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Workplace Forums at Transalloys



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Workplace Forums at Transalloys

For a number of years since the introduction of Workplace Forums at Transalloys, a silico-manganese smelter based 14km west of eMalahleni in the Mpumalanga province, the company had experienced a period of industrial peace and increased productivity. This had taken place in the context of increased industrial tension in the mining and minerals sector, typified by the strikes at Marikana in the North West province in 2012, which had resulted in the deaths of more than 30 miners and millions of Rands of losses to the mining companies concerned.

Hilgard Rademeyer, the general manager of Transalloys, who had been responsible for introducing Workplace Forums to the organisation in 2008, nevertheless knew that it would take very little to destroy the trust that had been built between employees and management. He was concerned that now, in June 2016, a new, rather militant shop steward might upset the balance unless managed carefully. He needed to come up with an approach to ensure that the Workplace Forum continued to function optimally.

Transalloys background

Transalloys (which had a staff of 250, of which 83% was unionised) was founded in 1998, bought in the 1980s by Highveld Steel and Vanadium, a division of Anglo American, and then sold in 2007 for R780 million to Renova, a Russian mining and minerals company. In the two years prior to its sale, Transalloys had lost a total of R90 million¹ and was experiencing between three and four strikes a year.

In 2016 it had a production capacity of 170 000 tonnes per annum – a figure which the company said had increased dramatically in the previous four years “as a result of a concerted effort” by its employees.² Its reported production capacity in 2011 was 155 000 tonnes per annum.³

The company’s vision was to “become a benchmark in the manganese alloy industry”.

The Transalloys Workplace Forum

It was at about the time of the sale to Renova that Transalloys appointed Rademeyer to run its operations in eMalahleni. Shortly after he arrived, workers embarked on industrial action, alleging that Rademeyer had an autocratic management style.

In response, the Rademeyer set about establishing a workplace forum (see Exhibit 1) as a platform to engage with labour. His experiences in a previous company had given him first-hand knowledge that such forums could be effective. His counterparts in organised labour – the National Union of Metal Workers of South Africa, Solidarity and the United Association of South Africa organised labour – had all had similar experiences and were keen to participate meaningfully.

Rademeyer then took the lead, clearly articulating the process and entering into initial discussions over the formation of the forum. In doing so, he ensured that all stakeholders had a clear understanding of what was happening. Understanding that there was a crisis of trust between management and labour, Rademeyer realised that the outcome of this process should not only be approval for the establishment of a workplace forum and how it would operate, but ownership of the process by all parties.

Rademeyer and the human resources (HR) manager drove the process. The HR manager was particularly concerned that stakeholders would become frustrated with the process if key company leadership had not also accepted the necessity for and benefits of establishing a workplace forum. As a result, the Transalloys leadership committed to moving away from the adversarial relationships of demand and counter demand, legal positioning and counter positioning, procedural action and reaction that had characterised the relationship between managers and organised labour in the past. The belief was that such attitudes had contributed to a systematic erosion of trust between the stakeholders and that if trust was rebuilt, the result could be wealth creation that all parties could share.

1 <https://www.moneyweb.co.za/archive/steven-brown-portfolio-manager-rmb-asset-managemen/> (accessed 22 April 2017).

2 <http://www.transalloys.co.za/about.html> (accessed 22 April 2017).

3 https://books.google.co.za/books?id=M8U_NOcpKyGC&pg=SA38-PA5&lpq=SA38-PA5&dq=transalloys+employees&source=bl&ots=zfdOoOUsInsig=cIFitLiSu3uK_ph8CDCMqnx5atk&hl=en&sa=X&ved=oahUKEwi6j4rQhcfTAhXNFsAKHdtJAVk4ChDoAQg2MAQ#v=onepage&q=transalloys%20employees&f=false (accessed 28 April 2017).

Once all stakeholders were in agreement that a workplace forum should be established, a constitution was drawn up to establish the ground rules and to outline the purpose of the forum, particularly with regard to the types of issues that it would address. The constitution was clear that no issues of collective bargaining would be addressed by the forum.

Thereafter, both labour and management received training to ensure that they understood the general principles of the labour law and had the necessary soft skills to ensure that they could have a consistent vocabulary and relate to each other with mutual respect.

Successes

The forum then started meeting on a monthly basis to discuss issues of productivity, health and safety and so on. One forum's first tasks was to conduct a wage-gap analysis. After the study was concluded, the parties negotiated a productivity improvement model and employees started seeing a significant improvement in their remuneration on account of increased productivity.

One of the other benefits that Transalloys had experienced from engaging with its employees was that it was able to harness the information and insights it gained from this forum. In turn, in a climate of increased labour hostility, Transalloys had experienced no strikes, more realistic wage demands (as a result of transparent sharing of information at the forum) and timeous settlement of wage negotiations.

Challenges

Still, it remained a challenge to keep the forum relevant and meaningful. While Transalloys had an agenda for the forum that included issues of productivity, business results, potential market challenges, health and safety and so on, the parties still attempted to bring issues of collective bargaining to the forum. This was especially the case when new members joined the forum. Now, with a new, militant shop steward about to join the forum, Rademeyer needed to think about how to ensure that the forum's proceedings were not hijacked.

Questions

Why is stakeholder engagement so important ?

What are the potential consequences of not doing this properly ?

Exhibit 1 - Role of a Workplace Forum

Workplace forums are provided for in the Labour Relations Act as a means of involving employees in the decision-making of a company. They do not replace collective bargaining over wages, but are intended to deal with matters that are better suited to being resolved through consultation.

In terms of the Act, workplace forums are intended to:

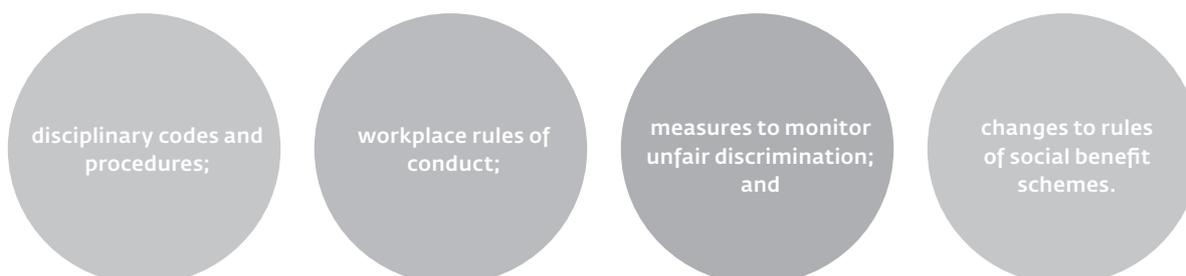


Workplace forums may be formed when there are more than 100 workers and their formation may be initiated by a majority trade union (or a combination of unions whose members form the majority of workers in a workplace).

In terms of the Act, a workplace forum has the right to be consulted by the employer on the following issues:

- restructuring and introduction of new work methods;
- plant closure;
- mergers and ownership transfers;
- retrenching of workers;
- job grading;
- criteria for merit bonuses;
- education and training;
- product development plans;
- export promotions; and
- health and safety measures.

Unless otherwise agreed in a collective agreement, an employer must consult the workplace forum before it applies any of the following



An employer must provide all the information that will allow a workplace forum to consult and make joint decisions effectively.

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Source: South African Government (n.d.) "Basic Guide to Workplace Forums" <http://www.labour.gov.za/DOL/legislation/acts/basic-guides/basic-guide-to-workplace-forums> (accessed 22 April 2017)