agreement. If management and workers can agree on the "model" they want to introduce, a "non-statutory" workplace forum can be set up.

VIII. SUMMARY

In this paper the lack of worker participation structures in South Africa has been highlighted - before the introduction of the new Labour Relations Act of 1995 and its creation of workplace forums. The purpose of workplace forums is to create a more participatory culture within organisations in an environment which have been characterised as adversarial. This basic approach, however, places management in a very awkward position. Management is blamed for not creating enough opportunity in organisations to enhance worker participation and in effect not utilising the potential of its employees. It seems however that up to this point not many workplace forums have been created in terms of the Labour Relations Act by trade unions. Many reasons have been mentioned but one of the most important is that trade unions are afraid that they might lose their power base by getting more involved with workplace forums and management might indirectly resist this step because their managerial prerogative is likely to be undermined in the process. It is, however, clear that at this stage neither trade unions nor management at large are really prepared to make a mind set change to fully support crucial worker participation changes in the workplace. Distrust between these two parties may still be the most important reason but it is indubitably true that (1) legislation has not significantly impacted on this process, although the structures exist, (2) management should consider supporting participatory management structures and processes on a more active basis, (3) trade unions should consider participating in these structures as a challenge and uplift themselves from the legacy of the past and (4) more severe national and international competition will force the parties to create innovative methods to improve productivity and worker participation will play a crucial role.

(a) = We hereby acknowledge the comments made by the reviewer of this article with appreciation.
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