

Metal Industries Collective Bargaining Summit 2023

80 *Years*
OF SERVICE
1943 - 2023

IS THE CURRENT FORM OF
CENTRALISED COLLECTIVE
BARGAINING STILL RELEVANT?
OR, IS IT TIME TO DITCH
CENTRALISED COLLECTIVE
BARGAINING?



WHAT IS CENTRALISED COLLECTIVE BARGAINING?

CENTRALISED COLLECTIVE BARGAINING

- ▶ Constitutional right - *The Bill of Rights entrenches the right of every trade union, employers' organisation and employer to engage in collective bargaining*
- ▶ Legal basis - *The Labour Relations Act promotes centralised collective bargaining and provides for the establishment of bargaining councils and statutory councils to effect this.*
- ▶ Definition - *Centralised collective bargaining is a negotiation process between employers' organisations and trade unions at a sectoral level, under the auspices of bargaining councils or statutory councils, to establish agreements on wages and employment conditions.*



**KEY BENEFITS & ADVANTAGES
OF CENTRALISED COLLECTIVE
BARGAINING**

KEY BENEFITS & ADVANTAGES

- ▶ Standardisation of Wages and Conditions of Employment

Ensures consistent wages, working conditions, and benefits.

Promotes fairness and a level playing field.

- ▶ Increased Bargaining Power

Unions negotiate collectively with employers.

Enhances workers' ability to secure favourable outcomes.

- ▶ Efficiency and Streamlined Negotiations

Consolidates negotiations into a single forum.

Saves time and resources for employers and trade unions.



KEY BENEFITS & ADVANTAGES



- ▶ **Sector-Wide Impact**
Establishes minimum standards and conditions for the entire sector.
Prevents a race to the bottom and ensures sustainable practices.
- ▶ **Social Cohesion and Equality**
Addresses systemic inequalities.
Promotes fairness and social justice.

**FACTORS IMPACTING THE
RELEVANCE OF CENTRALISED
COLLECTIVE BARGAINING**

EMERGENCE OF EMPLOYEE OWNED BUSINESSES



- ▶ *As of 2021, over 150,000 South African workers were owners of the companies they worked for.*
- ▶ *Government has implemented measures to promote employee ownership, recognising its potential for economic growth, employee engagement, and wealth distribution*
- ▶ *Employee owned businesses may have a preference for decentralised collective bargaining for local autonomy, tailored solutions, enhanced employee engagement, adaptability, and cooperative alignment.*

PROLIFERATION OF SMALL & MEDIUM BUSINESSES

- ▶ *Small and medium-sized businesses form a significant portion of South Africa's economy*
- ▶ *Constitute approximately 91% of formalised businesses, employ around 60% of the labour force and contribute approximately 40% to the GDP.*
- ▶ *Centralised collective bargaining may negatively impact their ease of doing business in respect of sustaining standardised labour costs, administrative burden of compliance, lack of individual flexibility.*



SHRINKING REPRESENTIVITY



- ▶ *Trade union density - 23%*
- ▶ *Employers' organisation density - 41%*
- ▶ *New forms of association or non-association?*
- ▶ *Collective bargaining coverage rate is 30,1% (ILO, 2019).*
- ▶ *If left unchecked, this trend could render centralised collective bargaining ineffectual, disrupting the balance of power and bring the legitimacy of the process into question.*

REGIONAL DISPARITIES

- ▶ *Within the complexity of the South African economy, regional disparities are a reality.*
- ▶ *These disparities are primarily driven by differences in infrastructure, industry concentration, employment opportunities, and socio-economic factors across different regions of the country.*
- ▶ *Centralised collective bargaining may not adequately account for the differing needs and realities of workers and business in various regions.*



CHALLENGES TO NEGOTIATED OUTCOMES



- ▶ *Unionised workers are sometimes not supportive of agreements concluded by trade unions*
- ▶ *Non-unionised workers can tend to be even less supportive*
- ▶ *Legal challenges by organised employers and interest groups*

SOCIO-ECONOMIC COMPLEXITY

- ▶ *South Africa is the most unequal country in the world*
 - *Gini = 63.*
- ▶ *Unemployment among the highest in the world at 32,9%.*
- ▶ *Long way to go in delivering a comprehensive social wage resulting in high and growing financial demands on workers.*
- ▶ *Worker's network of financial dependence is growing.*
- ▶ *Merging of workplace and socio-economic demands.*
- ▶ *Can you have normal collective bargaining in an abnormal economy?*



**SHOULD CENTRALISED
COLLECTIVE BARGAINING BE
DITCHED?!**

SHOULD CENTRALISED COLLECTIVE BARGAINING BE DITCHED?!



**HOW MIGHT WE ADDRESS THE
CHALLENGES IMPACTING
CENTRALISED COLLECTIVE
BARGAINING?**

ADDRESSING THE CHALLENGES



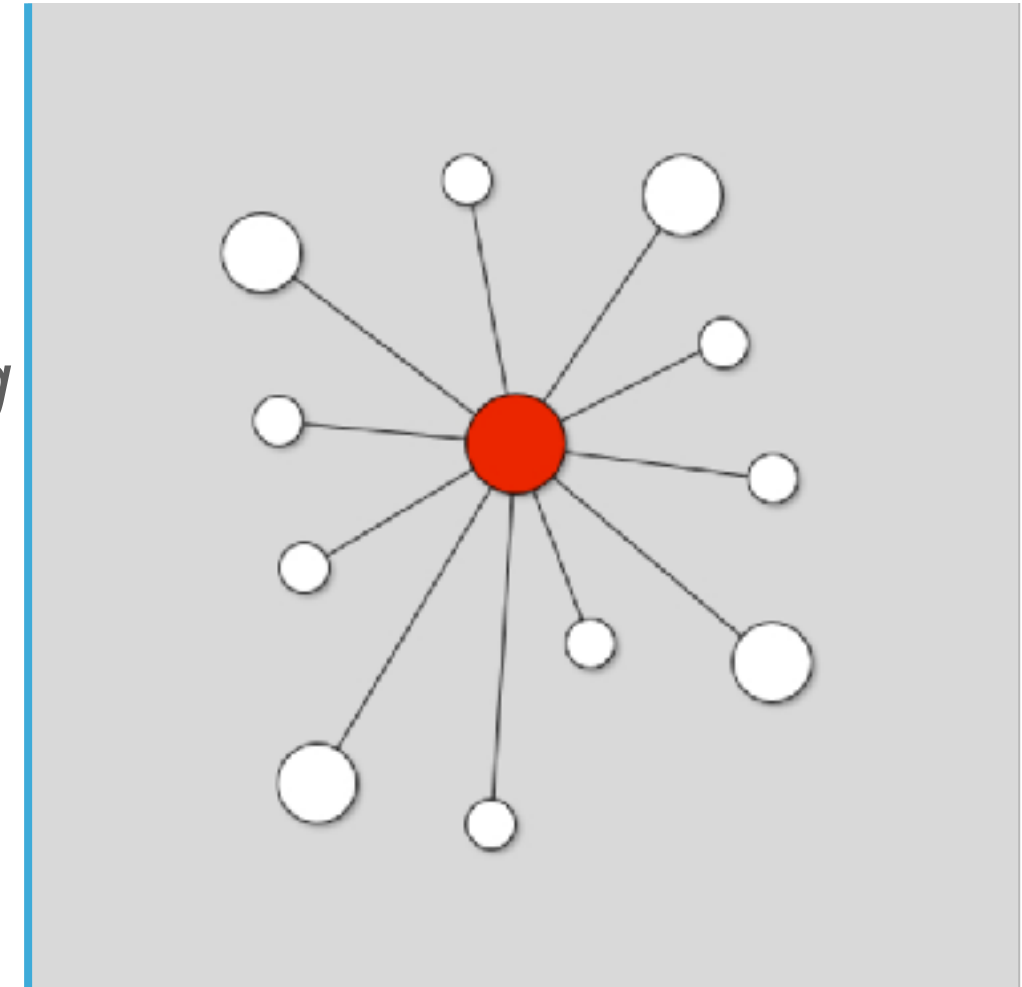
Move towards a collective bargaining construct that emphasises inclusivity over majoritarianism.

Enhance the efficacy of trade unions and employers' organisations to bolster their appeal and attract greater membership.



Review and revise the thresholds for admittance of employers' organisations and trade unions to bargaining councils to promote greater inclusivity.

Build flexibility into collective agreements to accommodate firm size to promote ease of doing business for smaller business, and make allowances for regional disparities.



Integrate decentralisation, allowing centralised negotiations for overarching agreements while enabling regional or firm-level negotiations to address specific concerns.



**“Two roads diverged in a wood,
and I - I took the one less traveled by,
and that has made all the difference.”**

Robert Frost