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**Cape Town Clothing Workers' Attitudes  
Towards Key Aspects of and  
Alternatives to Regulation by the  
Bargaining Council**

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# Cape Town Clothing Workers' Attitudes Towards Key Aspects of and Alternatives to Regulation by the Bargaining Council

## Abstract

*The South African clothing industry has shed over 70 000 jobs in the last decade. This has given rise to huge debate about the role of the Bargaining Council and Minister of Labour in regulating wages and employment conditions. The Bargaining Council and Minister set minimum wages, differentiated by region, occupation and experience. However, they have not permitted full-scale productivity-related pay. The government has also moved to restrict cooperatives. The study set out to explore the attitudes of formal and informal clothing workers toward the wage-regulatory framework, and three alternatives to the current model of wage-regulation by the Bargaining Council and Minister:*

- *Performance-based incentive pay*
- *Home-based informal workshops*
- *Worker co-operatives*

*Both formal and informal workers generally had a very poor understanding of the industry's regulatory environment and required brief explanations. Attitudes to the alternatives varied between the two groups. All workers were generally against performance-based pay because they distrusted employers whom they thought would cheat them. Most formal workers regarded informal work as a viable alternative for retrenched workers although they themselves could not imagine working in informal workshops. Both sets of workers were positive towards worker co-operatives, which appear to have the advantage of changing the working relationship from manager and worker to one where the workers are owners. All workers demonstrated overall awareness of the pressures facing the clothing industry, such as those caused by cheap Chinese imports. The evidence in this study is not sufficient to arrive at a set of conclusions regarding alternatives to wage-regulation by the Bargaining Council and Minister. Instead, the findings reveal areas of further research and create a foundation to understand better the various dynamics in the industry.*

# Introduction

The clothing industry in South Africa has suffered massive job losses over the past fifteen years. The regulatory framework in the industry has been described as structurally rigid by some employers (primarily because of the Ministerial ‘extension’ of collective agreements reached at the National Bargaining Council (NBC)), some of whom have responded by relocating to low wage areas where conditions of employment are, in practice, more flexible.

This study set out to explore the attitudes of the Cape Town clothing workers on the the informalisation of the industry, the system of regulation through the Bargaining Council and Minister of Labour, and possible alternatives to such regulation. Twenty-four interviews were conducted with both formal and informal workers gauging their attitudes toward each of the alternatives.

## Collective Bargaining in the Clothing industry

The Bargaining Council is a collective bargaining platform through which registered unions and employer associations negotiate terms and conditions of employment.<sup>1</sup> Section 28 of the Labour Relations Act 66 of 1995 (LRA (1995)) lays out the functions of the Bargaining Council that include but are not limited to making and enforcing collective agreements, preventing and resolving labour disputes.<sup>2</sup> The NBC for the Clothing Manufacturing Industry was established in 2002, replacing the pre-existing Regional Bargaining Councils that did covered much but not all of the country.

The most critical feature of the collective bargaining system is enshrined in Section 32 of the LRA (1995).<sup>3</sup> It prescribes that parties to the negotiations may ask the Minister of Labour, in writing, to extend a collective agreement concluded in the Bargaining Council to non-parties – i.e. firms that have not signed the agreement, may not be members of any of the employers’ associations participating in the Bargaining Council, and may not even be registered with the Bargaining Council. The request for an extension must have majority support among both the trade unions and the employers’ associations in the Bargaining Council. The Minister is obliged to extend the collective agreement to non-parties as long as the trade unions that are party to the original agreement organise a majority of *all* workers in the industry, and the members

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<sup>1</sup> Labour Relations Act, 66 of 1995, s 28.

<sup>2</sup> A negotiated written agreement on workers’ terms and conditions of employment or matter of mutual interest.

<sup>3</sup> *Ibid.*, s 32.

of the employers' associations that are party to the agreement employ a majority of *all* employees in the industry. The Minister of Labour may extend the agreement if the trade unions or the employers' associations are not representative by these criteria, as long as they are 'sufficiently representative'. When an agreement has been extended, it is illegal for any employer to offer employees wages, working conditions and benefits that are less favourable than those set out in the extended collective agreement.

## **Pressures facing the industry**

Higher labour standards tend to make hiring unattractive, leading to unemployment. From 2003, SACTWU has used the NBC, and particularly Cape Town based employers to impose higher wages in the clothing industry. Large factories in South Africa, for example Seardel (owned by SACTWU), benefit from capital subsidies under the Department of Trade and Industry (DTI) Industrial Policy Action Plan (IPAP) as well as tax incentives.<sup>4</sup> High wage bills have nonetheless driven them to close some factories in South Africa, including in Cape Town, whilst opening and maintaining those in low-wage countries such as Lesotho. Nattrass & Seekings (2013) contend that the push for higher wages was part of SACTWU's strategy under the premise that metro employers could afford to pay higher wages, in part due to tax incentives and subsidies. <sup>1</sup>The strategy backfired with the loss of over 70 000 jobs.

Clothing manufacturers were also squeezed by trade liberalisation. There was very little incentive for South African retailers to import clothing under apartheid due to the strict tariff barriers that protected the local clothing industry. Until the 1990s tariffs were on average 90 per cent, which led retailers to source 93 per cent of their goods from local manufacturers. The result of import tariffs was a boost in employment. For example, Cape Town clothing industry employed over 60 000 workers.

The South African government reduced tariffs in the 1990s, aiming to re-engage with the global economic community. The initial benefit was the lowered cost of imported material, which was soon outweighed by the fall of imported clothing. South African clothing manufacturers reneged on their contracts with local retailers when the rand depreciated, which forced retailers to look elsewhere, and China provided a cost-effective alternative.

When the rand strengthened after 2002, South African clothing exports fell to almost nothing, whilst imports rose despite a tariff level of 40 per cent, which

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<sup>4</sup> Explanatory Memorandum on the Draft Employment Tax Incentive Bill, 2013.

was then raised to 45 per cent. Clothing imports from China flooded the South African market and comprised 61 per cent of total clothing imports by 2008 and 74 per cent by 2010 (Nattrass & Seekings, 2013). The liberal policies did not only leave the domestic/national clothing industry vulnerable to Chinese imports, but also crippled the industry to the extent that it could not compete with imports from neighbouring Lesotho that experienced a twenty-fold increase in exports to South Africa between 2006 and 2010. Skinner & Valodia (2002) refer to tariff levels failing to portray a complete picture of the levels of import competition, especially in light of illegal imports that enter South Africa because of lax customs controls. It is however, important to note that the competitiveness of South African manufacturers relative to imports is affected by both tariffs as well as exchange rates.

## **Profile of Respondents and Overview of Research Methods**

Twenty-five formal and informal workers in Cape Town were selected for in-depth interviews. Ten formal workers and 14 informal workers were interviewed between July 2013 and March 2014; one respondent withdrew. The respondents were chosen regardless of age and race. They had worked in the industry for at least one year. The informal workers had all formerly worked in formal firms. The research is exploratory in nature, which made snowballing appropriate for sampling informal workers because they are ordinarily difficult to locate because no database of informal workshops exists. Formal workers were easier to find through the Bargaining Council list of registered firms and calls were placed to factory owners to obtain permission prior to conducting interviews with workers at the factory premises during their lunch breaks.

The research did not seek to interview a representative sample or to produce results that could be generalised across all workers. Instead, I sought to explore the attitudes of workers towards the current system of collective bargaining. The research was more focussed on formulating precise questions that may be answered by future research, and there was no expectation to yield definitive results.

*Table 1: Profile of respondents – formal workers*

Age	Gender	Occupation	Years in industry	Date of interview
46	Female	Quality controller	20	28/01/2014
36	Female	Sorter	14	12/12/2013
53	Female	Ironer	25	11/12/2013
N/A	Female	N/A	5	29/01/2014
34	Female	Dispatch packer	15	13/02/2014
N/A	Female	Time study	17	17/02/2014
N/A	Male	Cutter	6	03/02/2014
N/A	Male	Machine mechanic	13	09/12/2013
37	Male	Machinist	6 in South Africa. 11 in Malawi	18/02/2014
N/A	Male	Machinist	5	30/01/2014

*Table 2: Profile of respondents – informal workers*

Age	Gender	Occupation	Years in industry	Years in informal factory
35	Female	Machinist	10	1
47	Female	N/A	35	2
59	Female	Machinist	32	12
53	Female	Machinist	20+	N/A
56	Female	Machinist	39	18
50	Female	Machinist	30	N/A
53	Female	Machinist	30	6 months
42	Female	Machinist	15	5
50	Female	Sample machinist	17	N/A
58	Female	Ironer	14	6
54	Female	Machinist	20	N/A
35	Female	Ironer	1.5	N/A
33	Female	Machinist	8	5
N/A	Female	Machinist	N/A	N/A

## **Understanding the regulatory framework**

The 24 workers interviewed were aware of the existence or had heard of SACTWU prior to the interview, which they referred to as “the office in Salt River” (i.e. the neighbourhood where SACTWU’s offices are located). The union shares the same building with the Bargaining Council, which may account for the seeming confusion regarding the purpose and functions of the two bodies.

*Table 3: Understanding of the regulatory framework*

Level	No knowledge	Poor knowledge	Good understanding
Formal	6	2	2
Informal	11	3	0

A shocking revelation was a remarkably poor understanding of the functions of the Bargaining Council and the union by both worker groups. The union and the Bargaining Council deduct levies from wages, so it is not farfetched to expect workers to have good knowledge of the two bodies that in addition to ensuring they have less take-home pay, provides employee benefits. It boggles the mind what the union talks about when the officials visit factories because members understand very little about its purpose in the industry. Apathy was the general attitude held by workers towards the union and the Bargaining Council – leading them to be removed from union activities. Many of the workers recounted how they do not attend union meetings. Formally employed workers felt that the union was too aligned with the employers:

‘There is a lot of good workers here but they don’t want to talk, you know why? Because every time the union people come here, they go to the bosses. They don’t confront us with how we feel, how is the work, is your moneys right?’.

The workers have serious distrust of SACTWU and are not convinced the union is representing them well. Workers further lamented how union meetings are typically held during their 30-minute lunch break, which may contribute to why they did not attend meetings, leading to greater ignorance of union activities.

Workers in informal workshops blamed the union for retrenchments. The workers felt that the union was staffed with self-interested individuals who were content with only receiving salaries deducted from their wages. One formal worker articulated this attitude better:

‘I don’t think they have my best interests at heart man, because if they get their full salary at the end of the month, they are happy, but what about us? Because from my point of view, we are working for their salaries, you see what I mean, it’s the truth my bru’.

The general attitude among workers was that given a chance to return to formal employment, they would pass on the offer because they feared they would be exploited and the union would not assist them. Retrenched workers felt hard done by the union as well as the Bargaining Council that they felt could not protect them before and after retrenchment as many of them did not receive their provident funds. SACTWU, as the only worker party at the Bargaining Council, should have helped the workers to receive their provident fund, even if the union itself was not responsible for disbursing the funds.

## Alternatives to the current system of collective bargaining and wage model

The current system of collective bargaining and flat wage rate has not worked as well as anticipated with the introduction of the NBC in 2002. SACTWU is too proud to accept this, and has made half-hearted attempts at resolving the crisis in the industry. The union has further demonstrated its desperation by representing slower job destruction as ‘recovery’. Employers have for years advocated performance-related pay. The growing informal sector suggests a new system that includes informal workshops under the ambit of the Bargaining Council. The Cooperatives Act (2005) suggests a third way of dealing with the job loss crisis facing the industry. Respondents in this study also offered a wage model that has potential to upskill workers whilst saving jobs.

### Incentive pay

Alex Liu, Chairman of the Newcastle Chinese Chamber of Commerce, pointed out in an interview with Planting (2011) that, “our fight is not about paying low wages”.<sup>5</sup> Liu’s comment represents the South African clothing manufacturers’ argument for demanding performance-related pay since inception of the NBC in 2002. The manufacturers argue that any new wage model should reflect productivity in order to ensure their competitiveness<sup>6</sup> in part due to wages becoming directly proportional to productivity. The 2012-13 Collective Agreement despite its failure heralded the dawn of a very modest performance-based supplement to the set wage. There was a single respondent interviewed for this study who attested to having worked under a performance-related wage model, which confirms that there are some employers in Cape Town who are experimenting (illegally) with this wage model.

For the performance-based pay to work well, it requires trust and confidence on the part of the workers that their interests are protected faithfully and consistently (Billikopf, 2004). Both sets of workers who participated in the study referred to their respective employers as *skelm*, an Afrikaans term for ‘crook’, which speaks to the nature of the relationship that exists between workers and manufacturers. There is massive distrust of management generally, and even more so over faithful implementation of performance-related pay. Workers felt they could not trust employers to implement this alternative pay

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<sup>5</sup> Sasha Planting, *The dirty truth about SA’s clothing Bargaining Council*, Available from: <http://www.moneyweb.co.za/archive/the-dirty-truth-about-sas-clothing-bargaining-coun/>

<sup>6</sup> Competitiveness in this paper means a factory’s capacity to produce output comparable or better than other factories, at a cost that allows it to continuously remain in business.

model fairly for example, they feared that employers would renege on agreed pay should the workers meet the set production targets. Such distrust is understandable because some workers have been cheated by previous employers who have closed factories without notice, and without paying their wages for the month,

‘At XXX, we worked the whole night through and he closed up the next day and he disappeared...we have heard nothing from him and he didn’t pay us....’.

This worker alleged that neither the union nor the Bargaining Council had assisted the affected workers. The failure of the union to represent workers’ interests and allegations of aligning with employers also meant that workers lacked confidence in the targets that would be set by the employers under the performance-related wage model.

Generally, workers were against incentive pay because they felt the system was innately designed to ensure they take less money home every week. Although workers are looking for an alternative to the current wage model, they still preferred to work under the current wage model because it was more predictable than the employer-suggested alternative. Workers were anxious that they would not be able to make enough money to maintain a sustainable livelihood during the low season, when production was low.

‘I don’t like it because what about the days I don’t produce, say if I work on a new style, so for 4-5 days a week I don’t produce my normal, what happens then? What am I gonna earn for the week? Rather leave it like that...’.

Other factors such as delays in the delivery of buttons or other materials would adversely affect their weekly wages because it negatively affects order turn around time. In such circumstances, workers are at a disadvantage because they are vulnerable to these external factors over which they have no control. Such delays that are beyond workers’ control provide a big loophole that needs to be plugged before full-scale introduction of the performance-based wage model.

Informal workers preferred the relaxed environment they were working under at the home-based informal workshops, and productivity-based wage model would change this set-up, thus demanding that they work harder under more pressure:

‘[The] system would not work in CMT ... for my age it wouldn’t work but maybe for a younger person can have energy ... it is not a fair way of paying people...’.

It is also difficult to see how this system would work at a home-based workshop where workers come to work irregularly as per order requirements.

Workers unanimously agreed that there was a role for the union should the unpopular performance-based wage model be introduced in the clothing industry. It is a bit shocking that workers found the need to include the union in any new system of collective bargaining given their distrust of SACWTU. Nevertheless, it appears distrust of employers outweighs the negative attitudes workers have toward the union. Workers also felt that the union as the ‘custodian’ of workers’ rights had a critical role in the industry:

‘I know the union because when I leave here I will have nothing, I will have nothing, only my weekly wages’.

These are sentiments of an informal worker who understood union functions and the benefits that came with working in a unionised, Bargaining Council regulated environment.

Manufacturers have suggested, that after implementing the performance-related pay model, SACTWU would only negotiate the base wage, whilst workers assume responsibility for their wages through the incentivised portion. Rogerson (2010) identified low productivity as the biggest weakness of the South African clothing industry. The implication is that some of the pressure faced by the industry is a result of a mismatch between production costs and revenue generated. Retrenched workers acknowledged that performance-based pay could have saved their formal jobs because employers would have been paying for actual labour hours/work completed, thus not compensating wasted hours:

‘I think the system would have saved my job because I would go home with less money every week. I have a family to feed...’.

The wage model also has the potential to solve the challenges facing employers of paying non-performing workers, which in addition to putting downward pressure on costs would also discontent exceptional workers.

Findings by Billikopf (2004) point to the possible effectiveness of a new performance-based pay model in South Africa that motivates individual workers whilst increasing productivity. In this study, there was a correlation between workers who regarded themselves efficient and hardworking, and an acceptance of performance-based pay. The most significant contribution came from a machinist who had worked under the performance-related pay system in Malawi:

‘I worked under that system in Malawi ... ten people can produce production done by twenty people and so the Chinese would tell the supervisor to bring the top machinists and then measure everyone else and come up with a grading scale according to how many operations you could do and if you can reach your targets, so we were paid a different wage although we were all machinists...but when I come here the bosses follow what the union says and we get the same amount ... I complain though because my type is hard to find and I get paid the same as someone who put a label on a shirt because they are called a machinist...the bosses should make grades to know who is performing and give them more money...I hit my targets every day and some people are playing, but we get the same’.

The ‘efficient’ workers felt it was a fair way of receiving wages, and would motivate everyone to work extra hard in order to receive a higher wage. The performance-based pay model has more merit than the union backed and failed 2011-wage agreement that was hailed as a hallmark and saw new job entrants receiving lower wages even when they were more talented and more efficient than existing workers. Nevertheless, buy-in from the workers is necessary if any alternative model is going to work and improve conditions in the industry, and since they grossly distrust management, it is unlikely they would agree to implementation of the performance-based wage model.

## **Unregulated home-based workshops as an alternative to formal work**

In the South African clothing industry, an operation is regarded as informal/unregulated if it employs more than six people, and is not registered with the NBC. Failure to comply with collective agreements by workshops employing more than six people makes them illegal (Vincentio, 2008: 11). Nevertheless, an employment relationship still exists between workshop owners and workers, outside the ambit of the Bargaining Council and trade union.

Former colleagues usually own the informal workshops, which removes the hierarchies typical of the formal factory, and as such offers a less stressful environment for the workers:

‘I would never go back to factory because from the time I have been working here, I feel like working’.

The profile of informal respondents shows they are generally advanced in age and cannot maintain the fast pace demanded in the formal factory. The workers also enjoyed undertaking multiple operations such as making an entire dress, whereas they could only make part of a dress in the formal factory.

Informal workers could articulate advantages and demerits of informal workshops better than formal workers however; they remained on the fence regarding which option they preferred. Informal workshops are typically home-based, thus cut transport costs – ensuring workers have a comparable take-home pay to formal workers who encounter many wage deductions. Machinists in informal workshops mentioned that they were receiving approximately R750 per week in wages and the formally employed machinists reported that they were receiving approximately R880 per week before the deductions and transport costs. The 2012/2013 collective agreement stipulated that a qualified machinist should receive R784 in a metro area like Cape Town. In the light of these wages reported by the two worker groups, informal workers seem to have a better arrangement than formally employed workers.

The major drawback of informal workshops for formal workers was its inherent unpredictability, especially availability of orders, which meant workers would not be in control of when and how long they work – adversely affecting take-home pay. It is not surprising that this set of workers was vehemently against performance-related pay due to its unpredictability as well as distrust of management. Despite citing informal work as a good way to earn money, formal workers could not see clear advantages of migrating to this sector:

‘Not really, I would not consider doing homework, I would rather find some other type of work’.

Status and prestige informed attitudes because formal workers thought informal workshops were beneath them and typically a spontaneous reaction to retrenchment for most workers. Further, formal workers’ attitudes were so negative that the majority would look for work outside the clothing factory should they be retrenched.

Non-compliance with the Bargaining Council agreements usually means poor working conditions and job insecurity (Godfrey *et al.*, 2005: 13). Formal workers interviewed in this study echoed these sentiments and although having had very negative attitudes toward the union, lamented the lack of regulations in the informal workshops, which would lead to exploitation and unfair labour practices that would go unchecked should the union not be involved. A recurring theme is lack of trust for management both in the formal and informal held by the formal workers.

Informal workers similar to formal workers, maintained they would want union representation in any alternative – adding to the seemingly contradictory attitudes. These workers have a yearning for a better life that is protected by the union and the legislative framework at large:

‘There is stuff that you want from the union and they are prepared to give it to you ... sick book, pension you can withdraw when you get retired, many things you will never get now...’.

Several informal workers, although having been retrenched without receiving help and support from the union, appreciated the ‘illusive’ protection and other social benefits they should have received whilst working in the formal factory. Their hope is SACTWU would start representing them, as it should have done during their formal factory days. A dichotomy of views emerged amongst the informal workers themselves that was difficult to resolve but pointed to the inherent malleability of attitudes that may lead to incoherent and often contradictory attitudes towards an object of the attitude, which may also change when the circumstances change.

There were a few home-based workshops that were registered with the Bargaining Council and deducted money for inter alia the sick fund, whilst issuing sick books that the employees could use at designated clinics. Workers at these factories nevertheless felt that the deductions were not fair and wanted their full wage because they did not trust the employer to consistently pay the Bargaining Council, in turn, they would not receive their provident fund should they get retrenched or retire.

There were several factories, both registered and unregistered with the Bargaining Council that were subcontracted to do work for larger firms. Upon further inquiry it was found that larger clothing factories opened up smaller factories or outsourced to smaller factories where they would pay less in salaries. Such moves from Cape Town based manufacturers meant they were inadvertently noncompliant with collective agreements that they were party to and have been mischievous in pushing for higher wages that non-metro employers cannot pay. Godfrey *et al.* (2005: 33) commented that the commercial contract was the key mechanism that enabled these formal factories to effectively employ these smaller workshops without fulfilling the obligations of employers in terms of the labour regulations. As the only worker party on the Bargaining Council, the union is obliged to act against unscrupulous employers cheating its members, and findings from this research suggest that SACTWU is not adequately representing its members in this regard.

## Worker Cooperatives: a worthy alternative?

There are five basic types of co-operatives, namely consumer/supplier co-operatives, savings and credit co-operatives, marketing/producer co-operatives, service co-operatives and, lastly, worker co-operatives (Ramadiro *et al.*, 2003: 9). This study focuses on the worker co-operative, which is a primary co-operative whose main aim is to provide employment to its members.<sup>7</sup> In such an enterprise, workers have a higher degree of control over the internal functioning of the cooperative as worker-owners, however, the competitive environment maintains a level of influence on the cooperative (Ramadiro *et al.*, 2003: 10).

Many of the 24 workers interviewed for this study were in favour of worker co-operatives and particularly interested in becoming worker-owners. Distrust of the union, Bargaining Council and employers made worker cooperatives a more attractive option for workers who participated in this study. There was a good number of workers who had amassed a sizable amount of sewing machines from the wages they had received over the years, with a view to open their own workshops. Informal workshops that are widespread in South Africa demonstrate a keen interest in common ownership, which makes worker co-operatives a valuable alternative to the current system of collective bargaining.

Co-operatives are worker-owned and offer the potential of a less exploitative work situation than one might find in an informal workshop, thereby evading the exploitation and job insecurity noted by Godfrey *et al.* (2005). The co-operative values and international principles have remained consistent through time, regardless of geographical location. The most successful known worker co-operative is Mondragon in Spain, and its founding fathers laid down the values adopted by the South African Co-operatives Act of 2005. These are the values of self-help, self-reliance, self-responsibility, democracy, equality and social responsibility.<sup>8</sup> The workers interviewed in this study appreciated that the worker co-operatives would equip them with more decision-making authority and the working relationship would change from employee to owner. Workers thought co-operatives would improve their standards of living, allowing them to overcome some of the socio-economic challenges and vulnerability they are currently facing. The uniformity of attitudes shows that co-operatives appeal to both worker groups and are a legitimate alternative to unemployment after retrenchments as well as better working conditions.

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<sup>7</sup> Co-operatives Act, 14 of 2005, Chapter 1 ss 30.

<sup>8</sup> Co-operatives Act, 14 of 2005. William Whyte and King Whyte, *Making Mondragon*, (New York: ILR Press, 1998), 273-274.

SACTWU has often criticised the co-operatives mainly in the KwaZulu-Natal region as being bogus and evading the law. The Co-operatives Act (2005) regulates co-operatives in South Africa and although it has been amended, it has not yet been promulgated. The Act is therefore, in a state of limbo, meaning the asynchronous relationship that exists with labour legislation continues to exclude co-operatives from the ambit of the LRA (1995), because the LRA (1995) does not recognise co-operative members as employees. Once the loophole that exists in the Co-operatives Act (2005) is resolved by the amendments to the Act and worker co-operatives are covered by the LRA (1995), it is reasonable to suggest that the issue of the bogus co-operatives reported in the press to be prevalent in KwaZulu-Natal will be curbed. Nevertheless, once promulgated, the amendments will prescribe a new classification of a co-operative as an entity with less than 50 people, and former employers may artificially break up firms employing more than 50 people into two in order to fit the new classification of a co-operative. Prior to promulgation, these amendments have to be further amended in order to close this looming loophole. Findings from this research already revealed how larger factories are subcontracting or creating smaller firms in order to evade collective agreements on wages and working conditions.

Interviewed workers felt that current factory owners had expertise to run a business, a skill they felt they did not possess:

‘No, I would not be open to starting my own co-operative ... the government might give you capital but if you don’t know what to do, you will fail ... how I see it myself is if I don’t work and sweat for that money, I am not gonna use it properly, I will not know how to control that money ... you can’t just give people money because they have not planned, they should earn their own money and have a plan first because they will end up buying beers...’.

These perceptions discourage workers from starting their own businesses and may be resolved by the amendments to the Act. In addition to closing the loophole that will see co-operative members covered by the LRA (1995), the amendments have provisions to set-up support agencies such as the co-operatives advisory council. The support agencies will assist the predominantly poorly educated clothing workers on running a business and acquainting them with knowledge of the clothing value chain. It is possible that the workers are intimidated by the thought of running a business, perhaps due to low levels of education, and establishing training programmes specifically for building basic business skills may overcome this fear. Such an initiative has to perform better than SACTWU’s broken marriage with the Fibre Processing and Manufacturing

Skills Education and Training Authority (FP&M SETA) where the two have attempted to establish training programmes however, with very limited success.

The workers commented that the government should help them acquire orders should they start a co-operative and alluded to stopping imports from China as another means of creating demand in the clothing industry:

‘They mustn’t make imports come. Like there’s lots of pattern makers and designers and so they can do their own work...’.

On the one hand, this is not farfetched because strict import tariffs under the National Party ensured that 93 per cent of clothing was produced locally, thereby forcing South African retailers to purchase from local manufacturers. Higher tariffs nevertheless, almost always means higher prices, meaning gains for South African clothing workers comes at a cost of the poor consumers who typically buy cheap clothing. On the other hand, post-1994 South African government put in place temporary restrictions on Chinese clothing imports in 2007 and 2008 with limited success because Chinese imports still rose to 61 per cent, whilst illegal imports also rose during this period. What this means is the solution to the crisis facing the clothing industry does not lie with restricting Chinese imports alone and needs to be tackled from multiple angles.

## **Worker suggested alternatives to regulation by the Bargaining Council**

Workers demonstrated a good understanding of the pressures facing the clothing industry such as import tariffs; however, it was not clear how they came to know of these pressures - possibly through the press. Such findings are interesting because the majority of workers interviewed did not showcase a good understanding of the regulatory environment. The most significant response was from an informal home-based worker who suggested the following as a viable alternative:

‘You don’t want to retrench everybody, so you can work three days this week, you can work two days next week. So that everybody can have a fair chance to have money, even if not a lot, but you get something’.

This respondent outlined a model similar to the Training Layoff Scheme (TLS) piloted in 2009 and run by the Commission for Conciliation, Mediation and Arbitration (CCMA) (see Daphne & Everett, 2011). The TLS provides

employers in mainly financial distress an opportunity to recover by placing some of the workers on training programmes that will be combined with short time. Workers avoid retrenchment by receiving 75 per cent of their basic wage, whilst the employer saves on the wage bill. The National Union of Metalworkers of South Africa explored this alternative and saved 143 jobs as 372 workers completed the training. Retrenchments, growth of informalisation and retirement of the ageing workforce has resulted a large skills shortage that is not adequately replaced and the TLS could be a suitable remedy.

## **Conclusions and areas of further research**

The scope of the study was to explore Cape Town clothing workers' attitudes towards regulation of the clothing industry by the Bargaining Council and possible alternatives that may mitigate further job losses and possibly create employment.

Findings from the study showed that formal and informal Cape Town clothing workers have a remarkably poor understanding of the regulatory environment governing the industry. The workers lack a clear understanding of the function, purpose of SACTWU and the Bargaining Council, and distrust the two bodies. Nevertheless, both sets of workers also distrust employers (both formal firms and informal workshops owners) over performance-related pay that they cannot conceive of adopting an alternative system of collective bargaining and wage model that does not involve SACTWU. Workers have hope for the union to represent them adequately, hence the need to keep them in any alternative system. Once the Co-operatives Act (2005) is promulgated and all loopholes are covered, it is an alternative that is more likely to receive buy-in from both worker groups as they are interested in changing the working relationship from employee to worker-owner.

The findings were not sufficient for the study to conclude definitively that any available alternative will help save jobs, create employment, and thus better than the current wage model and system of collective bargaining. Further studies are necessary in order to mitigate the job losses and stop the labour intensive industry from shrinking. Such studies would need to include all industry stakeholders, going further than this study that focussed only on the workers who had not been studied before.

Key areas of further study are centred on ascertaining ways that SACTWU could better engage workers, which may lead to worker involvement in SACTWU activities and elimination of apathy. An investigation into the effectiveness of the TLS in the clothing industry is worthwhile as it may upskill

current employees through training whilst saving jobs. Further studies are necessary to see how informal workshops may be included into the regulatory framework because the 70 000 jobs lost from 2003 have most likely been absorbed, in addition to the 60 000 informal workers recorded in 1998. Lastly, once promulgated, it is noteworthy to research ways of ensuring worker co-operatives work effectively in the South African clothing industry.

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