Organizing in the Informal Economy:
A Case Study of the Clothing Industry
in South Africa

by

Mark Bennett
Foreword

The ILO’s longstanding concern with the realization of freedom of association and its commitment to all workers, whether in the formal or informal economy, are well exemplified by the Decent Work agenda and the ILO Declaration on Fundamental Principles and Rights at Work (1998). In addition, ILO Recommendation No. 189 on Job Creation in Small and Medium-Sized Enterprises (1998) advocates adequate representation of these enterprises and their workers – including those in the informal economy – and calls on organizations of employers and workers to extend membership therein. In 2002, the Conclusions adopted by the International Labour Conference at its general discussion on decent work and the informal economy recommend future ILO work and activities be aimed, inter alia, at removing obstacles to the formation of organizations of workers and employers in the informal economy and assisting them to organize.

For the ILO, the right to organize is an enabling right in that it paves the way for the exercise of a range of other rights at work. However, the right to freedom of association is often denied – de jure or de facto – to those in the informal economy. The present report is part of an international research project jointly initiated by the ILO InFocus Programme on Boosting Employment through Small Enterprise Development (IFP/SEED) and the InFocus Programme on Promoting the Declaration (IFP/DECL), to probe how the exercise of collective rights in the informal economy can generate positive social and economic outcomes. Countries under review are Bolivia, Colombia, Pakistan, Peru and South Africa. The intention of this project is to foster policy dialogue activity at the national level with a wide range of stakeholders.

ILO research counterparts in South Africa were the Community Agency for Social Enquiry (CASE) jointly with the Southern African Labour Research Institute (SALRI). Representational processes in South Africa’s informal economy are assessed using a case study methodology. Within this framework, four sectoral studies (on clothing, construction, street trading and transport) have been conducted. This report investigates the clothing industry and is published under the series on “Representation and Organization Building” by IFP/SEED.

The report specifically analyses strategies by two organizations – the Southern African Clothing and Textile Workers’ Union (SACTWU) and the Self Employed Women’s Union (SEWU) – to reach out to, organize and cater to informal workers in the clothing industry. With this goal in view, the report seeks to deepen the understanding of achievements and failures by the two organizations in terms of representing and empowering clothing workers engaged in the informal economy. Such an understanding is crucial to shaping and implementing policies that constructively bridge the formal-informal rights gap.

This report has been written by Mark Bennett of the Southern African Labour Research Institute (SALRI). Henk Campher assisted with the interviews in Cape Town and Yolande Williams with some collection of data. IFP/SEED supported this research and jointly with IFP/Declaration coordinated its implementation. Giovanna Rossignotti (IFP/SEED) and Manuela Tomei (IFP/Declaration) designed the analytical framework for the research and guided this study to its completion.
Acknowledgments

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<th>Description</th>
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<tr>
<td>ACTWUSA</td>
<td>Amalgamated Clothing and Textile Workers’ Union of South Africa</td>
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<tr>
<td>ANC</td>
<td>African National Congress</td>
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<tr>
<td>BC</td>
<td>Bargaining Council</td>
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<td>BCEA</td>
<td>Basic Conditions of Employment Act (75 of 1997)</td>
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<td>CASE</td>
<td>Community Agency for Social Enquiry</td>
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<tr>
<td>CCA</td>
<td>Cape Clothing Association</td>
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<tr>
<td>CCMA</td>
<td>Commission for Conciliation, Mediation and Arbitration</td>
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<tr>
<td>CF</td>
<td>Compensation Fund</td>
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<tr>
<td>CMT</td>
<td>Cut, make and trim</td>
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<td>COFESA</td>
<td>Confederation of South African Employers</td>
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<tr>
<td>COSATU</td>
<td>Congress of South African Trade Unions</td>
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<tr>
<td>CSIR</td>
<td>Council for Scientific and Industrial Research</td>
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<tr>
<td>DTI</td>
<td>Department of Trade and Industry</td>
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<tr>
<td>ECC</td>
<td>Employment Conditions Commission</td>
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<tr>
<td>FEDUSA</td>
<td>Federation of Unions of South Africa</td>
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<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<td>GAWU</td>
<td>Garment and Allied Workers’ Union</td>
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<tr>
<td>IDC</td>
<td>Industrial Development Corporation</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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<td>ITGLWF</td>
<td>International Textile, Garment and Leather Workers’ Federation</td>
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<tr>
<td>LFS</td>
<td>Labour Force Survey</td>
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<td>LRA</td>
<td>Labour Relations Act (66 of 1995)</td>
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<tr>
<td>MFN</td>
<td>Most Favoured Nation</td>
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<tr>
<td>NACTU</td>
<td>National Council of Trade Unions</td>
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<td>NACTWUSA</td>
<td>National Clothing and Textile Workers’ Union of South Africa</td>
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<tr>
<td>NEDLAC</td>
<td>National Economic Development and Labour Council</td>
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<td>NCMA</td>
<td>Natal Clothing Manufacturers Association</td>
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<td>NPI</td>
<td>National Productivity Institute</td>
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<td>PETUSA</td>
<td>Professional Employees’ Trade Union of South Africa</td>
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<td>SABS</td>
<td>South African Bureau of Standards</td>
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<td>SACTWU</td>
<td>Southern African Clothing and Textile Workers’ Union</td>
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<td>SADC</td>
<td>Southern African Development Community</td>
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<td>SALRI</td>
<td>Southern African Labour Research Institute</td>
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<td>SARS</td>
<td>South African Revenue Services</td>
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<td>SD-4</td>
<td>Sectoral Determination for the Clothing and Garment Knitting Sector</td>
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<tr>
<td>SETA</td>
<td>Sectoral Education Training Authority</td>
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<tr>
<td>SEWU</td>
<td>Self Employed Women’s Union</td>
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<tr>
<td>SMCWU</td>
<td>Steel, Mining and Commercial Workers’ Union</td>
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<tr>
<td>SMME</td>
<td>Small, medium and micro enterprise</td>
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<td>StatsSA</td>
<td>Statistics South Africa</td>
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<td>UIF</td>
<td>Unemployment Insurance Fund</td>
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<td>UPUSA</td>
<td>United People’s Union of South Africa</td>
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<td>WD-471</td>
<td>Wage Determination for the Clothing and Garment Knitting Sector</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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Executive Summary

“What contributions can be made with regard to meeting the representational needs of workers, employers and others conducting business?”


The ability of workers in the informal economy to exercise their right to freedom of association (establish or join organizations of their own choosing without fear of reprisal or intimidation) is critical to shaping regulatory frameworks and institutional environments that ultimately help workers and economic units to move into the formal economy. Lack of voice at work is marginalizing informal economic actors in the labour market and in society at large. This paper analyses strategies adopted by workers’ organizations to organize and represent clothing workers in the informal economy – homeworkers in particular. It focuses on two organizations – the Southern African Clothing and Textile Workers’ Union (SACTWU) and the Self Employed Women’s Union (SEWU).

Interventions of these two organizations are analysed in the context of the fundamental changes that the clothing industry in South Africa has undergone over the past decade. Changes in the structure of production and work, coupled with economic and trade reforms undertaken from the mid-1990s onwards, have contributed to reshape patterns and trends within the industry.

In an effort to reduce costs locally and remain competitive globally, the industry restructured in a way that has altered the relationship between companies and increased the significance of informal production. On the one hand, many manufacturers have used a variety of strategies to circumvent the costs of the employment relationship – former employees were re-engaged by previous employers as independent contractors; production was shifted to non-urban areas where wages were lower. On the other hand, employment in the industry was severely downsized. Among those that were retrenched (22,756 between July 1999 and June 2001), many established their own (often informal) clothes-making business, including with the assistance of their previous employer. Simultaneously, the new economic environment has put under pressure legal and institutional devices that had hitherto been the main tool to regulate working conditions and terms of employment in the clothing industry.

In this context of growing insecurity in the labour market SACTWU and SEWU have engaged in the organization of informal workers – homeworkers in particular – within the industry. While limited in scope and outreach, the experience of each of these organizations contains innovative elements for a strategy to promote organization and representation of informal workers within the industry. This report provides a close examination of the two experiences, by focusing on the distinctive features of these two organizations, their modi operandi, achievements and weaknesses.

SACTWU has been registered since 1989. Membership is open to all workers employed in the textile, clothing, footwear and leather industries. Today, with its 110,00 paid-up members (of which around 64 per cent are in clothes manufacturing establishments, mainly in the formal economy) SACTWU is the dominant union in South Africa’s clothing
industry. The organizing drive in the informal economy is relatively new (1999) and by mid-2001 had led to the recruitment of approximately 148 workers (of which 72 are paid-up members). SEWU was set up in 1994 – originally in the Durban region, and later as a national organization – to represent self-employed and survivalist women engaged in the informal economy. By mid-2001, SEWU had 2,300 paid-up members (plus almost 100 signed-up), of which approximately 1,200 are producing clothing.

SACTWU is a typical industrial trade union. Its Constitution provides for membership to be open to “all persons” engaged in specified industries and trades, with no distinction whatever between formal and informal workers, employees and self-employed.

SEWU was founded in 1994 and is registered as a non-profit organization, although it operates very much like a “general workers” union that organizes across different sectoral activities in the informal economy. By virtue of its legal status, SEWU is able to enjoy tax benefits. However, it has no access to a wide range of organizational and other rights accrued by labour legislation to registered trade unions (the right to submit an application to establish a Bargaining Council (BC), participate within the affairs of a BC, or process disputes within the Councils).

Legal status has some degree of influence on the activities that both organizations carry out to pursue their objectives and meet members’ needs. As a registered trade union, SACTWU has been a major player in high-level negotiations that recently culminated in the adoption of legal and institutional reforms which allow for organizing and bargaining around informal work. As a non-profit organization, SEWU has had local government as its main negotiating counterpart, particularly in securing members collective space or access to markets, facilities and tenders for the supply of clothing products.

Organizing clothing workers in the informal economy raises enormous challenges for both SACTWU and SEWU and imposes on them the need for a rational and efficient use of their human and financial resources. Informal manufacturing establishments are often difficult to locate or footloose, with a workforce either sceptical or largely unaware of trade unions. Also, SACTWU experience shows that newly recruited members from the informal economy require more constant attention and rapid intervention than clothing workers in formal factories. SEWU (unlike its organizing drive with street traders) has found it difficult to strengthen organizational development and to identify specific issues for recruitment campaigns for clothing workers.

The SACTWU recruitment of informal economy workers in the clothing industry is part of its wider strategy to address the new scenario within the industry. Accordingly, it is a phased strategy that envisages short-, medium- and long-term goals and action. In comparison, the SEWU strategy is more tentative, focusing on impending needs and demands that will require a longer-term vision and more concrete action for recruitment to evolve.

Imminent challenges for both organizations are the consolidation and expansion of their membership, the development of specifically tailored services and benefits for which members are willing to pay fees, and the means of fostering financial self-sustainability.
1. **Introduction**

In 2001 the International Labour Organization (ILO), through two of its technical programmes,¹ launched an international research project aimed at gaining insights into the representational strategies of informal economic actors in the study countries of Bolivia, Colombia, Pakistan, Peru and South Africa. The purpose of this research is to acquire deeper insights into the nature of membership-based organizations in the informal economy, their strengths and weaknesses, with a view to understanding the incentives and rules that shaped their creation and function, and the constraints that hamper their potential as effective “voice” institutions. Such an understanding is critical to devise regulatory and institutional environments conducive to poverty reduction and decent work.

The Community Agency for Social Enquiry (CASE) in partnership with the Southern African Labour Research Institute (SALRI)² was commissioned to conduct the South African component of this research. Four sectors have been selected for study: clothing, construction, street trading and transport. This report covers the clothing industry.³

1.1 **Defining features of the clothing industry**

According to official sources, South Africa’s formal clothing industry currently employs approximately 119,795 people (StatSA, 2001). There is, however, considerable debate over this figure. The Department of Trade and Industry (DTI) relies extensively on data produced by the official government agency, Statistics South Africa. The DTI argues that these data draw on the Labour Force Survey (LFS) and include not only those workers engaged in the formal clothing manufacturing sector, but also significant numbers of workers engaged in informal manufacturing sector. However, the accuracy of government statistics is disputed by the Southern African Clothing and Textile Workers’ Union (SACTWU).⁴ It claims that the official statistical source significantly overstates the numbers of persons employed in the clothing industry because the data do not accurately reflect the number of people who have been retrenched from the formal economy.⁵ While SACTWU acknowledges that some retrenched workers have found employment in the informal economy, it asserts that the number of these workers is not the one that the government claims.

The clothing industry is concentrated in the provinces of KwaZulu-Natal (KZN) and the Western Cape. In KZN, most of the industry is located in and around Durban, and in some towns in the provinces’ hinterland (Newcastle, Ladysmith and pockets on the north and south coasts). Within the Durban metropolitan region there are approximately 134 formal clothing

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¹ The InFocus Programme on Boosting Employment through Small Enterprise Development (IFP/SEED) and the InFocus Programme on Promoting the Declaration [on Fundamental Principles and Rights at Work] (IFP/Declaration).
² CASE is a non-governmental organization specialized in applied social research, with extensive experience in the areas of labour and gender. SALRI provides a range of applied research services to the labour movement with which it has direct links.
³ An electronic version of the report is available on http://www.ilo.org/seed
⁵ SACTWU has been monitoring job losses due to retrenchments, closure of factories and ‘natural attrition’ in the South African clothing, textile and footwear industries since 1995. SACTWU research covers all factories, not only those where it has membership. On a monthly basis there are significant discrepancies between official figures on clothing industry retrenchment and the SACTWU research figures.
establishments that employ over 14,363 workers. Within the Western Cape, clothing factories are mainly located in and around the Cape Town metropolitan area. It is estimated that there are at least 283 formal establishments that employ over 30,050 workers.

Significant industry activity, but employing fewer workers, takes place in the Eastern Cape Province (in and around the cities of Port Elizabeth and East London), in the Free State Province (in the rural towns of Botshabelo, Phuthaditjhaba and Kroonstad), and in the Gauteng Province (mainly in Johannesburg, but also in Pretoria). Smaller pockets of clothing factories are also located in the Northern Cape Province (near Kimberly), and in the Limpopo and North West provinces.

The formal clothing manufacturing industry is made up of a wide range of firms – large-sized (employing more than 200), medium-sized (employing between 50 and 199), small-sized (employing between 6 and 49) and micro-enterprises (employing less than 5). Overall, it is estimated there are around 1,500 formal clothing firms in South Africa.

The industry is mainly South African owned – although there are a significant number of foreign-owned firms. It is surmised that most of the informal economy clothing manufacturers are South African, and that they receive their work from other South Africans. A relatively large number of formal economy enterprises are owned by industrialists of Chinese origin (from Taiwan, (China) and from the People’s Republic of China). These companies tend to be found in non-metropolitan areas. There is little evidence to suggest that foreign operators in South Africa have outwork relationships with informal economy clothing manufacturers.

Only a few clothing firms are vertically integrated with upstream links to the textile manufacturing operations, or direct downstream links to the clothing retail sector. Many of the large and medium formal economy clothing firms do, however, give out work on a cut, make and trim (CMT) basis to smaller formal and informal economy firms. It is possible that some formal CMT firms of all sizes may give out CMT work further, to informal economy establishments and to homeworkers.

The industry produces a wide range of women’s, men’s and children’s clothing, focused on an equally wide range of markets. The majority of industry output is directed towards supplying the domestic clothing retail sector, although a limited number of firms supply the international market, primarily the European Union and the United States. One difference between the clothing manufacturing industry in Durban and in Cape Town is that Durban operations generally tend to produce lower valued-added garments, the Cape Town companies higher value-added garments.

1.2 Aim of the research

This study is one of four sectoral case studies (the others focus on construction, street trading, and transport) commissioned by the ILO in South Africa to enhance understanding of

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6 In South Africa, a range of definitions covers what constitutes a small business. A schedule to the Small Business Act (Act 102 of 1996) defines what government considers “medium, small, very small and micro” sized enterprises. The government definition uses three criteria (employment strength, turnover and asset value) to determine in what category a small business falls. However, the statute’s definition makes no distinction between the industries within the “manufacturing” category. So, for example, there will be a fundamental difference between what is a small textile operation and a small clothing manufacturing enterprise.
the linkages between representational security and socio-economic development in the informal economy. Ultimately this research is intended to contribute to the identification of enabling policies and regulatory frameworks for the full realization of collective rights in the informal economy, as a means of narrowing the formal-informal divide. In particular, the research aims at gaining insights into the nature of the associations and organizations that exist, their strengths and weaknesses and how and under what conditions representational functions are more effectively performed by some organizations rather than others.

Thus, this research focuses on the organizational strategies of selected worker organizations – but, where appropriate, also employer organizations – in South Africa’s informal economy, with emphasis on how these strategies contribute to:

- build strong and sustainable organization at local and national level;
- ensure the inclusion of poor women and address their interests;
- empower informal economic actors to have a recognized voice, as well as access to and influence over decision-making processes affecting them;
- reduce the vulnerability of informal economic actors by enhancing their access to facilities, services, public institutions, markets and other resources.

An additional objective of this research is to foster cooperation between different types of research institutions at the country level, in an attempt to strengthen local capacity for participatory and qualitative research on collective rights in the informal economy. With this goal in view, ILO research counterparts in South Africa were CASE and SALRI.

1.3 Focus of this study

**Organizing strategies in the clothing industry**

As part of the ILO’s broader ongoing effort to advance an understanding of organizational strategies in membership-based organizations in the clothing industry, this study intends to:

- identify the motives behind the creation of these organizations, their type and legal status, and how they relate to informal economic actors in the sector;
- investigate the internal structure of these organizations, their functioning and performance in terms of financial viability and services offered to members;
- assess the capacity of these organizations to deal with coordination and management issues, and resolve conflicts among members;
- examine the ability of the organizations to represent their members, based on their accountability to members, responsiveness to members’ needs, ability to foster cooperation among members, legitimacy in the eyes of public authorities, and interaction with non-governmental actors;
- ascertain the policy and institutional factors that encourage or hamper organizational processes and representation in the informal economy;
- analyse gender-specific issues within the organizational and representational processes in the informal economy.
Selecting organizations

The ILO established the following criteria for guiding the identification of the organizations to be covered across the four sectoral studies:

- A minimum existence of three years – a tentative measure of relevance to members considering that the life expectancy of organizations of informal economic actors is severely constrained by the difficult context in which they operate.
- Independence – pre-condition necessary to enable the organizations to pursue their goals without co-optation by government or other interest groups.
- Membership of not less than 500 – estimated required threshold to enable organizations to have the critical mass to influence policy and measures in their favour and bring about changes.
- Legality – omitting organizations that pursue criminal objectives, in accordance with the ILO definition that criminal activities are not part of the informal economy.

To date, organizing in South Africa’s clothing industry remains fairly circumscribed. Only a few trade unions organize workers in the industry, mostly in the formal economy, with the COSATU-affiliated Southern African Clothing and Textile Workers’ Union (SACTWU) and the Self Employed Women’s Union (SEWU) proving the exception. Similarly, among the various organizations representing employer interests within the industry, none is

7 There is no evidence to suggest that affiliates of South Africa’s second largest trade union federation, the Federation of Unions of South Africa (FEDUSA), have recruited any workers (in the formal or informal economy) in the country’s clothing factories. Similarly, little evidence exists with regard to the number of clothing workers recruited by the National Clothing and Textile Workers’ Union of South Africa (NACTWUSA), affiliated to South Africa’s third largest trade union federation, the National Council of Trade Unions (NACTU). NACTWUSA organizing efforts are concentrated on parts of the more capital-intensive textile industry. Furthermore, there is a range of unaffiliated trade unions with membership in formal clothing factories. But membership of these unions is thought to be extremely limited. Unaffiliated trade unions tend to emerge locally to take up the grievances or dismissals of individual or small groups of workers. Once the disputes are resolved, these unions tend to disappear. They make no attempt to intervene in the collective bargaining processes in centralized forums. Since the 1980s there have always been a range of unaffiliated “general worker” trade unions. However, since the implementation of new labour relations legislation (in 1995) the number of unaffiliated trade unions has mushroomed, as the criteria related to registration has been significantly relaxed. The only unaffiliated union with any organizational presence in the clothing industry is the United People’s Union of South Africa (UPUSA). It operates in a number of larger clothing factories located in Newcastle, but is also attempting to organize in the other parts of the country like Durban and Johannesburg. Most of its membership is located in formal establishments. In the area covered the Clothing Industry Bargaining Council (Western Cape), whose jurisdiction extends over most of the greater Cape Town metropolitan area, a trade union called the Professional Employees’ Trade Union of South Africa (PETUSA) has occasionally attempted to represent individuals who have been dismissed. PETUSA appears to have no presence in the dismissed workers’ factories, but becomes involved in a matter once a worker has been fired and requires assistance (Interview: Bargaining Council staff). Within the Bargaining Council for the Clothing Industry (Natal), whose jurisdiction covers most of the greater Durban metropolitan area, the town of Pietermaritzburg and some towns on the KZN Coast, three registered unions, UPUSA, the Steel, Mining and Commercial Workers’ Union (SMCWU) and the South African General and Allied Workers’ Union, have periodically emerged. They have mainly taken on individual dismissal cases. UPUSA and SMCWU appear to be attempting to develop organizational roots within formal clothing factories, but this has not as yet translated into formal membership (Interview: Bargaining Council staff).
affiliating members from the informal economy. Overall, the organization of informal workers and operators in South Africa’s clothing industry is so extremely limited as to be almost non-existent.

Against that background, this study specifically addresses the organizational strategies of worker organizations in the clothing industry, by focusing on the experience of SACTWU and SEWU.

- SACTWU, a relatively new trade union founded in September 1989, mainly draws its membership from the formal economy. It recently began organizing workers in the informal economy.

- SEWU was established in 1993, but was formally launched in Durban in 1994. SEWU recruitment activities are entirely focused on women workers engaged in the informal economy, and self-employed women in particular. SEWU members work in a number of economic sectors, including clothing manufacture and street trading.

This study specifically looks at how these two organizations are currently organizing informal economy clothing workers, and homeworkers in particular, and developing medium- and long-term strategies and plans in order to further their organizing drive. It also examines the interventions of these two organizations in the context of the fundamental changes effected by globalization in the clothing industry in South Africa over the past decade.

**Geographical focus**

Across the four sectoral studies, the research has an urban focus. Within each study, two urban centres were chosen to enable comparison. For the clothing study, Cape Town and Durban were identified because the core of the industry is located in two regions – Western Cape and KwaZulu-Natal, within which the two towns are located.

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8 There is a range of organizations representing employer interests within the clothing industry. Within the Durban area, the Natal Clothing Manufacturers’ Association (NCMA) is the dominant organization; in Cape Town, it is the Cape Clothing Association (CCA). Both organizations are the only employer parties represented on the structures of the relevant BCs. Their membership tends to be confined mainly to the medium- and larger-sized clothing manufacturers. They do not appear to have any informal economy operators as members. In the recent past, as the industry downsized, membership has declined significantly. While these associations, and other regionally based clothing employers’ organizations, have cooperated with each other, they tend to guard their independence jealously. One consequence is that SACTWU often hears conflicting viewpoints from each of these associations on the same issue. A nationally operative employer organization – the Confederation of South African Employers (COFESA) – emerged around 1995. COFESA represents a number of different employers who operate in a range of industries, but with some concentration in the clothing and footwear industries. Its membership in the latter two industries seems mainly confined to manufacturers within KwaZulu-Natal. While COFESA purports to be an employer association, some contend that the main reason for its existence – apart from offering basic industrial relations advice – it to transform employed workers into independent contractors/sub-contractors. The effects of COFESA’s activities in the clothing industry within the Durban area have been dramatic: a number of employers have transformed their full-time work forces into independent contractors. The “agents” [those people employed by Bargaining Councils to ensure that employers and employees abide by the provisions of Council agreements] of the Natal Clothing BC have stated that there are a number of factory owners in the Durban region that have become members of COFESA. Interestingly, they also report that a number of employers who have made their employees independent contractors state that they are COFESA members – when in fact they are not. The recent changes to the Labour Relations Act – which will put greater tests on whether a person is in fact a legitimate independent contractor – will put significant pressures on COFESA. It is not known whether any informal economy clothing manufacturers are COFESA members. It is however certain that many of the informal economy operators currently in operation exist only because of the activities of COFESA.
1.4 Methodology

Research team

The responsibility for preparing this report was assigned to SALRI. Mark Bennett, a trade unionist for more than 12 years (eight of them in the clothing, textile, footwear and leather industries) and currently researcher at SALRI, led the research team. The latter included Henk Campher (who did much of the interviews in Cape Town) and Yolande Williams (who assisted in the collection of some data), both from SALRI. Tanya Goldman, responsible for CASE coordination of the research in South Africa, provided background assistance to guide the study to its completion. She also participated in interviewing the SACTWU General Secretary.

Sources of information

The brief for the methodology to be adopted in the implementation of the research includes a review of existing literature and documents on the industry, interviews with key informants and organizational leadership, and focus groups discussions with members of the organizations under consideration. Guidelines for leadership interviews and focus group discussions developed by CASE (in consultation with SALRI and the ILO) were used to orient and facilitate this process and are provided in Annexes 2 and 3 of the present report.

The two main information sources comprised:

Interviews

A significant amount of information was obtained from a series of interviews conducted with a range of industry stakeholders as listed in Annex 1. Arranging interviews with selected leadership and staff of various organizations did not prove difficult but setting up the focus group discussions with groups of informal economy producers – homeworkers included – did. In KwaZulu-Natal, despite numerous efforts, researchers were unable to interview unorganized informal economy clothing workers. Workers who were approached were fearful of repercussions; if they were seen talking to researchers on issues connected with union organization their employers and/or providers of work might dismiss them or not supply them with further work.

It proved equally difficult to arrange focus group interviews with informal economy workers who were members of organizations. Both in KwaZulu-Natal and in the Western Cape, workers were busy producing output and felt that interviews would cut into their production or leisure time. The difficulties encountered by the researchers mirror those faced by organizations trying to organize workers in the informal economy.

Other sources

The researchers made use of wide-ranging public and private sector data. The information kept by the various clothing Bargaining Councils was invaluable – however, as the various Bargaining Councils are independent of each other, the range of information that they each collect and store differs. This sometimes hindered comparison across the information collected by each Council. The researchers also drew heavily on the SACTWU database that contains extensive information on the clothing industry and, to a lesser extent, on documents supplied by SEWU.
Several problems were encountered in obtaining quantitative data and information on clothing workers engaged in the informal economy. In the past year the South African statistical authorities have started to produce another statistical series which overviews the entire South African workforce – both formal and informal sector employment. Unfortunately this series only provides a breakdown of the combined manufacturing sector. No published data are given on the clothing sub-sector, so that much of the information gathered in this study (e.g. spatial distribution, gender breakdown, average income levels, etc.) on the informal economy is of a more anecdotal nature. Estimates and educated guesses were derived from the staff of Bargaining Councils, employer associations and unions.

1.5 Structure of this report

The present report is divided into five parts. Part 1 presents the defining features of the clothing industry in South Africa and outlines the research objectives and methodology used. Part 2 provides an overview of the clothing industry in South Africa, with special focus on the industry restructuring over the past decade and examines the institutional and policy environment in which this industry operates. Parts 3 and 4 include an in-depth analysis of SACTWU and SEWU. These organizations and their action and response to informal economy clothing workers, including their respective achievements and weaknesses, are discussed in detail. Finally, Part 5 concludes this analysis with some critical issues that both organizations need to address if they wish to bolster membership and further collective rights for workers in South Africa’s clothing industry.

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9 The Labour Force Survey (LFS). For the future it will be important for stakeholders to attempt to disaggregate the official data that is found in the new LFS; to conduct further quantitative research that tests the accuracy of the LFS results; and also fill in any gaps that the LFS may have.
2. Economic context

2.1 Global garment manufacturing industry

Over the past decade the global garment manufacturing industry has undergone substantial changes. In many of the world’s developed economies the clothing industries have and are continuing to face significant adjustment pressures resulting from a rapidly changing economic environment.

The primary reason for these changes has been the shift of clothing production to some of the world’s developing countries. Whereas in 1980 Europe had 48 per cent of global clothing output, its share fell to 26 per cent in 1995. Asia’s share rose from 27 per cent to 46 per cent over the same period; but changed little in the Americas. Between 1980 and 1995 Asian output rose by 177 per cent; the Americas by 67 per cent. During the same period, European clothing output fell by nearly 13 per cent in US dollar terms.

The clothing manufacture now taking place in these developing (mainly Asian) economies has made production costs (especially labour costs) significantly lower than in developed countries. The impact in terms of employment in the clothing sector in many of the developed economies has been devastating, as the following figures show. Asian employment increased by about 35 per cent between 1980 and 1990; it then fell by 1.4 per cent between 1990 and 1995; but increased by about 79 per cent between 1995 and 1998. Employment in the Americas declined throughout the period 1980 to 1998. In Europe in the same period, employment declined by more than 50 per cent (with the greatest declines between 1990 and 1998).

Developed countries have experienced significant shifts in how their remaining garment production takes place. For example, the proportion of permanent employees has decreased compared with temporary, part-time, fixed-term contract and sub-contracted production employees. An ILO study on the clothing, textile and footwear industries shows that in countries such as Australia, Canada, Italy, the United Kingdom and the United States, a significant shift towards home-based production has been observed.

But even the developing countries have not been left unscathed. In their drive to retain a market share of global garment production, they were compelled to examine ways to reduce costs. In some Latin American countries (such as Panama and other Central American countries) and in certain Asian countries (Bangladesh, Sri Lanka and the Philippines) garment production in the informal economy is widespread.

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10 Labour Practices in the Footwear, Leather, Textiles and Clothing Industries (Section 1.1.1. International Labour Organization (ILO) Report: October 2000). The reason overall production in the Americas remained constant is that in the United States and Canada it declined, while output in the developing Latin American countries (such as Brazil) increased.
11 Ibid., see Section 1.2.1. The massive increase in Asian employment in the period is attributed to a re-estimation of clothing employment in China.
12 Ibid.
13 Ibid., see Section 1.2.3.
2.2 Trade liberalization

In addition to the pressures facing the clothing industry in other countries, some are specific to South Africa.

Throughout the 1960s until the late 1980s, the South African economy – including the clothing manufacturing industry – was in the main insulated from the global marketplace, for a number of reasons. First, the policies of successive National Party governments in this period introduced a range of measures (primarily in accordance with a policy of import substitution) that were aimed at developing the internal manufacturing industry. One of the main instruments was the use of tariffs. For the clothing and textile industries, high tariff walls effectively prevented imports penetrating the local marketplace or putting any pressures on local industry. The economic sanctions regime that was imposed by the international community in protest of South Africa’s apartheid policies also helped to isolate the South African manufacturing industry from global pressures.

In the early 1990s there was considerable debate over what South Africa’s external tariff regime should be. South Africa, after years of isolation due to its apartheid policies, was to be reinstated as a member of the international community and participate in international trade.

In 1994, South Africa was signatory to the Marrakech General Agreement on Tariffs and Trade (GATT)/World Trade Organization (WTO) agreement. In terms of its Marrakech commitments, South Africa agreed to embark upon a massive liberalization of tariffs on most agricultural and manufactured goods, including those of the clothing and textile sectors. Soon after signing the Marrakech agreement, the South African government, anxious to put pressure on its local industries to become even more internationally competitive, reduced the duties on clothing. Its tariff liberalization programme – which set new Most Favoured Nation (MFN) duty rates – saw domestic clothing and textile tariffs fall to levels significantly below its 1994 WTO commitments.

In addition to these multilateral commitments South Africa continued to keep in place, and renegotiate, bilateral trading arrangements with a range of Southern African states (Malawi, Mozambique and Zimbabwe). These bi-lateral arrangements allowed a range of clothing products to enter South Africa at duty levels below its MFN rates.

Inefficiency and corruption in South Africa’s customs administration intensified the impact of tariff liberalization. Large quantities of clothing, mainly from the Far East and from the Southern African Development Community (SADC) region, entered the country without any duties being levied at all, or without the relevant ‘rules of origin’ being adhered to.

2.3 Industry restructuring

2.3.1 Import substitution to global competition

For a long time South African clothing manufacturers produced for a diverse range of local retailers and wholesalers, and a limited number of export customers. These customers typically order from large- and medium-sized formal clothing companies. Clothing manufacturers tended to fill the orders themselves, but in some cases contracted out work to a number of formal cut, make and trim (CMT) producers. The decision to sub-contract was
based on the manufacturer’s capacity to produce the quantity required within the time available.

Within this scenario and at the same time a large number of smaller formal economy establishments were making clothes for a range of small retailers (boutiques, flea markets). At the margins of the industry, there have always been the informal economy manufacturers – individual homeworkers, larger home-based production units, bespoke tailors – producing a diverse range of goods for a diverse range of customers.

From the mid-1990s, under pressure from increased global competition, the industry restructured in a way that considerably changed the relationship between companies and increased the significance of informal production.

### 2.3.2 Formal job losses

Industry restructuring has had a dramatic impact on formal clothing production jobs. Between January 1995 and June 2001 almost 115,000 clothing, textile and footwear workers lost their jobs.\(^{14}\) The vast majority of these job losses occurred in the clothing industry, with 22,756 clothing workers retrenched in the two-year period between July 1999 and June 2001.\(^ {15}\) Of these workers, about 11,555 (employed in 100 factories) lost their jobs due to factory closures. All provinces where clothing manufacturing takes place were affected, with KwaZulu-Natal and the Western Cape being the hardest hit in absolute terms. Retrenchment primarily affected women workers as clothing industry employment is female-dominated (an estimated 86 per cent of clothing workers are women).

### 2.4 Institutional environment

#### 2.4.1 Bargaining Councils

Conditions of work for the majority of formally employed workers in South Africa’s clothing industry are regulated by five Bargaining Councils (BCs). Table 2.1 sets out the geographical jurisdiction of each clothing BC.\(^ {16}\)

<table>
<thead>
<tr>
<th>Clothing Bargaining Council</th>
<th>Geographical Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Areas</td>
<td>The whole of the old Transvaal province, excluding former</td>
</tr>
<tr>
<td></td>
<td>homeland and “border” areas</td>
</tr>
<tr>
<td>Natal</td>
<td>Central Durban, Pietermartizburg and part of the KwaZulu-</td>
</tr>
<tr>
<td></td>
<td>Natal north coast</td>
</tr>
<tr>
<td>Free State and Northern Cape</td>
<td>The municipal areas of Kimberly and Kroonstad</td>
</tr>
<tr>
<td>Western Cape</td>
<td>The greater Cape Town metropolitan area, and Atlantis</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>The central metropolitan areas of Port Elizabeth and East</td>
</tr>
<tr>
<td></td>
<td>London</td>
</tr>
</tbody>
</table>

\(^{14}\) According to SACTWU research, August 2001. SACTWU has been monitoring job losses due to retrenchments, closure of factories and ‘natural attrition’ in the South African clothing, textile and footwear industries since 1995. SACTWU research covers all factories, not only those where the union has membership.

\(^{15}\) Ibid.

\(^{16}\) It is important to note that the five clothing Bargaining Councils generally only have jurisdiction over the major metropolitan areas, and some of the larger towns within certain provinces.
These clothing BCs provide the forum where representative employer organizations and representative trade unions meet in order to negotiate and then set employee conditions of service. A critical feature of the BC system is that the parties to the negotiations can request the Minister of Labour to ‘extend’ any agreement they reach, to non-parties (i.e. non-union workers, and non-employer organization manufacturers) within the BC’s jurisdiction or ‘geographical scope’. Once an agreement has been ‘extended’ it becomes illegal for any employer within the BC’s ‘scope’ to offer his/her employees wages, benefits and working conditions less favourable than those that have been set. Should an enterprise wish to deviate from the set minimum conditions, it must apply for and be granted an ‘exemption’ by the BC.

Recently the integrity of the clothing BC system has come under extreme stress – particularly in KwaZulu–Natal where a number of employers have illegally opted out of the system, to enable them to pay their employees wages and offer other conditions of work that are substantially below what is set by the BC.

Since the mid-1990s SACTWU has negotiated a single wage deal with all the employer associations represented in each BC. In the 2001 annual negotiations SACTWU secured a commitment from employers that a single nationally operative clothing BC should be established to cover all areas of the country and include all categories of clothing workers – including workers in the informal economy (see also Section 2.4.2). While SACTWU has reached agreement with the employers on the principle of a nationally operative clothing BC, the prospect of putting the principle into practice will not be without its problems. SACTWU is well aware that those employers who currently manufacture outside the jurisdiction of any of the five clothing BCs will fear the effect that a national BC may have on their total wage bills.

2.4.2 Minimum wages and plant bargaining

Outside of these BCs there are two ways in which conditions of work for clothing workers are determined: through the Sectoral Determination (SD-4) for the clothing industry or through plant bargaining.

A Sectoral Determination is a statutory instrument established in terms of the Basic Conditions of Employment Act (BCEA) that allows the Minister of Labour to set minimum wages and working conditions for all workers not covered by BCs in a particular sector. The current SD-4 was issued after a range of employers and SACTWU had made representations to the Department of Labour. SD-4 sets wages and other conditions of work that are substantially below those which are in force within the clothing BCs. The wage differential is such that there is a fairly large incentive for employers in BC-covered areas to shift production to areas covered by SD-4 for the clothing sector. In order to improve the working conditions of workers in SD-4-covered areas and prevent the continued drift of production, in the mid-1990s SACTWU embarked on a strategy of trying to persuade employers in these areas to negotiate with the union at plant level.

Because the SACTWU plant bargaining strategies have met with limited success in relation to the resources it allotted to negotiating plant deals, since 1996 SACTWU began focusing on trying to establish a single institutional mechanism for the clothing industry. It succeeded in early 2002, when the National Clothing Bargaining Council was finally established.
2.4.3 Sectoral Education and Training Authority

The Sectoral Education and Training Authority (SETA) for the clothing, textile, footwear and leather industries was established on 1 April 2000 under the Skills Development Act. The SETA has the responsibility for the development of an overall training and education strategy for the industries that it covers; for developing and implementing an integrated skills plan; for facilitating and promoting learnerships; and for improving information collection.

The SETA – with business and labour stakeholders represented equally in its structures – has established a separate Chamber to deal with the clothing sector. This Chamber has agreed that special plans need to be developed for the small, medium and micro enterprises (SMMEs). The SETA explicitly recognizes that clothing manufacturing operations in the informal economy are included within the definition of SMMEs. Thus far the SETA has decided to run a pilot training project in 10 Western Cape clothing SMMEs, including some informal economy operators. The SETA hopes that this project will build capacity within SMMEs by offering courses such as basic business and managerial skills, and training programmes to multi-skill clothing machinists. The courses offered by the pilot programme will be funded from a pool of money controlled by the SETA and received from its registered clothing employers.

2.5 Nature of work performed

The restructuring of the clothing industry has resulted in an increase in informal clothing production and is reflected in changes in the characteristics of work and employment status of garment workers.

Independent contractors: Numerous clothing manufacturers, particularly those in Durban, have retrenched their workers (usually without following the correct labour relations procedures), only to re-engage them as independent contractors. This enables them to avoid paying wages and providing conditions of work as stipulated by the law. Re-engaged workers no longer have access to a range of benefits wage workers are legally entitled to, such as medical and retirement funds, holiday pay, sick-pay, and some bonuses.

Shift to non-metropolitan areas: Some companies relocated production to non-metropolitan areas of the country in an effort to avoid paying the higher urban area wages. Production was either shifted entirely or else the factories in these areas became CMT producers for the original factories. It is surmised that the phenomenon of relocating production to the non-metropolitan areas and outsourcing is more common for Durban- than Cape Town-based factories.\(^\text{17}\)

Retrenched workers: Many of these workers have established their own clothes-making enterprises in residential or industrial areas. Retrenched workers were frequently assisted in setting up their own operations by their previous employers, who provided them with sewing machines. In more than one interview it was reported that many manufacturers who had

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\(^{17}\) Given that Cape Town factories tend to produce higher value-added garments than those in Durban, it seems likely that this production has not been shifted from Cape Town.
closed down either lent their machines to these new producers or sold them (payment being deducted from the amounts due for garments produced).18

*Design houses:* A number of manufacturers stopped all production activity, and set themselves up as design houses, linking retailers with formal and informal clothing manufacturers. Design houses usually design garments, fabric, cut the fabric and then outsource production to a range of formal and informal operations in urban and non-metropolitan areas.

Part 3 provides an in-depth analysis of SACTWU, including its organizational and constitutional structures, its medium-term strategy to build up bargaining relationships and its long-term strategy to formalize informal work and its pilot organizing drive in the informal economy.

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18 Interview with CLOFED President and agents of the Natal Clothing BC.
3. The Southern African Clothing and Textile Workers’ Union

3.1 Background history

SACTWU was created in 1989 by a merger between the Amalgamated Clothing and Textile Workers’ Union (ACTWUSA) and the Garment and Allied Workers’ Union (GAWU).

3.2 SACTWU membership profile

Membership is open to all workers currently employed in the textile, clothing, footwear and leather19 industries. The union’s constitution provides that “all persons” engaged in specified industries and trades are eligible for union membership.20 The constitution makes no distinction between different categories of worker eligible for membership – thus weekly-paid workers, monthly-paid workers, formal and informal economy workers are able to join. In addition, no distinction is made between those who are employed and those who are self-employed – thus self-employed workers are also eligible.

At the time of its creation, SACTWU had about 198,000 members. Currently, its paid-up membership is approximately 110,000, plus around 4,000 signed-up members. The main reason for the decline in membership is the drop in industry employment, mainly brought about by South Africa’s liberalization of its clothing, textile and footwear tariffs (see Section 2.2 of this report).

The overwhelming majority of SACTWU membership is in formal enterprises, with approximately 64 per cent of its paid-up members located in clothing factories. It is also the dominant trade union in South Africa’s textile industry. By August 2001, SACTWU had recruited 148 informal economy clothing workers (72 are paid-up; 76 signed-up members).21

SACTWU members work in approximately 1,000 establishments across South Africa’s nine provinces. The SACTWU constitution divides its membership into five geographically defined union ‘Regions’. Within each Region there are a number of geographically demarcated ‘Branches’. The majority of SACTWU membership is to be found in Western Cape Region (with 40,411 members in 12 Branches); and SACTWU KwaZulu-Natal (which has 31,536 members in 10 Branches).

SACTWU membership is mostly centered in factories in and around the major metropolitan areas of Cape Town, Durban, Johannesburg/Pretoria and Port Elizabeth. The union also has significant membership in non-metropolitan areas of the country – the so-called decentralized areas, in which SACTWU decided to organize workers in the early 1990s, when several factories either relocated or started to outsource some of their CMT production there. If such establishments were not organized, the result would be a continual drift of work to these areas, because wages and other working conditions were significantly below those negotiated by the union in metropolitan areas.

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19 Leather comprises the manufacture of a range of articles traditionally made of leather but which are now made from a range of new materials (plastics, rubber, textile).
20 SACTWU Constitution Section E S6.1.
21 Thus far SACTWU recruitment drive in the informal economy has targeted primarily industrial homeworkers. This category of worker closely conforms with the definition in ILO Convention No. 177 on Home Work (1996). For more details, see Bennett, M., op. cit, pp. 21-22.
Informal economy workers in the clothing industry are located in all areas of the country. It is thought that the largest concentrations are in KwaZulu-Natal and the Western Cape Regions – mainly in the major metropolitan areas. Significant (but lower) numbers could also work in or near to the cities of Johannesburg and Pretoria.

SACTWU mainly recruits weekly-paid, ‘blue’ and ‘white’ collar workers. The average wages earned by SACTWU formal economy clothing members in Durban and Cape Town are similar. In the area covered by the Natal Clothing Bargaining Council qualified clothing machinists earn an average ZAR 441 per week. Taking into account other benefits – such as employer contributions to industry retirement and medical funds – the total cost to an employer of employing a clothing machinist would rise to approximately ZAR 550 per week (approximately 20 per cent more). The weekly wages earned by formal economy clothing workers covered by the Western Cape Clothing Bargaining Council are similar.

Workers in the informal economy are likely to earn significantly less than their counterparts in formal clothing factories located in urban areas. Some clothing machinists earn wages up to the highest rate paid; many would receive few of the benefits obtained by formal economy workers operating in factories within the BC system.

In the past six years SACTWU has actively tried to recruit monthly-paid (managerial) employees who work in the formal economy factories where its weekly-paid members are found. SACTWU estimates that currently it has about 2,000 monthly paid employees as members. SACTWU has been able to recruit monthly-paid workers in some factories because many of these workers have seen their wages and working conditions lag over a period of time.

It is estimated that more than 99 per cent of SACTWU membership is Black – African, Indian and Coloured (mixed race). Most of SACTWU clothing membership in the Western Cape region is Coloured. SACTWU members in KwaZulu-Natal are predominantly African, although there are significant numbers of Indian clothing members, especially in and around the greater Durban metropolitan area. For industrial home work clothing manufacture in the informal economy, it is thought that within the Western Cape most workers would be Coloured; while in KwaZulu-Natal (in the Durban area) they would be Indian.

Most SACTWU clothing members are women workers. A survey conducted by the union in 1996 showed that women workers formed about 66 per cent of its total membership. Of its clothing worker members, 86 per cent were women. It is considered that the racial and

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22 There are no accurate statistics on the size and location of the geographical location of informal economy clothing workers.
23 A cost of living index does not exist in South Africa. However, the University of South Africa's Bureau for Market Research issues indices called Minimum Living Levels (MLL). A MLL denotes the minimum financial requirements necessary for members of a family to maintain their health, have acceptable standards of hygiene and sufficient clothing for their needs. In March 2001, the monthly MLL for an average family (4.5 people) was: Johannesburg: ZAR 1,438.70 (weekly ZAR 332.26 per week); Cape Town: ZAR 1,526.42 (weekly ZAR 327.23pw); Durban: ZAR 1,646.05 (weekly ZAR 380.15pw); Newcastle: ZAR 1,416.92 (weekly ZAR 327.23pw). (This figure is estimated using 1999 and 2000 figures since the Bureau for Market Research no longer calculates the MLL for Newcastle). Thus, the South African average is about ZAR 1,535.73 per month (weekly ZAR 354.67).
24 According to terminology in South Africa.
25 This also reflects the profile of the workforce.
26 This would also reflect the profile of the workforce.
gender profile of clothing workers in the informal economy will mirror that of clothing workers in the formal economy. Most of the informal economy workers that SACTWU has organized are women. The agents from the KwaZulu-Natal BC stated that home-based clothing establishments were often run by a man (perhaps together with his wife); but that most of the clothing machinists were women, the men tending to concentrate more on the cutting of fabric and the delivery of manufacturing inputs and outputs.

3.3 SACTWU structures

SACTWU is a democratically structured organization, in which individual members participate in decision-making through elected shop stewards and the union’s constitutional structures. At each workplace where SACTWU has a presence, its members elect and mandate shop stewards who in turn carry mandates through the various structures of the union. SACTWU has approximately 2,000 shop stewards representing membership interests within the workplace and in union structures.

SACTWU employs about 90 staff. Recruiting and serving members is shared by approximately 40 organizers, each assigned a Branch (a geographical area containing a variable number of textile, clothing, footwear and leather factories). From time to time, head office staff, shop stewards and additional staff engaged on a fixed-term contract basis assist in specific organizing projects. In the past eight years the number of union employees has declined dramatically with the decline in membership due to job losses in the formal economy. It is anticipated that existing union staff (perhaps with the assistance of shop stewards) will have added responsibilities for the recruitment of workers in the informal economy.

SACTWU staff operates from more than 20 offices. Three of the offices owned by SACTWU are located in the major metropolitan areas of Durban, Cape Town and Johannesburg. The rest are spread throughout the country, many in the non-metropolitan areas. The union’s head office is in Cape Town, with the Finance Department located at its Durban office. The SACTWU programme to organize informal workers will be conducted within its existing office infrastructure.

3.3.1 Constitutional structures

All shop stewards have a right to participate in the Branch structures of the union. All SACTWU branches have a Branch Executive Committee (BEC) elected by the membership of the Branch.

Stewards of the region also elect a Regional Executive Committee (REC) to run the affairs of the Region. The regional structures determine worker representation on other union structures, such as the National Coordination Committee (NCC) that deals with mainly administrative issues, and the National Executive Committee (NEC) that deals mainly with policy issues. SACTWU highest policy-making structure is its National Congress, which meets every three years to elect union national leadership.

SACTWU shop stewards are represented in union constitutional structures (e.g. BEC, REC, NCC, NEC and the National Congress) only on the basis that they are members of SACTWU elected by a specific Branch or Region (and not on the basis of whether they are
textile, clothing, footwear and leather members; or monthly-paid or weekly-paid union members; or whether they come from the formal or informal economy).

The union does have a policy, however, which attempts to ensure that there are adequate numbers of women represented on all constitutional structures. SACTWU – following the lead set by COSATU – has put in place mechanisms to support the active development of women leaders. It has allocated key responsibilities relating to normal trade union work to women workers and official leaders, for sector coordination and recruitment. Within the BECs approximately 47 per cent of all leadership positions are occupied by women; within the NEC on average 43 per cent (for NECs held between November 1999 and May 2001) of all women worker delegates were women; at SACTWU 2001 National Congress 59 per cent of worker delegates were women.27 SACTWU policy28 on women within trade unions closely follows that of COSATU. The COSATU policy decided for a greater participation of women in trade union affairs and in particular that women trade unionists must be given trade union responsibilities other than being confined to gender structures.29

SACTWU does not envisage changes to the union’s constitutional structure to accommodate informal economy workers. The latter will be represented through Branches, regional and national structures. However, it is anticipated that the union will endeavour to ensure that once substantial number of homeworkers are recruited into the union these members will be able to find spaces within the various structures of the union.30 Exactly how this will be achieved has not yet been decided. SACTWU General Secretary described the challenge:

“How does a union represent workers in the informal economy [as a collective] when production atomizes these workers?”

3.3.2 Shop stewards

SACTWU anticipates that the greatest challenge relating to the representation of informal workers in union structures will be in the election of shop stewards.

As most informal establishments are micro-sized, often with only one homeworker, it is impossible to elect shop stewards at each and every informal workplace. Instead the union intends to create ‘area shop stewards’ elected within a specified geographical community of informal workers.

SACTWU recognizes two key potential problems with this approach:

- *No common employer*
  In a traditional formal factory, union members and shop stewards work for the same employer. On the contrary, industrial homeworkers in a single area are likely to do work for a range of people. The only unifying characteristic is that they are all

27 While these percentages are all lower than the total percentage of women union members, it is important to note that SACTWU has made considerable progress in raising the participation of women in union structures and over time SACTWU expects this will further improve.
30 This type of practice is not uncommon to SACTWU; currently, in various union structures, efforts are being made to ensure that various sectoral interests are adequately represented.
homeworkers working in the same industry. Some may even produce goods other than clothing in some of their time.

- **Lack of time to perform duties**
  It may be difficult for elected stewards to perform the required shop steward duties (attending to members’ problems, representing them on the union’s constitutional structures, attending union training programmes), since time spent on union business will affect their earnings.\(^{31}\) Organizing and representing workers will also involve travel, which is not called for in the factory setting.

SACTWU intends to negotiate a solution to this problem with the providers of work to informal producers (homeworkers included), whereby they pay the average earnings of all workers in an area over a specified period to a limited number of workers serving as shop stewards.\(^{32}\) To do this, the union will need to establish all providers of work in each area and the number of people to whom they contract work.

SACTWU also considers that special union training courses will need to be developed for shop stewards from the informal economy. It is anticipated that basic union courses will be adapted to individual circumstances. No courses have yet been developed, as greater knowledge of the sector will first be required.

### 3.3.3 Non-constitutional structures

SACTWU has a number of non-constitutional structures that help the union to work democratically. The most important of these are the sectoral bargaining structures that collect mandates on wages and other issues before and during annual negotiations. In order to obtain mandates for wage negotiations SACTWU convenes a number of meetings at branch and regional levels where the workers take their factory wage mandates and mould them into unified positions in preparation for the SACTWU annual national bargaining conference. It should be possible to create a dedicated non-constitutional forum for informal economy workers, which would allow them to raise and discuss their issues of concern. These views would then be fed into the constitutional structures of the union or be translated into campaigns.

### 3.3.4 SACTWU research

As far back as 1997, SACTWU conducted exploratory research aimed at understanding the relationships between industrial homeworkers and formal factories and retailers in the clothing industry, how work is distributed and the working conditions of homeworkers.

In the future it is anticipated that the SACTWU research unit will play a role in providing the union with information related to informal clothing manufacturing. Research tasks are likely to include producing quantitative data on the size of the informal clothing manufacturing sector and qualitative work on the roles and function of the myriad

\(^{31}\) The problems encountered by the present researchers in setting up focus group sessions of informal economy workers reflected these constraints for informal economy workers, especially regarding their earnings.

\(^{32}\) Currently in the majority of formal sector factories SACTWU has managed to secure paid time-off work arrangements for its shop stewards, in which they can perform their shop stewards duties and other union work.
intermediaries, design houses and retailers operating sophisticated networks that outsource work to informal producers.

3.4 SACTWU finances

To be a member of SACTWU, workers pay a weekly subscription fee equivalent to 1 per cent of their total weekly income, up to a maximum of ZAR 6.00 per week, and a minimum of ZAR 3.50 per week. This system will need to be adapted to informal economy workers, whose earnings usually differ from one week to the next and are not necessarily systematically recorded.

Union subscriptions are deducted from almost all SACTWU formally employed members’ wages at their place of employment. Their employers then forward the union dues to the union Finance Department, sometimes through the BCs. Deductions are made only after a member completes a SACTWU ‘joining form’ and a form authorizing the employer to deduct union dues from their wages. The only problem with this arrangement is that some employers deduct monies from members but then fail to pass them on to the union.

Almost all day-to-day union activities are funded from members’ subscriptions. Other sources of union funding include:

- **Investments**
  In the mid-1990s, SACTWU set up an investment company that has established a significant asset base. The investment company – run at arm’s length from SACTWU – makes funds available to SACTWU for dedicated projects such as renovations to SACTWU-owned building or contributions to the SACTWU educational bursary scheme.

- **Donors**
  From time to time, SACTWU raises limited funds from international and domestic donor organizations and domestic sources, which are allocated towards funding specific projects, for example, additional educational activities or HIV/AIDS awareness campaigns. No external funds have been raised to aid the union in its project to organize workers in the informal economy – this work is funded directly by membership dues.

SACTWU realizes that collecting membership subscriptions from informal workers will be more difficult than from its formally employed membership. Hand collection of subscriptions from workers engaged in the informal economy is time-consuming, costly, unstable and open to misadministration. Many informal workers do not have bank accounts, so debit-order deductions are not an option for the majority. SACTWU is thus considering two models:

- Primary health care clinics: If workers are incorporated into the primary health care system run by BCs, the clinics could collect monthly clinic fees from workers and union membership dues at the same time.
- SACTWU should introduce a wide range of services that would be available to membership, from bulk-buy discounts at supermarkets to legal advice, for example.

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33 See the SEWU experience with a debit-order system in Section 4.3 of this report.
Access to such services would only be via the payment of membership dues on a monthly basis.

3.5 SACTWU organizing strategies

Congress Resolution

SACTWU 1999 National Congress took a formal decision to actively recruit informal economy workers – mainly among homeworkers but also others informally employed, for example in residential factories. The Congress decision meant that SACTWU could allocate substantial human and material resources to an organizational drive among informal economy workers. This decision required the union to take a long-term view, inasmuch as the social returns of organizing a factory in the urban or non-metropolitan areas are relatively immediate and relatively high. It is easy to show short-term returns in higher wages and better conditions. Organizing clothing workers in the informal economy does not offer such returns, because they are more scattered geographically and are often not in a direct relationship with an employer: “This makes the nexus of power more complex.” The scattered location of informal workers also makes any organizing initiative expensive.

One major difficulty in attempting to make short-term collective bargaining gains for industrial homeworkers and other informal workers is that usually not much is known about the employer and/or work provider. Often, these workers do not know the other workers who receive work from their provider (giving employers a considerable power advantage).

A second challenge SACTWU identified is to unite workers who operate in isolation in residential areas. Trade unionism has traditionally exploited the unifying characteristics of capitalism, which until recently brought people together in factories and other workplaces. But capitalism has adapted and new forms of work have emerged, such as homeworking, which separate and isolate informal workers. As an overall strategy, SACTWU recognizes the need to “break the anonymity” of informal work. To do this, the union will need to find ways to show homeworkers their links with each other as well as expose the links between home work and other forms of informal production of clothing sold by retailers to consumers in South Africa.

At the 1999 Congress, SACTWU adopted a phased strategy to organizing in the informal economy, as shown in Box 3.1.

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34 The resolution focused on union organizing efforts within these categories but efforts to organize homeworkers producing autonomously and even those working as sub-contractors would also fall within this organizing net.

35 Interview with SACTWU General Secretary.
Box 3.1: Decision of the 1999 SACTWU National Congress

“Organize the Home and Informal Sector

1. As work flows into unregulated sectors, either through ‘home-production’ or informal sector work, our organization should follow the work and organize.
2. As a first step, we resolve to maintain a membership among members who are retrenched, and offer a service of job placement for them.
3. SACTWU will revisit its benefit structure, and offer a set of carefully selected benefits to people in the informal clothing sector, covering housing, bursaries, access to clinics or death benefits. This can be the start of developing a national register of workers in the informal sector.
4. This will be followed up with an agreement with employers to sub-contract CMT work only to people on the union’s national register. Retailers will similarly be approached.
5. The SETA-linked training institutions should provide training to workers and entrepreneurs on the national register.
6. Bargaining councils should conduct ongoing research on the size and economic linkages of the informal sector.
7. Shop steward should complete annual questionnaires on the use of home workers by their companies for contracting work out.
8. As a medium term objective we resolve to negotiate the rates applicable in the home and informal sectors.

At the level of union strategy, we must focus on ways of reducing the unit cost differential between the formal and informal sector. We resolve to use our access to policy-making forums to obtain funds and support efforts to modernize the operations of companies in the informal sector as part of the overall objective of formalizing activities.”


3.5.1 Short-term strategy: Basic organization

As an incentive to join the union, SACTWU plans to offer individual industrial homeworkers a range of benefits, such as access to health care and retirement funding, followed by a range of other services, including training.

In the initial phase, SACTWU proposes to put together a package of benefits and services, as outlined below.

Union benefits

SACTWU, together with BCs and other institutions in which it participates, offers formally employed members a range of benefits beyond the traditional services of collective bargaining and assistance with the resolution of disputes and grievances. Benefits likely to be extended to homeworkers include:

- Funeral benefits
  Currently, if SACTWU members (their spouse or dependent children) die the union contributes a payment towards funeral costs that is funded from part of the total weekly union subscriptions. As SACTWU has a substantial membership base that contributes to this scheme, it would be able to include industrial homeworkers and other informal workers as individuals at a much lower cost than the private insurance cover typically available to individuals.
• **Primary health care benefits**
  The two clothing BCs in KwaZulu-Natal and in the Western Cape to which SACTWU is party, run an extensive network of primary health care clinics which employ a range of health care professionals (doctors, dentists, opticians, nurses and pharmacists) and provide services to members and their dependants. The clinics are co-funded by contributions from employers and employees operating in the formal economy. In the Western Cape and KwaZulu-Natal each clothing BC runs one central clinic and a network of satellite clinics located mainly in residential areas. As these clinics function on a non-profit basis, unlike typical private medical aid funds and facilities, SACTWU could attract informal workers to the clinics at low user fees.

• **Educational benefits**
  All SACTWU members and their dependent children are able to access non-refundable educational bursaries from the union. The bursaries, which pay for a substantial proportion of university, *technikon* (technical) or colleges fees, are funded partly from members’ union dues, contributions from employers, and contributions from the union’s investment arm. Workers in the informal economy and their children are unlikely to be in a position to access tertiary education without this type of benefit.

Informal economy workers wishing to access these benefits would be required to join SACTWU and pay union dues. They would also be required to make contributions for some of the benefits, particularly the primary health care clinics.

**Bringing informal producers to the fore: Preferential access to work**

Union membership, initially motivated by access to benefits, would facilitate the registration of informal clothing producers (homeworkers included). The development of a register would enable SACTWU to pressurize formal clothing manufacturers and retailers to sub-contract CMT work only to those informal producers who are on the register. In this way, SACTWU could start to shift work away from “anonymous individuals in the informal economy to known individuals in the informal economy”.

**Industry training**

Registration would also enable informal workers to access a range of industry services. SACTWU views training as an important adjunct and intends to use its representation on the Sectoral Education Training Authority (SETA) for the clothing, textile, footwear and leather industry to ensure that the structure provides a number of industrial training courses to registered workers free of charge.

SACTWU hopes that, with the presence of informal workers in training courses and their inclusion among union representatives on the SETA management board, the training objectives of the SETA could be adapted to their needs.

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36 Interview with SACTWU General Secretary.
Personal services

SACTWU is also considering the introduction of other personal services to attract members from the informal economy, ranging from bulk-buy discounts at local supermarkets to legal advice, as an incentive for people to join the union and pay regular subscriptions.

In addition SACTWU is considering experimenting with the creation of “Saturday Advice Centres”, which would not only assist in organizing informal economy workers, but also present opportunities for partnerships between community-based organizations and trade unions. SACTWU considers that there may be some merit in the joint financing (with community organizations) of advice centres located in residential areas, which would provide advice and serve as a trade union office where complaints are logged into a computer terminal with an e-mail link to its Salt River office (where SACTWU Western Cape regional office is situated).

3.5.2 Medium-term strategy: Building bargaining relationships

After establishing basic and credible organization of informal producers through the means described above, SACTWU intends to build some form of bargaining relationship to improve conditions for these workers.

The Union has identified a two-pronged strategy for this phase:

- **Work providers**
  SACTWU could invite work providers to a meeting and attempt to negotiate minimum rates for the workers to whom they sub-contract. It is unlikely that providers will agree to meet with the union, but it is an option worth exploring.

- **Labour law reform**
  SACTWU has identified legal strategies that would make it easier for the union to enter into agreements that would cover industrial homeworkers. SACTWU intends the new National Clothing Bargaining Council to include the activities of informal clothing workers in its scope. The nationally operative BC, established in 2002, promises the union a number of advantages, including that union staff could negotiate one agreement as opposed to a range of agreements, thereby freeing up scarce union resources. The union sees the National Clothing Bargaining Council as a forum through which it will be possible to regulate the incomes and working conditions of informal workers, perhaps in a separate schedule or agreement attached to that for workers employed in the formal economy.

3.5.3 Long-term strategy: Formalizing informal work

In the long-term, SACTWU aims to introduce more characteristics of formality into the informal economy by:

- introducing written contracts between work providers and informal producers;
- inducing South Africa’s tax authority, the South African Revenue Service (SARS), to hold work providers to informal producers and/or retailers responsible for ensuring that informal producers pay the applicable taxes;
- mobilizing formally employed clothing workers to fight for measures that will improve conditions for informal producers.
Overall, the long-term strategy is: i) to eliminate informal production that relies solely on reduced labour standards to increase competitiveness; and ii) retain informal production that contributes to competitiveness by creating flexibility in the capacity of work providers and/or time flexibility for informal workers.

There are benefits in greater formalization for formal and informal workers. Formally employed workers would benefit from fewer retrenchments and less downward pressure on wages and conditions of employment. Workers engaged in the informal economy would benefit from improved wages, social and legal protection, and improved access to resources.

3.6 Pilot informal economy organization: The Cape Town recruitment drive

SACTWU approach to organizing has always been to follow the industry “as work mutates”.37 This approach directed organizing efforts to the non-metropolitan areas as production relocated there under apartheid. Similarly, in the mid-1990s, the union managed to organize some informal township enterprises when they first arose. Since its 1999 National Congress, SACTWU efforts to recruit informal workers have focused almost exclusively on the residential areas in Cape Town. Box 3.2 describes the action taken to organize clothing workers in the Coloured residential suburb of Mitchell’s Plain in the Western Cape. Started in late 2000, this initiative was not only a recruitment campaign; SACTWU also used it to collect as much information as possible pertaining to informal economy workers. SACTWU did not duplicate this initiative in its other regions – especially in KwaZulu-Natal – as it was felt that this would have stretched union resources.

SACTWU nominated one of the organizers in its Cape Town office to coordinate the recruitment drive. This organizer also had his regular organizing responsibilities to contend with and was assisted by a clothing industry shop steward who was released from her factory for a period of three months.38 This arrangement offers the advantage of obtaining someone already skilled in trade union work and who may have contacts with informal economy workers that can be tapped immediately. The disadvantage is that when the steward leaves, the institutional memory is lost and regular organizers then have to carry the additional workload brought in by the steward.

According to the SACTWU organizer responsible for coordinating the informal economy recruitment drive, the first challenge in the pilot phase was to locate informal factories, which do not resemble regular factories operating in the formal economy and are not easily recognizable. The time element was emphasized by this union organizer:

“I am sure we have these small informal little establishment everywhere. But, the primary effort of organizers is not being recognized. They don’t have the time to go and look for all these little operations.”

Most leads on the whereabouts of informal economy factories came from contacts and from workers who arrived at the union’s office to register a complaint about their employer, although information was often insufficient or inaccurate. To illustrate this point, the organizer recounted one story of an attempt to locate an informal enterprise in a residential area on the basis of information supplied by a contact. After a lengthy search, this particular

37 Interview with SACTWU General Secretary.
38 During this period SACTWU paid her salary.
clothing manufacturing establishment was finally located because the organizers heard (and tracked down) the sound of sewing machines.

Box 3.2: ‘Formalizing’ the informal economy: A union case study of Mitchell’s Plain, South Africa

In the mid-1970s, a massive residential township was built about 20 km from the city centre of Cape Town. The area was used to relocate Black people during the apartheid years. Unemployment was, and continues to be, high among residents of the area, leading to the growth of the informal economy in street vending, home-based industries and flea markets.

Cape Town is a major centre of clothing production. As companies experienced trade liberalization, many workers were displaced from the formal economy. Industrial home-based informal work intensified as a result. Workers either worked from their own homes on a piece-rate basis, or from backyards within the residential area, where between 2 to 20 workers operated in a single, unregistered premise. Since the work was anonymous and atomized, trade unions found it difficult to organize.

Through a combination of government support for small enterprise and trade union focus on the area, a publicly funded agency called the Small Business Development Corporation (SBDC) was encouraged to set up an ‘industrial hive’ in the early 1990s. This consisted of providing premises that could house a number of small entrepreneurs.

The Mitchell’s Plain SBDC hive brought together different types of operations, housing about 25 different companies/units of production or service ranging from auto body panel workshops, to security companies, to clothing operations. The hive includes 5 clothing companies, employing from 4 to 70 workers.

SACTWU recruited workers at the hive, taking the opportunity to offer broader assistance to small businesses. During the study, workers employed at a small clothing company, Jamilla’s Fashion, were interviewed. The trade union organized in the Cape Town hive initially in 1995. In 2000, as part of its ‘homeworker project’, it organized the other 4 clothing plants. Many of these workers had previously worked in the formal economy and had been trade union members.

Currently, the trade union membership is close to 150, being almost the entire clothing workforce in the hive.

Working conditions have improved and have become similar to those in the formal economy. The union shapes conditions through negotiations with the employers. In this example, a combination of measures were used to ‘formalize’ the informal economy: small, separate and cramped working quarters were replaced with a modern factory-like environment; small manufacturers were able to cooperate in securing orders and share know-how and the union found it easier to identify the new production.


The second challenge is that informal economy factories and workers are very footloose (the agents of the Natal clothing BC also noted this factor). The SACTWU organizer said that once located by the union, some factories move to another location, often within a matter of hours. He stated that when the union locates an enterprise, it is important to make personal contact with one of the workers. He also stated that initially it was necessary that the identity of this union contact remain confidential. Workers stand a good chance of being dismissed, should the employer discover they are cooperating with the union.
Recruiting informal workers takes considerably more time than recruiting workers in the formal economy. It often entails substantial amounts of time spent outside the establishment, waiting for workers to leave their place of work. Once contact is made, it then requires a number of follow-up meetings to familiarize the worker with union activities. Generally, at the first and second contact meetings, workers are often reluctant to speak and a number of sessions are necessary before they “open up”. These experiences are very similar to those of early union organizers in the 1970s, when Black trade unions were still illegal in South Africa.

“What is the point of joining?”

Some informal workers were also highly sceptical of the benefits of union membership. According to SACTWU the majority of informal workers were previously employed in the formal economy and were union members. When approached to join the union, a common complaint was that the union had done nothing to protect them when they lost their jobs through retrenchment. “What is the point of joining a union?” is a question that union organizers say they often hear. The SACTWU organizer observed that “workers’ principles immediately change when they move into the informal economy”.

The “almost-family type relationship”39 between workers engaged in the informal economy and their employer/provider of work, also poses an organizational challenge, as the organizer noted:

“A very personal relationship exists between the employer and the employee in the informal economy, it goes beyond the normal work relationship. If the union is there, the employees speak out but, when the union leaves, the employer takes over and then the victimization starts. It is much worse in the informal economy than in the formal sector. The employee doesn’t want to testify against the employer, they are like a family. They complain, but then they also say ‘Don’t use my name’. That makes it very difficult from an organizing perspective. If you speak to the employer and you do give a name, you can be sure that the person you spoke of will be out of a job in no time.”

When the union succeeds in signing up informal workers, additional (sustained) union resources are required to ensure that new recruits remain in the union. SACTWU experience shows that in the first month of membership, workers require constant attention. The reason is that the “employer hits them with everything”. SACTWU found that if an issue arises the union has to deal with it immediately; if not, informal workers quickly lose interest in their membership. The SACTWU organizer perceived that informal economy workers required the union to be constantly available. He commented:

“The demands of informal economy workers are far greater than those of formal workers. The issues are not that big, but the demands are more intensive. If any issue arises in the informal economy, you have to go solve it immediately. You have to go to the one who shouts the loudest. If you don’t, the employer starts with the emotional blackmail. The employee then leaves the issue and the union; they are frustrated that the issue was not resolved.”

39 Interview with Fachmy Abrahams, SACTWU informal economy Recruitment Coordinator.
Another challenge with recruiting informal workers is that many do not have access to telephones and facsimile machines, so that communications often require direct visits to the workplace – again putting time pressure on union organizers.

Because of these challenges and work pressures, the union organizer stated that initially a separation of organizing duties could be made between formal and informal economy workers. He suggested one “desk” could be allocated to deal only with informal workers, as their greater demands require more time and a different set of skills.

“What can we do to make the employer’s life easier?”

For the future, the union organizer remarked on the critical need to develop a concrete strategy for dealing with employers:

“You must also have concrete proposals for the employees on how you intend to help them resolve issues. The way in which the formal economy works is very different from the way the informal economy works. They make the same garments, they use the same raw materials and they outsource to the same people, but the working conditions are very different. We need a concrete proposal to engage the employers. What can we do to make the employer’s life easier?”

SACTWU has found it very difficult to get informal economy members to pay union subscriptions. Two reasons were advanced – the time involved and the low wages paid to these workers. According to the union organizer:

“These people are being paid anything from 100 rand a week to at most 350 rand. Some are being paid the prescribed rate by the Bargaining Council, but they’re in the minority. It’s a problem to get some of them to agree to have 3.50 rand a week deducted from their wages for union dues. Another problem is how you collect those deductions if they do agree to pay. Because they’re being paid by hand, the employee doesn’t have a banking account, he doesn’t have debit order facilities. You physically have to go and collect those membership cheques from the employer, which leads to another problem, because it eats into the time of your other areas. If you have 15 informal factories in your branch and, given the fact that you wait an hour for the employer, it takes you 2-3 days just to collect the dues”.

SACTWU found that informal economy members do not integrate themselves into union structures – especially Branch and Regional activities. The view of the union organizer is that these members were more interested in what the union could do to satisfy their need vis-à-vis their employers.

3.7 Developing a legal framework for bargaining

SACTWU is a registered trade union and thus has access to a range of statutory organizational rights. These rights, which accrue only to registered trade unions, emanate from the Labour Relations Act (Act 66 of 1995, S11 - 22), and include a union’s right to:

- gain access to any workplace in order to recruit members, to communicate with members, and to serve members’ interests;
• hold meetings with employees at the employer’s premises, outside of their normal working hours;
• hold ballots of members (to elect union representatives and conduct any other ballots);
• compel employers to deduct union membership fees and/or other levies from their member’s wages;
• in establishments where there are 10 or more employees, to elect union representatives. These shop stewards are also entitled to take employer-paid time from work for union business;
• require the employer to provide union representatives with relevant information for effective performance of their duties.

In addition the Labour Relations Act (LRA) also confers certain other important rights upon trade unions. For example, only registered trade unions can make an application to establish a BC, participate within the affairs of a BC, process disputes within the Councils, and request the Minister to extend a BC agreement to non-parties within its scope. Unregistered trade unions and other organizations (e.g. non-governmental organizations, advice centres, etc.) that may wish to take up worker issues are unable to access these rights. For registered unions dealing with employers who are hostile to trade union activity, these rights have been particularly important.

SACTWU has successfully lobbied to introduce a range of amendments to the country’s labour laws – the LRA and the Basic Conditions of Employment Act of 1997 (BCEA) – that directly and indirectly address issues pertaining to workers engaged in the informal economy. SACTWU General Secretary, a key negotiator for labour in the process of drafting the post-apartheid labour laws, observed that:

“[The Labour Relations Act and the Basic Conditions of Employment Act] were not written to take into account the reality of work in the informal economy and of homeworkers. There are provisions that can be used, but there are many gaps.”

These gaps have been largely addressed in the newly promulgated labour laws, as described below.

Challenging disguised employment relationships

One strategy used by employers in the clothing industry to avoid adhering to agreements negotiated in the BCs is to retrench production workers and then contract work out to them as ‘independent contractors’. SACTWU has argued that these workers should not be regarded as informal, given that most operate as if in an employment relationship, in factories that have all the characteristics of formal establishments.

To help workers and their organizations challenge disguised employment relationships, amendments have been made to Section 83 of the BCEA and Section 200 of the LRA. The law will now presume that a worker is an employee rather than an independent contractor unless the provider of work is able to prove otherwise.

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40 The amendments to the various pieces of labour legislation were promulgated into law in August 2002.
Another amendment is aimed at broadening the definition of an employee in all labour legislation, so that specific groups of informal workers who are currently excluded can potentially be included. The existing BCEA allows the Minister to determine any category of worker as employees, who thus have access to rights and protection. A further amendment to Section 83 of the BCEA will now allow the Minister to deem, for any other “employment law”, including the LRA, that certain categories of worker are employees. Accordingly, the legal framework is now in place for homeworkers to be classified as employees, and have access to representational rights in terms of the LRA.

**Power of Bargaining Councils**

In accordance with another amendment prompted by SACTWU, BCs will be able to extend their services and functions so as to cover informal work. The amendment gives BCs the opportunity to register to cover informal work, and to enter into collective agreements that can be extended to include informal workers.

This creates the potential for organizations in BCs to enter into agreements about payment, retirement funding, medical schemes, hours of work, safety and other conditions of employment for informal economy workers. SACTWU recognizes that the amendment merely provides a legal framework – parties are still required to reach agreement in the BC.

Even before the proposed changes to the LRA became law, SACTWU started raising this issue with employers and government officials (from both the Department of Labour and the Department of Trade and Industry), suggesting that BCs offer a range of non-collective bargaining services.

**Extension of Bargaining Council agreements**

The value of the centralized bargaining system is that, if parties to an agreement meet certain criteria for representativeness, they can request the Minister of Labour to extend the agreement to non-parties within the scope of the BC’s jurisdiction. A change to Section 32 of the LRA will now allow the Minister discretion to extend the agreement to non-parties within the registered scope of the BC, even if the employer party to the agreement does not meet all the criteria for representativeness. This is particularly useful for bargaining in the informal economy, where workers may organize, but employers may choose to remain unorganized.

By allowing for the BC scope to cover informal work, and for the extension of BC agreements to informal work, the legal tools are in place as a basis for organizing and bargaining around informal work.

### 3.7.1 Bargaining with retailers

In 2001 SACTWU initiated a dispute, in terms of Section 77 of the LRA, against the majority of South Africa’s leading retail chains.\(^41\) The action was motivated by the high job losses caused, in part, by the economic decisions of retailers. SACTWU argued that retailers were unfairly prejudicing local manufacturers with their pricing policies, forcing them to

\(^{41}\) Section 77 of the LRA allows trade unions to declare disputes with employers in order to defend the “socio-economic” interests of workers. Such disputes are processed via the National Economic Development and Labour Council (NEDLAC).
accept lower prices for their output. These manufacturers in turn shift production to low-wage non-urban areas and exploit informal workers. The union demanded that retailers:

- disclose sub-contracting and supplier arrangements involving homeworkers and other informal workers, and
- enter into an agreement with COSATU and its affiliates to promote the socio-economic interests of such workers.

Agreement could not be reached with the retailers and on 29 August 2001 SACTWU commenced a campaign against retailers, initially involving pickets and demonstrations. The strategy aimed at imposing an economic cost on retailers for not entering into agreements with SACTWU. It would then be in the retailers’ interest to establish a bargaining arrangement with the union relating to informal producers of clothes that they sell. The fact that there is no representative retailers’ organization requires SACTWU to declare ‘disputes’ with retailers on an individual basis. Further, should SACTWU wish to conclude agreements with retailers on their use of homeworkers, it will also need to do so on an individual basis. Recently SACTWU has started a new campaign which has involved SACTWU members and staff picketing the stores of certain retailers.

### 3.7.2 Working with others

SACTWU is acutely aware that it will be unable to secure success on its own. As outlined below, the union has used its extensive links with other stakeholders to pursue its long-term objectives around informal work in the industry.

**Clothing and Textile Sector Jobs Summit**

In August 2000 SACTWU participated in the Clothing and Textiles Sector Jobs Summit. The aim of the Summit was for organized labour, organized business, and government to reach consensus on a range of policies and programmes that would develop the industry.42

SACTWU used the Summit as open space for the recognition of:

- all work as work, whether formal or informal, and
- the right of workers in the informal economy to organize and protect their interests through appropriate collective bargaining processes.

The Summit agreement acknowledged an increasing fragmentation of the labour market and a rise of atypical employment in the clothing sector. It also condemned labour relations practices that lead to the fragmentation of employment relations. In this regard:

- government committed itself to introduce legislation to address the problems of disguised employment relationships and to secure its implementation;

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42 The Clothing and Textile Sector Jobs Summit evolved from the Presidential Jobs Summit that was held in October 1998. The latter’s main purpose and the subsequent Clothing and Textile Sector Jobs Summit, was for labour, business and government stakeholders to examine ways in which to address South Africa’s unemployment crisis. Both summits were held after extensive preparatory work done by all stakeholders; it was envisaged that both summits would be single events, and that the parties to the summits would afterwards, through regular interactions, give effect to the agreements reached at each summit.
• employers committed themselves to improve services to clothing employers so that there would be incentives for employers to comply with labour legislation;
• the union committed itself to more proactively inform workers of the dangers and disadvantages of changing their status to that of ‘independent contractors’.

Parties also recognized that the clothing sector consists of different sub-sectors with different kinds of enterprises including big and small, unorganized and organized, formal and informal, factory-based and home-based production. They agreed to seek strategies that will lead to “all workers enjoying basic rights” and provide “social equity and decent work” for all.

It was also agreed that a Forum – consisting of labour, business and government representatives – should be established in order to perform a policy development and monitoring function. Such a Forum would have three core roles:

• to facilitate research, debate and develop common views on the macro industrial, trade and labour market policies;
• to monitor macro trends impacting on the industries and make appropriate policy recommendations;
• to ensure regular interaction between industry stakeholders with a view to building and entrenching a common vision for the industry.

It was decided that the Forum would have two working groups: one to focus on trade and industrial policy issues and a second group to discuss labour market and SMME issues.

However, SACTWU was unsuccessful – mainly due to opposition from employer organizations – in reaching agreement on the creation of an institutional mechanism to implement the decisions taken at the Summit.

The union proposed that a single BC for the industry, a “Council on Fashion for the Clothing and Textile Industry”, be established (see Figure 3.1). This Council would have five work ‘chambers’, one of which would have the responsibility for homeworkers and small enterprises. It was envisaged that this chamber would provide a number of customized services for industrial homeworkers, those who provide them with work, and small enterprises in the sector. The chamber could:

• maintain a register of homeworkers;
• collect data on the extent of outwork;
• monitor the social and industrial dimensions of homework in the industry, and refer homeworkers to services of other chambers where appropriate, for example, training and skill enhancement, or adapt social services to their needs.

SACTWU hopes to use the Forum and its working groups to progress with issues raised in the Summit pertaining to the informal economy. To date, only a limited number of engagements have occurred between the stakeholders to the Summit – no formal meeting of the Forum has yet taken place.
Figure 3.1: SACTWU’s proposal to the Clothing and Textile Sector Jobs Summit, 2000

<table>
<thead>
<tr>
<th>Government liaison structure</th>
<th>Retail liaison structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair: Minister of Trade and Industry</td>
<td>Composition: all key retailers</td>
</tr>
<tr>
<td>Composition: DTI, Dept of Labour, SARS, IDC, SABS, CSIR, NPI</td>
<td></td>
</tr>
</tbody>
</table>

Quarterly meetings between these structures

<table>
<thead>
<tr>
<th>Council on Fashion Plenary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composition: 50% employers 50% union</td>
</tr>
<tr>
<td>Role: Develop an integrated policy framework Coordinate activities of various chambers Monitor macro-trends in industry, including trade flows, and developments in other key clothing and textile economies and markets. Develop common positions to promote the industry. Regular meetings with government and retailers.</td>
</tr>
<tr>
<td>Scope: All clothing and textile operations in the Republic of South Africa, in both the formal and informal economy.</td>
</tr>
</tbody>
</table>

Collective Bargaining Chamber
Collective bargaining for each sector in Sector Forums, and dispute resolution for the industry

<table>
<thead>
<tr>
<th>Social Services Chamber</th>
<th>Industrial Services Chamber</th>
<th>Education &amp; Training Chamber</th>
<th>Industrial home-workers and SMME Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical services, retirement, HIV-Aids project, counselling and housing</td>
<td>Economic services to the sector and to companies</td>
<td>Takes on role of Sectoral Education Training Authority</td>
<td>Special services to homeworkers and to small enterprises</td>
</tr>
</tbody>
</table>


### 3.7.3 The ‘buy local’ campaign: “Proudly South African”

At the Presidential Jobs Summit in October 1998, SACTWU motivated COSATU to raise the need for a national ‘buy local’ campaign to encourage job retention and creation. The proposed campaign intended to create a preference for locally manufactured goods. In order to qualify for the “Proudly South African” logo, manufacturers must demonstrate that their product meets certain quality standards; was made under environmentally sustainable conditions; and in observance of fair labour standards (essentially a commitment to the fundamental labour standards encapsulated in the ILO’s core labour Conventions). This
proposal was adopted in the Presidential Jobs Summit agreement and, almost two years later, the “Proudly South African” campaign was launched (in September 2001) under the auspices of NEDLAC.

SACTWU intends to exploit the link between the manufacture of goods within South Africa and the fair labour standards and practices in order to assist in organizing and improving the conditions of workers engaged in informal clothing manufacture.

3.7.4 Cooperation with other organizations

Since 1985 SACTWU has been an active affiliate of the Congress of South African Trade Unions (COSATU). SACTWU has played an important role in ensuring that issues pertaining to informal work be placed on the agenda of the federation. For example, SACTWU proposals relating to labour law amendments, and the ‘buy local’ campaign described above have been adopted and championed by COSATU.

SACTWU leaders have had some interactions with the leadership of the Self Employed Women’s Union (SEWU).

At the international level, SACTWU is affiliated to the International Textile, Garment and Leather Workers’ Federation (ITGLWF) – an international trade secretariat that has devoted particular efforts to assisting affiliates worldwide in running campaigns to organize informal workers – particularly homeworkers – and to support their rights.

Part 4 provides an in-depth portrait of the Self Employed Women’s Union and its attempts to meet the representational needs of clothing workers in South Africa’s informal economy.
4. The Self Employed Women’s Union

4.1 Background history

The Self Employed Women’s Union (SEWU) was founded in 1994, initially in the Durban region, and later as a national organization. Based on the model of the Self-Employed Women’s Association (SEWA) in India, it was established with the specific intent to represent the interests of self-employed and survivalist women engaged in South Africa’s informal economy (both urban and rural) – a segment of the labour force that was being largely neglected by traditional trade unions.

4.2 SEWU membership profile

According to the SEWU Constitution, membership is open to all women workers over the age of 18, who:

- are involved in any economic activity which is not covered by any other trade union;
- earn their living by their own effort (without regular or salaried employment); and,
- do not employ more than three other persons on a permanent basis.

SEWU is organizing women workers in a wide range of informal occupations in a number of broad sectors: street traders/hawkers, home-based workers, and women engaged in agricultural work. The majority of its membership is located in urban areas, although it also has a presence in rural areas and peri-urban towns.

SEWU members earn very low incomes – their activities are best described as survivalist. The home-based clothing workers SEWU organizes are “own-account” workers who produce clothes using their own designs, from fabrics that they purchase themselves, and which they themselves sell directly to their local customers. In this respect, the workers SEWU targets are significantly different from those targeted by SACTWU.

SEWU has members in three of South Africa’s nine provinces. The majority – 1,600 – of its 2,300 paid-up members are located in KwaZulu-Natal, mainly in Durban, although it does have membership in some of the more rural parts of the province (e.g. Matatiele, Eshowe, Vryheid, Empangeni and Umzinto/Port Shepstone). In the Eastern Cape Province its 606 members are mainly located in and around the towns of Umtata, Butterworth, Tsolo, Mount Fletcher, Lusikisiki, Queenstown and Mdantsane (near East London). In the Western Cape its 20 paid-up members are all based in Cape Town. In October 2001, the SEWU General Secretary estimated that the union had almost 100 signed-up members who would become paid-up in the following month. It is estimated that SEWU has approximately 1,200 members producing clothing. About 90 per cent of its members in the Durban area, 10 per cent of its Eastern Cape members and about 4 per cent of its Western Cape members are clothing workers. A sizeable number of members in the rural areas of KwaZulu-Natal are also involved in cloth manufacturing, many simultaneously involved in the rearing of chickens and pigs.

WIEGO, 2002.

For additional information on SEWU activities in the street trading sector, see Motala, S., Organizing in the Informal Economy: A Case Study of Street Trading in South Africa. ILO, Geneva, 2002.
SEWU organizes self-employed women according to its constitutional aims and objectives, as described in Box 4.1. Membership is confined to women in order to address the specific problems of women workers. In SEWU’s view, these problems are best addressed by a women-only organization.

**Box 4.1: Aims and objectives of SEWU**

“The aims and objects of the Union shall be:

- Primarily to build unity between women whose work, which they do for a living, is not recognized, and to develop their collective self-empowerment;
- To make visible the work which women are doing in the economy;
- To secure for women working outside the formal economy an entitlement to all powers, rights and benefits which are due to workers in the formal sector of the economy, and to secure social justice for women workers engaged in all kinds of economic activity;
- To inculcate a spirit of trade union unity and solidarity among members of the Union and among all women workers, and to build leadership among women in the lowest strata of the wider working class.”

Source: SEWU Constitution.

According to the General Secretary, SEWU does not envisage changing its membership policy, unless SEWU affiliates to COSATU, which may require the organization to accept men as members. One of the main problems that SEWU has with affiliating with COSATU is the latter’s political orientation. SEWU is of the view that the COSATU alliance with the African National Congress (ANC) would be divisive for individual SEWU members, who have a diverse range of political views.

The majority of SEWU membership is African, although there are some Coloured members in Cape Town, and some Indian members in the Stanger branch in KwaZulu-Natal.

### 4.3 SEWU structures

The highest SEWU decision-making structure is its Annual Conference. This conference consists of the National Office Bearers (NOBs), and delegates from the branches: each branch is entitled to one delegate for every 20 members in good standing. The conference elects the President, the Vice-President and the National Treasurer from the membership; and the General Secretary from either full or part-time officials. They each hold office for two years. Significantly, the SEWU Constitution stipulates that the three NOBs may not come from the same “work sector”. This ensures that leadership cliques representing narrow sectoral interests (street traders, homeworkers or agricultural sector workers) do not emerge.

Between its Annual Conferences, SEWU affairs are managed by its National Executive Committee (NEC) which meets every three months. The NEC consists of the NOBs, plus four delegates from each SEWU region. The regional delegates to the NEC also hold office for two years.
SEWU has structured itself into three regions: its KwaZulu-Natal region (provincial office in Durban), its Eastern Cape region (provincial office in Umtata), and its Western Cape region (provincial office in Cape Town, Gugulethu). SEWU is entering new regions with the opening of offices in the Free State Province (office to be located in Welkom), and Mpumulanga Province (office in Nelspruit). Each region elects a regional Chairperson, a Vice-Chairperson, and Treasurer from the membership, and a Regional Secretary from the ranks of full-time officials. As with the NOBs, regional office bearers are prevented from belonging to the same “work sector”.

Within each SEWU region, a large number of geographically demarcated branches have been set up. In order to qualify for branch status, a minimum of 10 members is required. By June 2001, SEWU had established a total of 109 branches: 58 in the KwaZulu-Natal region, 48 in the Eastern Cape, and three branches in Western Cape. Within each branch a number of trade leaders are elected in accordance with the nature of their work. SEWU opted for this type of branch structure because it was felt that large branches spread over a wide geographical area would make it more difficult for leadership to report back to its rank-and-file membership.

SEWU has a total staff of 14 (see Table 4.1), operating from four rented offices equipped with telephone, facsimile and e-mail facilities. Recruiting and serving of membership is done by a staff of eight organizers. Organizers work out of the SEWU regional offices (there are no branch offices) and cover all parts of the region under their jurisdiction. Organizers are not allocated specific sectoral responsibilities. Recruitment is time-consuming – especially when it comes to recruiting workers in the more outlying rural areas – as frequent visits are required before a prospective member joins. The organizers all use public transport.

Table 4.1: Breakdown of SEWU staff, 2001

<table>
<thead>
<tr>
<th></th>
<th>Administrators</th>
<th>Professional Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEWU Head Office</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>SEWU KZN</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>SEWU Eastern Cape</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>SEWU Western Cape</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>10</td>
</tr>
</tbody>
</table>


SEWU is not a registered trade union and is unable to resort to many of the provisions enshrined in various labour laws. Recently SEWU registered with the national Department of Social Welfare as a non-profit organization. The most tangible advantage entailed by this legal status is tax benefits. SEWU also considers that registration will afford it greater recognition by national and local government.

SEWU has given little consideration to registering formally as a trade union with the Department of Labour. The former General Secretary believed that few benefits would accrue to SEWU as a registered trade union, owing to the nature of work performed by its members (there is no employer-employee relationship). The current General Secretary is

45 These boundaries follow the province delimitations.
46 At the time of the interview, the General Secretary said SEWU had experienced some problems with their Western Cape region, which explains why these three branches have only 20 members each.
47 Pat Horn, former General Secretary of SEWU, is now coordinator of StreetNet (see Bibliography).
particularly sceptical of the statutory dispute resolution machinery run by the Commission for Conciliation, Mediation and Arbitration (CCMA).

4.4 SEWU finances

To become a SEWU member, workers pay a joining fee of ZAR 10.00 and thereafter a monthly subscription of ZAR 8.00. Previously SEWU staff collected membership fees by hand. But in 1998, after the union was robbed at gunpoint of ZAR 12,000 in membership fees, the SEWU Annual Conference took a decision that members should pay their dues by debit order linked to their savings account.

This change led to the union losing about 35 per cent of its membership – in 1999 SEWU had more than 3,500 paid-up members. Proportionately more street traders did not remain members of the organization because they could not (or did not) obtain bank accounts. Many were afraid that their money would be stolen, while others were unsure about issues like bank charges. In addition, self-employed people at the income level of many SEWU members were not catered for, either in the requirement that a salary slip must be produced, or in the limits set for opening bank accounts, which involved a minimum deposit of between ZAR 250 and ZAR 500 (very high for most SEWU members). Some banks offered a minimum of ZAR 100 but, again, this was way beyond the means of most SEWU members.

The debit order system was only finally implemented in January 2001. SEWU has now met with the banks in order to ask them to agree to change the opening minimum balances, and to accept that their members could not produce salary slips. Simultaneously SEWU ran a number of educational workshops on banking procedures for its members. In spite of these efforts – many of which are ongoing – the SEWU General Secretary believes that the debit-order system is still not working well. She also indicated that the union has no plans to change this policy.

Currently, SEWU estimates that about 5 per cent of its operational budget is funded from union subscriptions and the remainder from donors such as foreign trade unions and governments.

4.5 SEWU organizing strategies

Organizing informal women workers is undoubtedly a hard task, with homeworkers proving a particularly difficult target group. Women in the informal economy tend to concentrate in low-income and low-skilled jobs, where they are often exposed to exploitation and harassment. They also tend to be isolated and unorganized, which severely undermines their bargaining position.

In its early days, the SEWU organizing drive targeted two particular groups of women workers – street vendors and home-based workers (the former with membership majority). However, as the organization started to move into rural areas more home-based workers

48 In the view of the interviewing researcher, this opinion seems based on problems experience with the CCMA intervention when SEWU had dismissed a union staff member.

49 Most SEWU members are living from hand-to-mouth on survivalist incomes. They do not earn enough to justify opening of a bank account or are unfamiliar or unaware of banking procedures.
joined. For this category of worker, SEWU completed successful negotiations with local authorities on collective space for home-based dressmakers.50

In the near future, SEWU intends to broaden the scope of its organizing action. The General Secretary indicated that SEWU is launching a specific recruitment campaign targeted at those workers who collect cardboard for recycling purposes. It is important to note that SEWU acts very much like a “general workers” union in that it recruits workers in a number of sectors.

As most of its members are self-employed, SEWU differs from more traditional trade unions in that it does not use the conflictual employer-employee relationship as a primary recruitment tool. Instead, SEWU stresses a different category of benefits that will accrue to workers who are members of the organization. SEWU has developed a number of programmes to attract and retain members. These programmes aim at:

- building solidarity between women whose income-earning work is not recognized;
- developing negotiating skills so that women can negotiate directly with the City Council, police, small contractors and intermediaries, civic and political organizations, through their own representatives;
- assisting women with legal advice;
- assisting women to organize around how to solve problems in issues such as child care, access to credit, and lack of benefits (maternity, sickness, disability);
- developing lobbying skills so that women can exert influence on changing legislation that is contrary to their needs;
- developing leadership skills among women who work outside of the formal economy.

Many of these programmes are developed and run on an in-house basis. In addition, SEWU offers assistance to members by referring them to other specialized institutions or groups that provide skills and business training, advice on credit and loan facilities, legal assistance, health advice and assistance, and relief or counselling for survivors of violent attacks, including rape.

Significantly, while SEWU offers its membership specific training courses related to garment manufacture, the former General Secretary stated it often counselled members against the long-term merits of this training. She stated that SEWU considered garment manufacture an ‘overtraded’ activity, in that it absorbs an oversupply of skilled women workers. SEWU would prefer members to consider alternative training. To this end, substantial efforts are being made by SEWU to diversify women’s skills and orient them towards occupations that are non-traditional for women (electrician or plumber, for example).51

SEWU leadership has stated that it tries to get potential recruits to understand that SEWU is not a small business development organization, or an organization that provides handouts. Rather, it attempts to build unity and encourage members to work together to negotiate improvements in their own working lives. In spite of these messages, some members continue to exert pressure on the organization to focus primarily on the provisions of benefits to members only.

50 WIEGO, 2002.
51 Ibid.
For street traders, SEWU has won a number of victories – through negotiations with local municipalities – which have improved their working conditions; for example, storage facilities for their products at the end of the trading day, the provision of child care and ablution facilities, and stopping police harassment. It has been more difficult finding specific campaign hooks to recruit clothing workers.

SEWU has identified one major problem its members from the clothing sector have: how to market their production. Members often spend more time trying to sell their garments than making them.

SEWU has suggested that members should seek out different markets. To this end, SEWU encouraged some members to submit bids for the supply of clothing products in both Durban and the Eastern Cape. However, these bids have so far been unsuccessful: the bidding documentation is complex and the terms of the tender make it impossible for home-based workers to supply the products required. SEWU now intends to initiate discussions with municipal and provincial governments around allowing its members greater access to tenders.

It has also started to engage with local government policy-makers and development consultants to look into whether semi-formal township-based markets could be established from which garment makers could sell their production.

SEWU has successfully negotiated with the owners of Durban’s International Convention Centre to allow its members to offer garments for sale at a location in the Centre during certain conferences. SEWU was also able to obtain space for its members from the clothing sector to sell output at the 2001 United Nations’ Conference Against Racism.

SEWU considers that opportunities abound for continued recruitment among clothing workers engaged in the informal economy, especially in Cape Town and in Durban. However, problems arise in recruitment drives. SEWU reported that it repeatedly encounters people who are reluctant to join because of their previous experience of union membership. The General Secretary claims that potential members were reluctant to join SEWU, saying they have already been “robbed” by other unions who have “taken” their joining fees and union dues. Many contended they were former SACTWU members and that SACTWU did nothing for them when they were employed in the formal economy. This acted as a powerful deterrent on their affiliation to SEWU. A second challenge to organizers is the question prospective members often pose: “What is SEWU going to do for me?”

As mentioned earlier, SEWU is planning to open regional offices within the Free State and in the Mpumulanga provinces (it currently only has signed-up membership in these areas). The SEWU General Secretary indicated that ultimately SEWU wants to open an office in the Gauteng heartland but this is not a priority item on its agenda at present.

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52 Most government tenders, despite policies that stipulate tenders should be broken up into the smallest possible units, are so designed as to render individual producers unable to bid on an entire tender. This means that the smaller producers, individual homeworkers included, are often unable to submit tenders.
4.6 Partnership with other organizations

Since its inception, SEWU has been actively involved in forging alliances and cooperation with a wide range of institutions, nationally and internationally, engaged in furthering the interests of women in the informal economy. For example, in Durban, it has established close links with the University of Natal, particularly within the framework of various research projects aimed at acquiring a clearer understanding of women’s position in South Africa’s informal economy and fostering their organization. Good relationships have also been cemented with NGOs and other trade unions.

At the international level, SEWU is one of the founding members of StreetNet. It is also affiliated to WIEGO and HomeNet. Participation in these networks has been crucial to giving SEWU international visibility and fostering its credibility at the national level.

Part 5 now concludes this analysis, noting some critical issues that both SACTWU and SEWU should deal with in order to further collective rights for workers in South Africa’s clothing industry.

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53 For more details on SEWU and StreetNet, see also see Motala, S., op.cit.
54 Women in Informal Employment: Globalizing and Organizing (WIEGO) is a worldwide coalition of institutions and individuals concerned with improving the status of women in the informal economy. For more details, see http://www.wiego.org
55 HomeNet is an international network of home-based workers’ organizations, policy-makers and researchers committed to working towards full recognition and visibility of home-based workers as full-fledged workers with appropriate laws, policies, social security and economic rights. For more details, see http://www.homenetww.org.uk
5. Conclusions

Without doubt, organizing clothing workers – homeworkers in particular – in South Africa’s informal economy is at an early stage – both SACTWU and SEWU have only succeeded in recruiting a relatively small number of informal workers.

A direct comparison between the SACTWU and SEWU organizing efforts is difficult to make, for two main reasons:

- Both organizations have been recruiting informal economy workers for differing periods of time. The SEWU organizing drive in the informal economy dates back to the early 1990s, while SACTWU only began to allocate significant union resources to organizing these workers at the end of the 1990s.

- Both organizations tend to target different types of clothing worker. These differences are important. SEWU tends to recruit workers engaged in ‘survivalist’ economic activity, while SACTWU has concentrated its efforts on informal ‘industrial’ workers. SEWU acts more like a ‘general’ workers’ trade union in that it recruits women workers engaged in a wide range of economic activities in the informal economy. SACTWU is an industrial union that focuses solely on organizing workers within the textile, clothing, footwear and leather sectors.

Notwithstanding these differences in approach and strategy, the following observations can be made and some similarities discerned between these two organizations.

From recruitment to organizational development

SACTWU has found recruiting informal economy workers to be an arduous exercise. The SACTWU organizer responsible for the coordination of the SACTWU informal economy recruitment project stated that the union had to use considerably more resources to recruit informal than formal workers.

The SEWU experience is similar: it required repeated visits by organizers to coax potential members to join. A common problem for both organizations is the legitimate question asked by potential recruits: “What can my membership of your organization do to improve my situation?”. Both organizations recognize that they need to offer (current and potential) members a range of services, in addition to the traditional services that regular trade unions offer to membership.

In this regard, SACTWU recognizes that the provision of a number of non-traditional benefits (such as funeral benefits, educational bursaries, access to the primary health care and training facilities) constitutes a significant incentive to attract and retain members from the informal economy. SACTWU will now have to expend substantial effort in trying to develop and then put in place its package of targeted benefits. SEWU has also adopted a policy of attracting workers by offering a number of benefits (legal advice and assistance, skills training). There may also be considerable gain to both organizations with the development of some common benefit packages for members. In this respect, the development of single (garment manufacturing) skills development packages could be usefully explored via the clothing Sectoral Education Training Authority. However, it will be essential for both
organizations to ensure that the benefit packages are not the sole attraction. Benefit packages are incentives to potentialize recruits – a short-term measure that must be backed up by medium- and long-term strategies that strengthen organizing and organizational capacity. Members must be made aware that their own contribution and collaboration within the organization will develop the organizational power capable of bringing about social and economic changes.

**Structures, shop stewards and subscriptions**

Both SACTWU and SEWU have similar structures within which organized workers are located. The model they use – geographically defined Branches and Regional structures, nationally operative Executive Committees, with the highest decision-making body being a National Congress – is fairly typical of most South African trade unions.

If SACTWU wants newly organized informal economy workers to fully participate within union constitutional affairs, it may have to allocate additional resources to this end. The SACTWU plan to create ‘area’ shop stewards – by which shop stewards would be elected to represent union members within a number of informal economy establishments in a defined (limited) geographic area – could assist in ensuring greater participation of informal workers in union affairs. In addition the election of area shop stewards could also assist the union in serving the day-to-day needs of their members in the informal economy.

Both SEWU and SACTWU recognize the critical importance of financial self-sustainability. To this end, SEWU has gone to considerable lengths to develop a system whereby members can pay joining and membership dues. The implementation of the debit-order system, which should provide a solid foundation for future financial sustainability, was costly in that it resulted in a 35 per cent loss of membership. The challenge for SEWU now is to lessen its dependence on outside funding. After nine years of operation, the fact that only 5 per cent of union activities are funded from member contributions is an issue at point. For SACTWU, its innovative plans to collect union dues from members in the informal economy either via the primary health care clinics that operate in the clothing sector, or by offering members benefits linked to the payment of union dues, will take considerable efforts to operationalize.

**Long-term initiatives**

Already some elements of the SACTWU multi-dimensional plan to organize workers in the informal economy are in place or near fruition; other plans still have to be initiated. Recent amendments to the Labour Relations Act and other labour laws (August 2002) have set the legal framework for organizing and bargaining around informal work. The establishment of a single National Clothing Bargaining Council (2002) promises the union members a number of advantages and paves the way for bridging the formal-informal divide in terms of incomes and working conditions within the industry. The “Proudly South African” Campaign (launched in September 2001) will hopefully allow SACTWU to put pressure on intermediary retailers and manufacturers to improve the working conditions of garment producers in the informal economy. Using the LRA Section 77 process, SACTWU has also raised a number of issues pertaining to informal garment manufacture with the country’s major retailers. Notwithstanding the progress that has been made to date, SACTWU will now have to allocate dedicated resources, over a considerable period of time, if it is to operationalize its short-, medium- and long-term plans to organize the informal economy.
The future is also a testing time for SEWU. In the short to medium term, SEWU will need to strengthen its efforts to consolidate and expand its membership base, incorporating long-term vision and clearly defined goals. The opening of its recruitment drive to those categories of worker so far not targeted by SEWU (starting with cardboard collectors) will impose new pressure on the organization’s scarce human and financial resources. However, it will also provide the organization with an opportunity to enhance its thrust across the different sectors of the economy. This will increase its legitimacy and bargaining power vis-à-vis national stakeholders.

Overall, progress made by the two organizations to extend representation in the informal economy is commendable and promising. Although the sustainability of their achievements is still to be tested in the long term, both organizations have been able to give informal clothing workers a voice by mainstreaming them into accessible, transparent, accountable and democratically managed organizations.

Challenges ahead are not minor, though. The evidence gathered in this report confirms that organizing informal workers – and more importantly, retaining their membership – raises particular difficulties, which partly stem from the precariousness and instability of informal activities and undertakings. However, the report bears witness that workers’ concerns and aspirations across the economy, regardless of worker status or where they operate, are geared towards the same goal – achieving “productive work in which rights are protected, which generates an adequate income, with adequate social protection”.56 The organizing challenge lies in developing multi-pronged strategies conducive to the fulfillment of this goal. As shown in this report, such strategies have best prospects for success if driven by a comprehensive and long-term vision – a vision that encompasses an enabling environment for people in the informal economy to enjoy rights at work (including collective rights) as well as access to the capabilities, services, and mechanisms that help them progressively enter the mainstream economy.57

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Bibliography


InFocus Programme on Boosting Employment through Small Enterprise Development (IFP/SEED): Website at http://www.ilo.org/seed


Annex 1: Organizations, agencies and individuals contacted

Ebrahim Patel  General Secretary of SACTWU
Aziza Kanemeyer  Western Cape Regional Secretary of the Southern African Clothing and Textile Worker’s Union (SACTWU)
Fachmy Abrahams  SACTWU organizer responsible for the Informal Sector Organizing Project
Gert van Zyl  Executive Director of the Cape Clothing Association (CCA)
Hassiem Randeree  President of the Clothing Federation of South Africa (CLOFED)
Khobosa Ntunya  General Secretary of the Self Employed Women’s Union (SEWU)
Len Smart  Executive Director of the Natal Clothing Manufacturers’ Association
Michael Seocharan, Ezra Bulose, Roshen Ramsumer  Agents of the Natal Clothing Bargaining Council
Pat Horn  Former (Acting) General Secretary of SEWU
Ronald Bernickow  Industrial Relations Manager of the Cape Clothing Industry Bargaining Council
Annex 2: Guidelines for leadership interviews

Note to interviewers

The aim of the interviews is to get an in-depth understanding of who is organized and how, how the organization really operates and what it really does – not just what the leadership people you interview think their organization should be doing or wish their organization was doing. This means that you need to get people to talk as concretely and honestly/self-critically as possible. We don’t just want the official ‘line’. So feel free to ask them how they know something or what makes them have a particular view. Obviously, you need to do this politely and in a way that builds trust.

When you ask people who they organize, you need to get as much clarity as possible about differences between workers in the informal economy. For example there may be workers who own their own informal operations (for example a street trading stall, a building sub-contracting outfit, a home-based operation, a taxi). These people may work alone. Or they may be helped by family members – a husband, a wife, children, sisters, brothers, aunts, uncles, cousins. Or they may have people who are not family members who work for them (for example a stall assistant, a labourer, a machinist or ironer, a gaatjie). The people who work for them may be ‘employed’ in a range of ways – regularly or irregularly; part-time or full-time; piecework, commission-based or hourly paid. We can refer to these different situations as differences in ‘employment status’.

There are a couple of confusing situations to look out for. The first is that some organizations’ members may see themselves as working for themselves – on their own or with others. But they may actually be dependent on a single customer (like a homeworker who sews clothing for one agent or company, or an owner-driver who provides transport for only one company) or a single supplier (like a street trader who relies on a CocaCola or pantyhose distributor). The second confusing situation is where some members do dependent work as described above as well as independent work. They may shift from one kind of work to the other in the course of a year (for example a clothing homeworker may sew for a company in peak season and independently for her neighbours in between), depending on the season, or even during the same day (a taxi driver may drive for an employer by day, and use the taxi or a self-owned vehicle to work for his/her own account at night). So some organizations may organize both independent and dependent workers.

Get interviewees to describe how the organization understands employment status and ask them what the employment status of their members is. Don’t be too concerned about terms – use the terms they use. What is most important is to find out what the terms they use mean about who the workers and members are and what they do. For example, some organizations may only be organizing people who own their own informal operations, and may not be reaching or representing the people who work for them. They may not be doing this on purpose. They may not even be aware of it. It may just work that way because people who own their own operation are more likely to be able to take time off and have the skills and knowledge to participate in organization, or access to facilities like a telephone. On the other hand, it might be their conscious decision only to focus on this group.

These guidelines are as general as possible. But in some cases they apply specifically to leaders of worker organizations and are geared towards the taxi industry. They can be adapted to your sector, and for use with employer organizations.

Organizational leadership interview guidelines

Introduction

- What is your position in your organization?
- How long have you served in this position?
• How does someone become a member of your organization?
• What are the criteria for joining and remaining a member?

Organizational history
• (For those previously organizing in the formal economy only…) Why did you start organizing in
the informal economy? (For those set up to organize in the informal economy…) What factors or
problems led to the creation of your organization?
• What is the organization’s legal status (trade union, employer organization, NGO, not formally
registered, other – specify)?
• What are the good and bad effects of having this legal status?
• Has this changed at all? Why? What good things came of any changes? Did the changes have any
bad effects?
• On which levels do you organize (local/metro, provincial, national, international)?
• Which level did you start organizing on first? How did you progress? Why did you do it this way?
• What are the advantages of organizing on only this level/more than one level? What are the
disadvantages?
• Is your legal status and level(s) of organization the same or different from other organizations in
the industry?
• Why was the organization designed this way?
• What does your organization aim to achieve overall?

Membership profile
• Who do you organize in the sector?
• Who don’t you organize in the sector? Why don’t you organize them? Are these people in another
organization?
• Do you also organize workers/employers in the formal economy?
• Did you start organizing workers/employers in the formal economy or informal economy first?
How did you progress? Why did you do it this way?

[For the following questions, ask for as concrete information as is available. If there are problems
with the figures you are given, explain these in your report. If specific figures aren’t available, ask for
estimates, ask how they were worked out, and explain this in your report.]
• How many members do you have:
  - by race and sex; [race and sex, at least, should be cross-tabulated if possible]
  - by income level;
  - by job category: [for example, in the taxi industry: drivers, administrators, washers, queue
    marshals, gaatjies];
  - by employment status (see common definitions);
  - by membership status: signed up or paid up;
  - by province?
• What is total employment in the industry? And what is your source for this? [You may have this
information from your document review. But you may also want to cross-check different sources,
and get an understanding of what leaders know and how leaders see the position of their
organization relative to the industry as a whole.]
  - by race and sex; [race and sex, at least, should be cross-tabulated if possible]
  - by job category: [for example, in the taxi industry: drivers, administrators, washers, queue
    marshals, gaatjies];
- by employment status [describe how the organization understands employment status – don’t worry about terms, worry about what they mean to your interviewee];
- by province?

• How is your membership the same as that of other organizations in the industry? How is your membership different from that of other organizations in the industry?

• Has your membership in the informal part of the sector increased or decreased? Why?

• Has your membership in the formal part of the sector increased or decreased? Why?

• What are the problems with statistics for employment and organizational membership in the sector?

Organizing strategies
• What is the main thing your organization does for its members (representing interests – bargaining, policy; service – marketing, training, pension, health; single issue-driven)?
• What else does your organization do for its members?

• What strategies for organizing in the informal economy have worked? Why?
• What strategies for organizing in the informal economy have not worked? Why?
• How are organizing strategies in the informal economy the same or different from those in the formal economy?

• What makes it easier or more difficult to organize in specific areas?
• What things make it easy or difficult to keep members once you have recruited them?
• What kind of public policies would help you to recruit more members and keep those you have recruited? [Press interviewees to be as concrete as possible, e.g. if they say laws, ask what do you want the law to say and how will this help you.]

Organizational processes and capacity
• Do members pay membership fees?
• How are they collected?
• What are your organization’s main sources of funding?
• What percentage of your total budget comes from each of these sources?

• Who staffs your organization (employees and/or members who volunteer and/or outside volunteers)? How has this changed over last year? How has this changed over the last five years?
• How many people are there in each category?
• Does the organization rely on outside organizations (e.g. labour support organization, research institutions, legal firms) for support, planning, management, negotiation, or representation?
• Does your organization have offices (national, provincial, local)? How many and where? Are these permanent or temporary, rented or owned?
• What office equipment do you have? If you had to buy one new item of office equipment, what would it be?

• Does your organization have a constitution?
• What leadership structures does your organization have?
• How is your leadership chosen?

• How are decisions made in the organization?
• If decisions are made at structural meetings, ask: How many times has each structure met in the past year? What was attendance at the most recent meeting of each structure like?
• How do ordinary members participate in the organization?
What is the main method you use to communicate with your members?

Is your organization contactable by telephone at the office? Is somebody there all the time to answer the phone? How else can your organization be contacted?

**Representation and voice**

- How many people are on each of your main leadership structure(s) (national, provincial and/or local)? How many of these are women?
- If your organization includes workers/employers from the formal AND the informal economy, how many people on the leadership structure(s) operate in the informal economy?
- Are there any conflicts of interest between different groups of members (e.g. taxi members vs. public bus company drivers, between employers over routes, between long distance taxi companies and others, conflicts that are defined in terms of race or gender)
- What has happened in these conflicts?
- What has the organization done?

- What are the particular interests and needs of women workers/employers in the industry?
- What has the organization done to meet these needs or address these interests?
- How has this changed over the last year? How has this changed over the last five years?

- Does the organization bargain around wages and conditions of employment with informal worker/employer organizations in the industry? Or are there other collective agreements that apply to informal workers/employers in the industry?
- How long has this been the case?
- What happens in the bargaining process? [Probe to develop an understanding of skills, practices and systems. Also, ask about changes in the past year and past five years (or longer) to catch changes from the apartheid institutional arrangements.]

- Does the organization participate in policy-making forums where it interacts with government (local, provincial and/or national)?
- How and when did the organization get representation?
- What has happened in these negotiations/discussions? [Probe to develop an understanding of skills, practices and systems relevant to members in the informal economy. Also, ask about changes in the past year and past five years.]

- Are there policy-making or rule-setting bodies (local, provincial and/or national) from which the organization has been excluded? Why?
- Where should the organization be represented?
- What will it take to win representation?

- What relationship does the organization have with other worker/employer organizations in the industry?
- Does the organization belong to a national or international federation? Why? What are the advantages and disadvantages of these connections?
- Does the organization interact with other NGOs? What does this interaction involve?
- Does the organization have any contact with international agencies? What does this contact involve?
Annex 3: Guidelines for focus group discussions

Introduction (±20 minutes)
[Introduce yourself and say where you’re from.]

We have asked you to come here today because we want to learn about how to organize workers in the [>>>] sector/like yourselves better.

Before we begin, I must explain that discussion in the group is informal and it is very important that everyone participates. There are no right or wrong answers. Even though I’m from [the union], I still want to know what is right about what we do and what we can do better. So relax and feel free to say what you really think. You are also free to disagree with one another.

We are taping the discussion, but that is just to help us remember your input. The discussion is confidential, so you don’t need to worry about us using your name in our reports. Do you have any questions we need to clear up about how this discussion group works?

To start with it will be good for us to get to know something about each other. Please tell us your name, what work you do, and what is happening with your work while you are part of this discussion. [Spend a bit of time on each participant, asking about their work history.]

• How long have you been doing this work?
• What were you doing before?
• Were you a member of a worker or other organization before?

Opening discussion on joining the union (± 20 minutes)
Let’s talk about how it was that you came to join the union. [Make sure each person gets a turn to answer the first question so that everyone speaks, but be more flexible afterwards.]

• How did you find out about the union?
• When did you join the union and what did you have to do?
• Was it easy or difficult to join?
• What do you have to do to stay a member of the union?
• When you joined, what did you hope the union would do for you?

Discussion about what the union does (± 30 minutes)
Now let’s talk about what the union actually does.

• What happened after you joined the union? Has the union done what you expected?
• What are the main things the union does for you?
• What are things that the union doesn’t do that you would like it to do?
• Are there things the union does that you think it shouldn’t?
• Can you describe a typical member of the union? [Probe for race, gender and give pen sketches of different types of informal workers according to job category and/or job status to see if there are certain categories of workers that are more likely to join, and others that are less likely to join. And how this relates to different organizing strategies.]
• Why do they join? Why do others not join?

Discussion about how the union works (± 20 minutes)
Let’s move on to talk about how decisions are made about what the union does.

• How does the union make decisions about what to do for its members and how to spend its money? [Probe for workers’ understanding of what the structures and decision-making processes are.]
• Do you have any influence on what decisions are made?
• What can you do if you don’t like the decisions that are made?
• How do you find out about what decisions have been made?

• What are the kinds of things that members disagree about in the union? [Probe to understand if disagreements have anything to do with different interests of workers in the formal/informal economy or of different categories of workers or race and gender issues as appropriate.]
• What has happened with these disagreements? Were they resolved? Are they still there?

Discussion about organizing strategies (± 20 minutes – depending on what has been covered)
The last part of our discussion is to make sure we get all your suggestions about how best to organize workers like you.
• What are the things that make the union strong for workers like you?
• What are the things that the union needs to improve to organize workers like you better?
• Are there opportunities for organizing more people like you, or for serving members like you better that the union could take better advantage of?
• What are some of the things that could make it difficult for the union to organize people like you?

Concluding comments (±10 minutes – depending on how much time you have left)
Take a minute to think about this, and then we can talk about it. Thinking about all the things we have talked about today, what do you think the union should be doing to recruit the most workers or serve workers in [...] sector better?

Thank you all for making the time to come here and for participating in the discussion.
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2. “Homeworkers in Paraguay” (Series on Homeworkers in the Global Economy), María Victoria Heikel, 2000

3. “Homeworkers in Peru” (Series on Homeworkers in the Global Economy), Francisco Verdera, 2000

4. “Job Quality and Small Enterprise Development” (Series on Job Quality in Micro and Small Enterprise Development), 1999


8. “Home Work in Chile: Past and Present Results of a National Survey” (Series on Homeworkers in the Global Economy), Helia Henríquez, Verónica Riquelme, Thelma Gálvez, Teresita Selamé, 2000

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15. “Jobs, Gender and Small Enterprises: Getting the Policy Environment Right” (Series on Women’s Entrepreneurship Development and Gender in Enterprises — WEDGE), Linda Mayoux, 2001


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17. “ICTs and Enterprises in Developing Countries: Hype or Opportunity?” (Series on Innovation and Sustainability in Business Support Services (FIT)), Jim Tanburn and Alwyn Didar Singh, 2001

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29. “Creating a Conducive Policy Environment for Micro, Small and Medium-Sized Enterprises in Pakistan” (Series on Conducive Policy Environment for Small Enterprise Employment), Small and Medium Enterprise Development Authority of Pakistan (SMEDA), 2002


31. “Creating a Conducive Policy Environment for Employment Creation in Small Enterprises in Viet Nam” (Series on Conducive Policy Environment for Small Enterprise Employment), Pham Thi Thu Hang, 2002
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33. “Organizing Workers in Small Enterprises: The Experience of the Southern African Clothing and Textile Workers’ Union” (Series on Representation and Organization Building), Mark Bennett, 2002

34. “Protecting Workers in Micro and Small Enterprises: Can Trade Unions Make a Difference? A Case Study of the Bakery and Confectionery Sub-sector in Kenya” (Series on Representation and Organization Building), Gregg J. Bekko and George M. Muchai, 2002

35. “Creating a Conducive Policy Environment for Employment Creation in SMMEs in South Africa” (Series on Conducive Policy Environment for Small Enterprise Employment), Jennifer Mollentz, 2002

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