

**ANALYSIS OF THE EFFECT OF USING
LABOUR FROM BROKERS ON
OPERATIONAL COSTS, EFFICIENCIES
AND EMPLOYEE MORALE: A CASE
STUDY**

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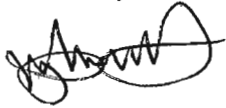
CONFIDENTIALITY CLAUSE

01 December 2006

TO WHOM IT MAY CONCERN

Due to the strategic importance of this research it would be appreciated if the contents remain confidential and could be circulated for a period of five years.

Sincerely,

A handwritten signature in black ink, appearing to be 'Priya Manilal', written in a cursive style.

Priya Manilal

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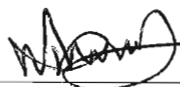
DECLARATION

This research has not been previously accepted for any degree and is not being currently submitted in candidature for any degree.

This dissertation represents the original work of the author and has not been submitted to this or any other university.

Wherever use was made of work of others, it was duly acknowledged in the text and by an appended reference list.

SIGNED

A handwritten signature in black ink, appearing to be 'W. Brown', written over a horizontal line.

DATE

20/9/2007

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There is no doubt that a study of this nature is not successfully carried out without the sacrifice of family and loved ones. For that, I would like to thank my Husband and Baby Samara. There has been time that we lost as a family due to my studies and the pressures have been high but do remember that these will be times that I will always look back at and appreciate.

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ABSTRACT

Low cost and high efficiencies are probably the most common of strategies used in large businesses today. This requires, however, optimum levels of commitment and performance from the employees coupled with an excellent taste for change. The transition from the use of Mondi employees to labour broker employees is a change process that impacts on a company's most valuable asset - their employees. It is with this in mind that the researcher conducted a case study aimed at identifying the impact of using labour broker employees in the waste handling operations on the morale of the affected employees. The researcher found it essential to evaluate the impact of this change on operational costs and efficiencies of the section.

The three research questions that were outlined to meet the above aims were:

- (1) Does the use of labour broker employees in the waste paper handling part of the recycling operations impact positively or negatively on the morale of the Mondi waste paper handling operators?
- (2) Does the use of labour broker employees in the waste paper handling part of the recycling operations reduce the operational costs in that section?
- (3) Does the use of labour broker employees in the waste paper handling part of the recycling operations decrease or increase the operational efficiencies in that section?

The initiative to use labour broker employees in the waste paper handling operations was not set up as an experiment. It was already in motion and the researcher opted to study it. Direct observation and unstructured interviews were used to answer research question (1). It was found that the change had completely demotivated the Mondi waste handling operators. Their morale levels dropped to particularly low levels as they felt disliked, not part of a team and unappreciated for their efforts and past service. The impacts of this low morale were hidden due to the plant being under utilised against its design capacity. They also had a prevailing sense of insecurity and uncertainty regarding their jobs, which made them uneasy. Factors associated with operational costs and efficiency was measured before (2004) and after the initiative (2005) to establish the impact of using labour broker employees on them. Direct observations and a quantitative analysis of data from the company's finance and technical departments were used to answer research questions (2) and (3). It was noted that there was a decrease in the operational costs due to the lower rate of pay of the labour broker employees and them doing overtime. The use of labour broker employees resulted in no significant improvement on the operational efficiencies.

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CHAPTER ONE

INTRODUCTION TO THE RESEARCH

The research is mainly concerned with the effectiveness of using labour broker employees in the waste paper handling operations of the recycling plant at Mondi Shanduka Newsprint (MSN). This chapter provides a brief summary on the background of the study, the research aims, research questions, research methods and marks out the structure of the report.

1.1 BACKGROUND OF THE RESEARCH

Mondi Shanduka Newsprint (MSN) is a newly founded company (1 June 2004) by joint venture between Mondi Paper, South Africa and Shanduka Holdings. With the accompanied investment being approximately seven months old at the time of doing the research, there was a need to prove to the new shareholders that the newsprint company was worth investing in. The company was thus driving low costs and high efficiencies at the time of doing this study. Part of the low cost initiatives included the replacement of current MSN employees with labour broker employees. Within South Africa and world wide there is a growing use of labour broker employees in industry (Devey, Skinner and Valodia, 2003). Naidoo (1994) highlighted that the key reason for the use of labour broker employees compared to permanent employees was the lower cost. This was supported by Devey, Skinner and Valodia (2003) and Walsh (2000).

This case study was based in the waste paper handling operations of MSN's Recycling plant. Norris and Wood (1991) as cited by Saunders, Lewis and Thornhill (2003), explained that a case study strategy will be of particular interest to gain a rich understanding of the context of the research and processes being enacted. *Figure 1.1* is a description of the various sections in the recycling plant and aims at giving the reader an idea of where in the process the waste paper handling operations fits in.

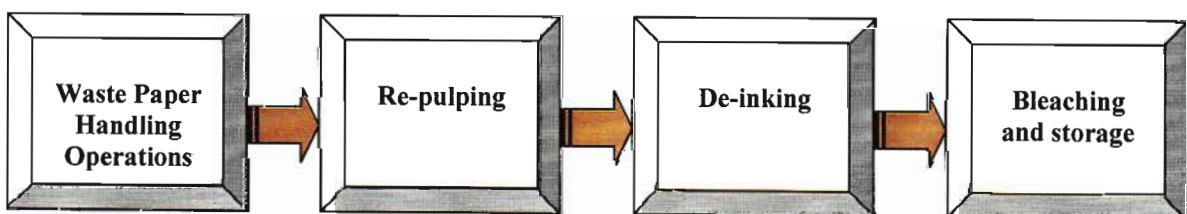


Figure 1.1: Sections of the Recycling Plant

In the waste paper handling operations the waste paper is delivered, quality inspected, stored, sorted and loaded onto a conveyer that feeds the repulping process. The waste handling operators are responsible for this operation.

1.2 PROBLEM STATEMENT

As part of a cost cutting initiative, it was planned for the waste handling operators to be replaced by labour broker employees with the hope that if the exercise proved successful, it would be done in other, larger, raw material handling sections of MSN. The problem with a blanket implementation across MSN was that the researcher (implementing manager) was not convinced that the cost savings will be realised without impacting on operational cost, operational efficiencies and employee morale. She was also unable to gain sufficient information from the Mondi Group and other industries that covered all these aspects when justifying their use of labour broker employees in their operations. In the researcher's view all these aspects are of equal importance in an operation and are often neglected which was certainly the case at Mondi, given the lack of information. The ideal would have been to have solid evidence that a change of this nature does not impact on the said variables negatively and have a full scale implementation to realise the total cost savings soonest. Identifying the problem and the uncertainty, the researcher wanted to evaluate these aspects as part of the research gaining a holistic view of the use of labour broker employees. The consequences of the study will be a decision on whether or not this initiative should be implemented in the rest of MSN, based on the research results.

1.3 RECYCLING PLANT ORGANOGRAM

The waste paper handling operators of the recycling plant are the affected employees in this case study who were being substituted by labour broker employees. It is key that the reader understands where in the plant's Organogram these employees feature as well as the members of their team who will be mentioned in this study. Of equal importance is the difference in the reporting structures before the use of labour broker employees and after and *figure 1.2* illustrates that. The various issues that arise as a result of these differences will be discussed in *Chapter four*.

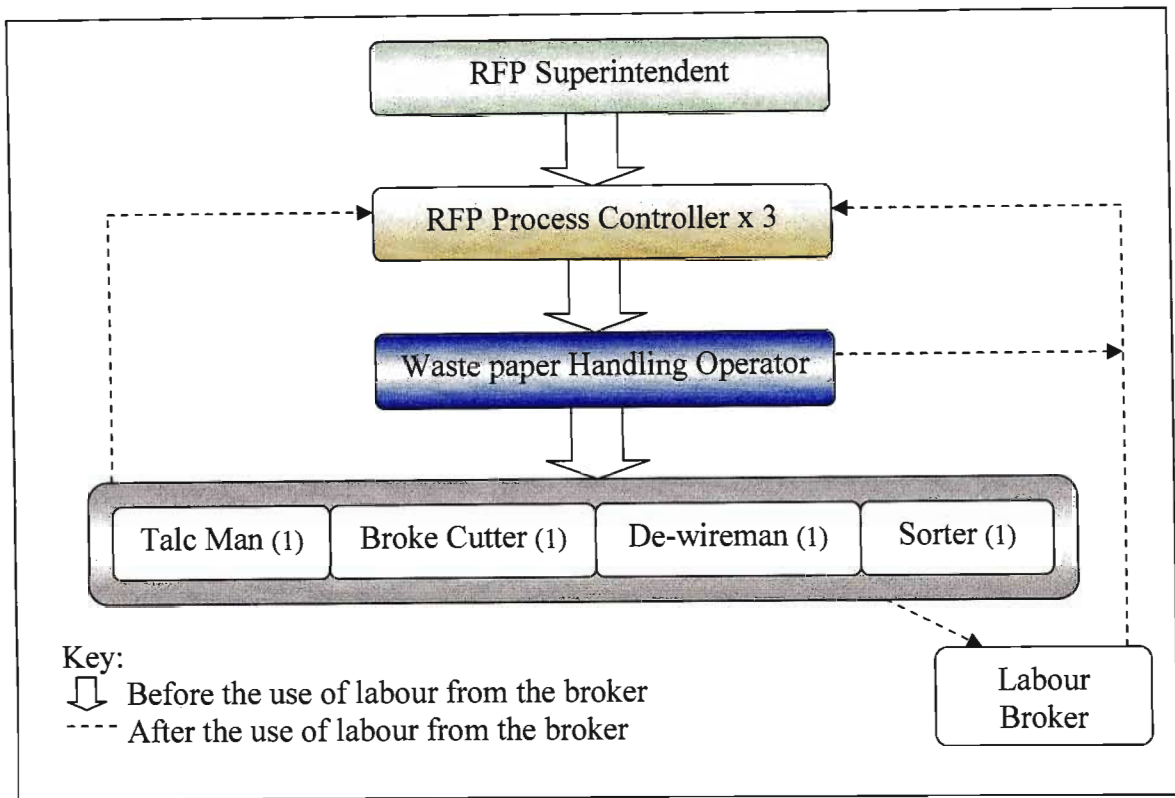


Figure 1.2: Reporting Structure before and after the use of labour broker employees

The waste paper handling operators receive delivery of waste paper, inspect the quality of the waste paper before off-loading, maintain the housekeeping at the waste paper handling operations, load the feed conveyor into the system for repulping and de-inking and assist with other operational tasks when the plant is shut. The waste paper handling operators also manage the vehicles in the operations concerned by ensuring that the vehicles are in good operational order. They are required to ensure that the downtime on the vehicles is kept as low as possible by filling in the allocated vehicle checklist books and conducting daily operational checks. The waste paper handling operator also plays a part in safety, by stacking the bales correctly and keeping them neat. Proper stacking of bales eliminates any possible injury to waste handling personnel, who work around the waste storage areas. The rest of the waste handling operational crew are directly supervised by these operators, as per *figure 1.2*.

The sorter, broke-cutter and dewiring-man ensure the proper and efficient day-to-day running of the waste paper handling operations by carrying out various outlined functions. When these jobs are done properly, they contribute positively in achieving the quality specifications that are set to

ensure that optimum de-inking takes place. It is important to note that the change brought with it two spare waste paper handling operators.

1.4 AN OUTLINE OF THE CASE STUDY

As a cost cutting initiative at the waste handling operations, the manager had decided to replace the existing waste paper handling operators with labour broker employees. It was not the plan of the manager to either retrench or to transfer the current employees to the labour broker's books. Her plan was to find alternate positions for these operators within MSN as the need arose. This would have taken time as the skills level and the age of these employees limits them to positions that require driving skills. This case study centres on the initial phase of this plan when the notice of the change was circulated. Simultaneously, the first two waste handling operators were replaced by labour broker employees. One replaced a retiree and was allocated a shift and the other was the spare waste handling operator. The third labour broker employee as well as the spare was used to do shift cover in the operations to further reduce costs as the rate of pay on the labour broker employee is lower than that of the Mondi operators by R8.30 per hour. At the point of carrying out this study there were three remaining Mondi waste handling operators to be replaced by labour broker employees.

1.5 AIM AND OBJECTIVES OF THE STUDY

The aim of this study is to establish if it is feasible to extend the cost cutting strategy of replacing permanent employees with labour broker employees to other raw material handling sections of MSN.

The objectives of this study is to investigate whether the use of labour broker employees in the waste paper handling part of the recycling operations of MSN would impact on reduced operating costs and operational efficiencies of the waste handling operations. In addition, the effect of this change on the Mondi waste handling operators was to be established with respect to their morale.

1.6 THE RESEARCH QUESTIONS

To answer the aforementioned questions, the following questions are to be addressed:

(1) Does the use of labour broker employees in the waste paper handling part of the recycling operations impact positively or negatively on the morale of the Mondi waste paper handling operators?

(2) Does the use of labour broker employees in the waste paper handling part of the recycling operations reduce the operational costs in that section?

(3) Does the use of labour broker employees in the waste paper handling part of the recycling operations decrease or increase the operational efficiencies in that section?

1.7 MOTIVATION FOR THE RESEARCH

The study was motivated by three important issues:

Firstly, various statistics with respect to the use of labour broker employees revealed that their use in industry is increasing. One of the highlighted advantages of using labour broker employees is that it reduces costs. Given the cost cutting plan, explained in *section 1.4*, the researcher saw the need to evaluate the impact of using labour broker employees in the waste paper handling part of the recycling operations on its operational costs. The researcher had to include the impact on operational efficiencies as this is of equal importance to low costs to a manufacturing company.

Secondly, in many cost cutting initiatives the employees' morale levels are probably the last considered by many employers. The researcher was interested in evaluating how the change in working conditions would impact on the morale of the waste paper handling operators who would have been directly affected by the change.

Lastly, the researcher opted to use this small operation as a case study so that if the initiative proved successful, the strategy would be replicated in two other raw material handling operations within MSN.

1.8 VALUE OF THE PROJECT

The study was of great value to both the researcher as well as to the company in which the case study was based, MSN. It was a great learning curve for the researcher with respect to the impact of cost reduction strategies on employee morale as well as the legal aspects around “triangular” employment relationships such as labour brokers. The researcher also gained immense value from

this research, in particular around implementation phases of change initiatives. The value of the case study to MSN was that the strategy to use labour brokers was evaluated holistically on a small scale before being copied across to other raw material handling operations within MSN, should it have proved beneficial.

1.9 RESEARCH METHODOLOGY

Qualitative and quantitative methods have been used. Unstructured interviews and direct observation were used in an attempt to answer the research question as to whether the use of the labour broker employees resulted in high/low morale amongst the Mondi waste paper handling operators. To ensure that the researcher was getting accurate information with respect to employee morale, Mondi supervisors (process controllers) were interviewed in an unstructured fashion. This was because they have had a more direct interaction with the waste handling operators on a shift basis, as this is a twenty four hour operation.

Quantitative analysis was done on data collected from the finance and technical departments. The information obtained from the Mondi finance department were actual monthly figures for a one year period prior to the use of the labour broker employees (2004) and one year post inception of the initiative (2005).

Direct observations were used to verify information that was attained during the interviews as well as to confirm some of the data that were used to evaluate the impact on efficiencies. This being a case study in a small physical environment, the researcher was able to watch situations that impacted on operational efficiencies or that revealed a lack of motivation on the part of the crews. The researcher saw much truth in the cliché “action speaks louder than words” thus the use of direct observation.

Through the use of the two data collecting procedures (unstructured interviews and direct observation) the researcher was able to substantiate the validity of this research. The same holds true for the combination of direct observation and the quantitative data collection.

1.10 LIMITATION(S) OF THE STUDY

Employee morale and associated factors of demotivation differs from employee to employee (person to person), from time to time and even from situation to situation. Every individual is

unique. This will make it difficult to generalise the findings of this study to all initiatives that use labour broker employees.

1.11 STRUCTURE OF THE STUDY

This thesis was structured so as to logically and systematically answer the research questions outlined in *section 1.6*.

Chapter One provides a background to the study, introduces the topic of the study, outlines the objectives, provides motivation for the study, discusses the value of the study and elaborates on the research method employed in the study.

Chapter Two provides the relevant theoretical review on labour brokerage and change management. It provides a theoretical framework for the study.

Chapter Three provides an account of how the study was designed and conducted. It describes the research method employed, the research instruments, ethical issues, data analysis and limitations of the study.

Chapter Four provides a critical reflection of the research results.

Chapter Five summarises the main findings of the study. This chapter also outlines recommendations regarding motivation strategies, based on the findings and motivation theories discussed in the literature review. Finally, recommendations are made for future research.

This chapter covered and highlighted the background and objectives to the study, limitations of problem areas, research methodology, including the method of collecting data and information, as well as the structure of the study. The next chapter covers a literature review around labour brokers and theories of change management and motivation from various sources.

CHAPTER TWO

LITERATURE REVIEW

This Chapter examines the literature on labour brokerage and its influence on operational costs and process efficiencies. The literature survey aims at further explaining the concept of labour brokerage, the advantages and disadvantages of using labour broker employees and its place in South African Law. No operations strategy is complete without including the component of change and its effect on the workforce. The various theories around employee morale and change management are also explored in this chapter.

2.1 LABOUR BROKERS

A labour broker or a temporary employment service as it is referred to in section 198 of the Labour Relations Act, 65 of 1995, is a person or entity whose business it is to provide workers (often referred to as temps) to a client for reward and are paid by the labour brokers. The workers are the labour broker's employees (Centre of Rural Legal Studies, n.d.). It is for this reason that the workers from the labour broker in this case study are referred to as labour broker employees. Typically, a labour broker either obtains workers for a client or he makes available his own employees to perform work for a client (Nolands Chartered Accountants, 2001) as is the case in this example.

According to Devey, Skinner and Valodia (2003), statistics on the growing labour broker market in South Africa reveal that between 3 000 and 5 000 labour brokers supply 100 000 to 120 000 temporary workers to the South African labour market. These companies operate as placement agencies and labour brokers, and are registered as such. Naidoo (1994) made reference in his literature that 1200 labour brokers were found to be registered with the Department of labour with an estimate of 2000 unregistered labour brokers. Rees (1997) as cited by Devey, Skinner and Valodia (2003) more recently noted that the majority of brokers were not registered. Perhaps it is this large number of unregistered labour brokers who so grossly disregard the basic conditions of employment, as was highlighted by COSATU (n.d.).

2.1.1 ADVANTAGES OF USING LABOUR BROKER EMPLOYEES

Section 1.2 highlighted cost savings as an advantage of using labour broker employees. Other advantages highlighted in literature are as follows:

- It allows for increased focus on core operations as most of the areas that labour brokers are enlisted to supply labour for are non core areas (Origin Consulting, 2007 and Corporate Intervention Services, 1999). In this case it would therefore be expected that more time would be spent on improving on the core function of the recycling plant which is to de-ink recycled pulp.
- Managing people requires a lot of time if one wants to be successful at it. Some of the management activities revolve around leave management, disciplinary enquiries, performance management systems as well as recruitment. Pay issues such as invoicing is done once off so no time is spent on dealing with pay queries, weekly payrolls and wage make-up (Corporate Intervention Services, 1999). This would imply that the use of labour broker employees should provide for increased availability of in-house management time.
- Labour hire also offers cost savings with respect to recruitment costs, attorney fees and CCMA awards (Corporate Intervention Services, 1999). Most of the cost saving is due to the fact that the hired labour is almost always brought in at a rate that is lower than the company would have paid for its own employee accomplishing the same task. That said it is the researcher's view that there are no free lunches! The labour broker either neglects these aspects as an employer or adds to the rate that is charged to the client, trying to keep it attractive at the same time. Contrary to the big cost advantage CIS Consulting (Corporate Intervention Services, 1999) and Machaira Staffing Solutions (macsb, n.d.) highlight that there is a premium when using their employees and sell their service based on the different benefits other than cost. Two managers mentioned in a study done on the labour hire in Namibia that their companies were paying huge amounts of money on protective clothing and safety equipment and it became cheaper to use labour broker employees as the responsibility to provide the protective clothing and safety equipment lay with the labour hiring company (Nolands Chartered Accountants, 2001).
- Since 1994 union membership in South Africa has grown and there is growing involvement of the union in decision making and running of operations (Naidoo, 2003). There is a huge

push towards the union being more of a partner than the “trouble maker” as was the case in the past years. The use of labour broker employees tends to save much time and reduce the number of disputes as the labour broker employees may not be covered under the umbrella of the company union. On similar lines in Namibia the labour hire workers are not unionised and can thus be used as “scab labour” (strike breakers) during industrial action. Under the Namibian Labour Act client companies are allowed to use labour hire workers during strikes of their permanent staff. Within South African Law (Labour Relations Act 66 of 1995) only specific groups of workers, agreed upon by the Union and management can be brought in to avoid damage to the company during the strike period. Scab labour is not allowed to be used to run operations, besides for the above mentioned reasons.

- Machaira Staffing Solutions (macsb, n.d.) state that an advantage of using labour broker employees is that in the “valley period” when business is slow retrenchments are not necessary. This is clear indication that the labour broker employees work in very uncertain environments.

2.1.2 DISADVANTAGES OF USING LABOUR BROKER EMPLOYEES

As mentioned previously, outsourcing of labour has many advantages to the companies using this option but at the same time numerous literature sources highlight some disadvantages that cannot be overlooked. They are listed below:

- Walsh (2000) claims that outsourcing of an activity can lead to a decrease or a total loss of in-house expertise and increases the organisation’s vulnerability as it becomes partially or totally dependent on the service provider. To negate this disadvantage it would make sense for companies to use labour broker employees in their non-core areas as was highlighted in *section 2.1.1*.
- In an article on the use of labour brokers in Namibia (Nolands Chartered Accountants, 2001) a manager cast doubt over the benefits of recruiting workers through labour brokers on a medium to long term basis. He explained that it is in the companies own interest to nurture some loyalty between the workers and the company which is not possible under the labour broker arrangements. He added that by employing workers permanently the company would achieve better labour relations, increased loyalty and improved productivity which labour hire employees will not be able to provide.

- Current employees in a company that outsources feel threatened due to the outsourcing and may not work properly (Cyber Futuristics, 2004). This would imply that staff morale issues play a very important role in outsourcing arrangements.
- Baird (n.d) highlights the diminished control that labour outsourcing offers over this fragmented workforce and managing the complexities of co-employment and blending different groups of workers. There could be discomfort between the labour broker employees and the permanent workers carrying out the same tasks. Perhaps the reason for this discomfort could be the differences between the two groups of employees with respect to remuneration and benefits coupled by the misunderstandings that the labour broker employees have on who their employer is.

2.1.3 NATIONAL AND INTERNATIONAL STUDIES

There has been some interest in labour brokers nationally and internationally. The results of a XEROX survey (Bruce, 2001) found that ten years ago only 2% of South African companies used labour brokers. However, at the time of doing the study 9.4% (Bruce, 2001) of South African companies were using labour brokers. The survey also found the following six responses (Bruce, 2001) from the companies using this form of labour:

- 89% of the companies that outsource say that it enables them to focus on their core business.
- 84% say it is an effective way to bring in new expertise.
- 82% responded that it aids planning.
- 75% say that it has delivered what was promised and more.
- 63% stated that it is an effective way to reduce employee numbers.
- 59% report that it reduces costs.

59% reporting that it reduces costs could be viewed as low considering that many literature highlight cost reduction as a benefit (*section 1.2 and section 2.1.1*). The overall results may imply that many companies enjoy benefits from using labour broker employees. The shortfall of this survey was that it did not cover the operational cost, efficiencies and employee morale. It makes this case study valuable.

Farnham and Pimlott (1979) concluded from surveys that a very large population of firms that have outsourced are not satisfied with the results. They go on to state that one of the major problems identified was that the reason the firms had for outsourcing labour was short term reduction in head count and costs. They stated that firms may have focused too much on the “definition of the core” and thus failed to consider the long term impacts of their actions. The authors concluded their summary of the problem with outsourcing by stating that outsourcing can lead to lower employee morale and to a ‘who next’ atmosphere.

Minghuan (2004) in his paper on Labour Brokerage in China concluded that the social status of labour brokerage was continuously rising and that Chinese government and labourers have to a certain degree accepted their existence and functions. His research found that when comparing professionals with unskilled job hunters the unskilled labourers looked for help from brokerage for access to better jobs. His research concluded that brokerage contributes significantly to people’s upward movement. Minghuan’s paper focused on the composition and functions of labour brokerage in China’s labour market.

Topinka (2005), in her research on labour brokerage in the Czech Republic showed that labour brokerage was performed in the environment of network, where the main part is played by the labour brokers having strategic contacts with clients. Their clients are immigrants arriving to improve their living conditions and employers who benefit from migrant labour. It was also found that oppression and exploitation were innate within the scheme of the network. Her primary obstacle when carrying out the research interviews was the fear of interviewees to speak about their experiences.

After taking into consideration the above national and international studies, the researcher is of the opinion that the aforementioned studies do not adequately address the impacts of using labour broker employees on operational costs, operational efficiencies and employee morale. These studies focused on labour broker usage in more general terms and were not specific to raw material (non-core) operations. Thus this study is of importance.

2.1.4 LABOUR BROKERS AND THE LABOUR RELATIONS ACT

The perception is that labour broker employees are the “unfairly treated” group of employees who are not protected by South African laws. This information aims at clarifying that perception and is regarded as critical to the researcher as she feels strongly that the rights of workers must not be

abused in an attempt to meet company targets. Businesses must be managed with good corporate governance in mind.

This perception is surprising since the Labour Relations Act 66 of 1995 offers protection to labour broker employees and is clear on who are classified as employees. Although the Basic Conditions of Employment Act of 1997 defines an employee, Fouche, du Plessis and van Wyk (2001) summarises the extent to which the law explains that a worker is an employee as follows:

- In case of a person who works for an organisation, the person forms part of that organisation;
- The manner in which a person works is subject to the control of another person;
- The person's hours of work are subject to the control or directions of another person;
- The person who worked for that person for an average of at least 40 hours per month over the last three months;
- The person is economically dependent on the person for whom he or she works or provides services;
- The person is provided with his/her tools of work by another person;
- The person only works or supplies services to one person.

South Africa has a large and very vulnerable group of unemployed citizens and it is displeasing to discover that they are exploited just to earn a basic living (COSATU, n.d.). The South African labour laws are very sound with respect to the rights of employees and the responsibilities of the employer to ensure that this exploitation should not be the case. Gwaunza, Stelzner and Wainwright (2003) define who the employer is in each Act and outline who the liable parties are in each of them as follows. When one reads through this you would imagine that the time spent on the labour broker employee by the client should compare favourably to the time spent on the permanent employees. Link has been made to the liability in this case study and this new information will be used when deciding on whether or not the case study strategy is feasible.

- **The Labour Relations Act, 66 of 1995 and the Basic Conditions of Employment Act, 75 of 1997 (LRA and BCEA)**

The “temp” as referred to in the Basic Conditions of Employment Act, is the labour broker's employee. The labour broker in turn is the “temp's” employer. The content of both these acts are therefore applicable to both parties, the labour broker and its employee. This means that the client

company is jointly and severally liable with the labour broker if the minimum wage requirements are contravened. For example, in this case study although the pay issues of the labour broker employees are discussed with the labour broker supervisor, those employees could successfully hold Mondi liable. Mondi would then have to recover the money from the labour broker.

- **The Employment Equity Act, 55 of 1998 (EEA)**

Provisions relating to labour brokers are made in the Employment Equity Act. The labour broker employees are deemed to be the employees of the companies they are based at (labour broker's client) where they provide the client with their service for an indefinite duration or a period of three months or longer. Therefore while the Labour Relations Act and the Basic Conditions of Employment Act treats the "temp" as the labour broker's employee the Employment Equity Act deems the same "temp" to be the client's employee for the purposes of the affirmative action provisions in the Employment Equity Act, if either of the two factors mentioned exist. The client would have to treat the labour broker employees as their own for the purpose of this act if their working period was indefinite.

If the client were to ask the labour broker to dismiss any of the labour broker employees because he/she is black or female then both the labour broker and the client will be held jointly and severally liable.

- **The Occupational Health and Safety Act, 85 of 1994 (OHSA)**

Under the OHSA, the client is regarded as the employer for the purposes of the OHSA as they work under the client's direction and/or supervision and the client would control their place of work, how they work, the manner in which they did their work and the outputs. This applies although they are paid directly by the labour broker. The client will be required to provide and maintain, as far as is reasonably practicable, a working environment that is safe and without risk to the health of the labour broker employees.

- **Compensation for Occupational Injuries and Diseases Act, 85 of 1993 (COIDA)**

If a labour broker's employee suffers an injury at the client's site e.g. Mondi, in this case study, he/she would be able to make a claim against Mondi if it was due to Mondi's negligence.

With the above in mind, the researcher is of the opinion that it may take longer to resolve issues through a third party than if it were done directly as would be the case if permanent employees were used hence questioning the benefit of saving time by the use of labour broker employees.

2.1.5 EMPLOYEE PARTICIPATION

Every country has its own history and has helped shape its labour relations. Development in the labour relations act since 1994, aims at creating a stronger positive relationship between the parties that form the framework of the Labour Relations Act in South Africa. They are the employees and unions, the state and the employer and their organisations. Finnemore (2002) defines employee participation as a process of interaction whereby employees directly or indirectly through their representatives, are able to influence decision making, which affects their power, status, remuneration and working conditions.

The same author describes two types of involvement - direct participation and indirect participation. Direct participation occurs at the lower level of the organisations where employees are part of quality circles, operational teams and briefing groups. Indirect participation is the participation of employees through elected or appointed representatives in consultations and decision.

Finnemore (2002) outlines the many objectives of employee participation, and perhaps a few of the following could be realised if there is employee participation in strategy formulation and decision making:

- Enhanced human dignity.
- It promotes productivity in the workplace.
- Extended democracy in the work place.
- Promotes economic development on a regional or national level.

The employer focus would generally tend to be on the productivity/profit return of employee participation whilst the employees would more likely be interested in human dignity and workplace democracy whilst the state would tend to be largely concerned with the economic development.

2.2 CORE COMPETENCIES OF RECYCLING

The core competency of the recycling plant at MSN is the skill and knowledge base of the recycling team coupled with the high technology de-inking equipment. Logistics and waste paper management is not a core competency in this department but the researcher would like to make recommendations with this and the results of the study in mind, in *Chapter five*.

Identifying the core competencies of a company is critical in establishing their strategy. Many techniques of strategic and competitive analysis include the evaluation of a firm's core competencies as part of its methodology. Lynch (2000) describes core competencies as those capabilities, skills and technology that create low cost or differentiated customer value. Usually core competencies are acquired through collective learning and relationships. He also goes on to mention that Prahalad and Hamel (1990) couple core competencies with the organisation's vision of the future. MSN's Recycled Fibre Plant does not acquire any of these skills around the waste paper handling operations.

Being world class in a waste paper handling operation is also not part of the company's vision or mission but being world class in de-inking is. It thus stands to reason that the company will be at a greater advantage using the resources spent in the area of waste paper handling on their core competencies.

Prahalad and Hamel (1990) coined the term core competencies or the collective learning and co-ordination skills behind the firm's product lines. They made the case that core competencies are the source of competitive advantage and enable the firm to introduce an array of new products and services.

2.3 CHANGE MANAGEMENT

The plan described in *section 1.4* may be termed a structural change. Rothwell, Sullivan and McLean (1995) describe a structural change as an intervention designed to alter reporting relationships and the purposes/objectives of component parts of the organisation. The researcher found it compulsory to briefly mention literature that explain the various stages in a change process. *Chapter four* in this report makes reference to the change process that was used in the case study versus what the literature survey unfolded whilst *Chapter five* in this report makes a recommendation on the change process that should be used in future initiatives. With this in mind, brief explanations of the ADKAR goal orientated change management model and the change management tool-kit follows.

2.3.1 THE ADKAR MODEL OF CHANGE

Research shows that problems with the people dimension of change are the most commonly cited reason for project failures (Prosci, 1996). In a study with 248 companies, effective change management with employees were listed as one of the top-three overall success factors for the project thus helping managers to be effective sponsors of change were considered the most critical success factor overall (Prosci, 1996).

ADKAR is an acronym for awareness, desire, knowledge, ability and reinforcement (Prosci, 1996). The ADKAR model was developed by Prosci (1996) after research with more than 700 companies that went through major change projects. They intended for this model to be a coaching tool to help employees through the change process.

ADKAR is a goal-oriented change management model that allows change management teams to focus their activities on specific business results. The model was initially used as a tool for determining if change management activities like communications and training were having the desired results during organisational change. The ADKAR model has the ability to identify why changes are not working and help take the necessary steps to make the change successful. It breaks down the change into parts, helps understand where the change is failing and addresses that impact point.

The basis of the ADKAR model revolves around five key goals (Prosci, 1996) that the effective management of the people dimension of change is said to require, which is plotted against the various stages of a change process to yield a successful change graph. Those goals are **A**wareness, **D**esire, **K**nowledge, **A**bility and **R**einforcement. This will be used in *Chapter four* to assess the effectiveness of the change process in this case study.

2.3.2 THE METHOD TO MANAGE CHANGE

Another model that aims at providing a framework or a method to implement a successful change, similar to the ADKAR model that uses four phases to a change model is the Change Management Toolkit that is depicted in *figure 2.1* (Prosci, 1996). A summary of it is as follows:

Preparing for change – At this phase the manager builds a foundation for managing the change and examines theories that impact on how people go through changes. Specific change

characteristics and the organisational attributes which impact on change management should be assessed and a team structure developed for a smooth implementation.

Managing change – Communications, coaching, and resistance management should be done by the selected management team.

Reinforcing change – The effectiveness of the change management activities, identifying and overcoming obstacles and building buy-in and celebrating successes if any should be encompassed in this phase.

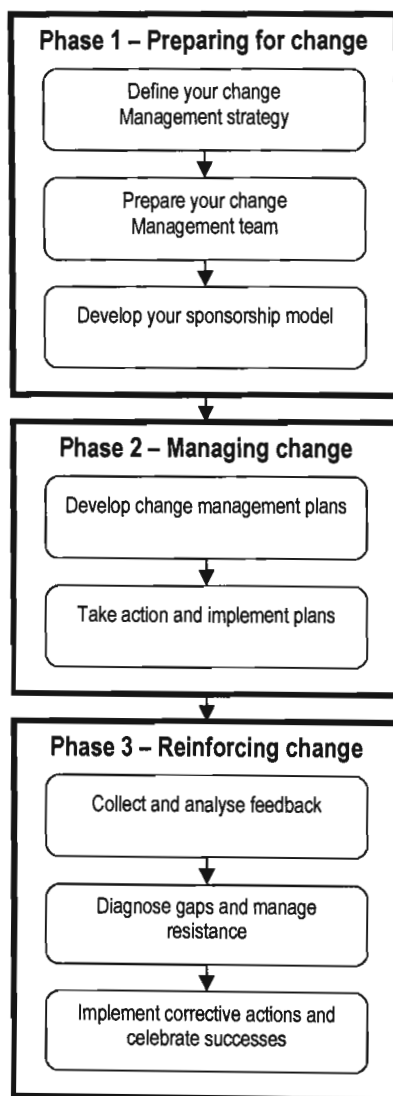


Figure 2.1: Change management toolkit

Although there are many differing models these two have been referred to when analysing the findings of this case study and making recommendations in *Chapter five*.

Flanagan and Finger (1989) highlight strategies that managers can use to overcome the resistance to change by employees. The researcher found the following four well suited to this research.

- The authors state that the appropriate members of the organisation should be involved in the planning implementation and the evaluation of the process. In this way they are more likely to feel ownership and less likely to resist.
- Gain support of respected opinion leaders. In the context of this case study this could have been the union members.
- Emphasise benefits always focussing on how the change will benefit people.
- Use a pilot study to establish the problem areas and the areas of concern. This case study is used as a pilot study as discussed in *section 1.7* and the results would determine if the cost cutting initiative will be duplicated in other raw material handling sections of MSN.

The researcher believes that if these concepts are used, then outcomes of cost cutting initiatives and other change processes can only be implemented with success.

2.4 MOTIVATION

Heller (1998) defines motivation simply as the need to act and goes on to say that motivated behaviours are thus voluntary choices controlled by the individual employee. The supervisor (motivator) must want to influence the factors that motivate employees to higher levels of productivity and efficiencies. According to Alley (1998), factors that affect work motivation include individual differences, job characteristics and organisational practices where individual differences are the personal needs, values and attitudes, interests and abilities that people bring to their jobs. She describes job characteristics as the aspects of the position that determine its limitations and challenges and organisational practices as the rules, human resource policies, managerial practices and reward systems of an organisation. She further states that supervisors must consider how these factors interact to affect employee job performance. The study and more in particular the findings of the study had revealed that the employees were very demotivated. This implies that there were problems in one of the above mentioned factors. Although there are many the researcher saw the need to only highlight relevant theories on motivation and tie this back to the findings as is done in *Chapter four*.

2.5 THEORIES OF MOTIVATION

2.5.1 NEED THEORIES OF MOTIVATION

Need theories attempt to pinpoint internal factors that energize behaviour. Needs are physiological or psychological deficiencies that arouse behaviour. They can be strong or weak and are influenced by environmental factors. The popular need theories are Maslow's Hierarchy of Needs Theory and Herzberg's Two Factor Theory.

2.5.2 MASLOW'S HIERARCHY OF NEEDS THEORY

The psychologist Abraham Maslow has identified a five stage "hierarchy of needs", starting with basic needs for food and shelter and culminating in higher level "self actualisation" or self fulfilment needs (Ali et al, 2001:156). According to Kreitner, Kinicki and Buelens (1999) human needs generally emerge in a predictable stair-step fashion. This would imply that, once one's physiological needs are relatively satisfied, one's safety needs emerge, and so on up the need hierarchy, one step at a time. Once a need is satisfied it activates the next higher need in the hierarchy. This process continues until the need for self-actualisation is activated. However, there are literature that does not clearly support this theory as results from studies testing the need hierarchy prove difficult to interpret, (Kreitner, Kinicki and Buelens, 1999). The researcher is of the opinion that the world's value system has changed over the years and there is huge focus on the material aspects of life which could challenge that focus areas no longer exist in a stair step fashion. The five stages are discussed below:

1. The basic needs are the physiological needs for food shelter and warmth.
2. Safety and security needs are essentially the need to be free of the fear of physical danger and deprivation of the basic physiological needs as well as a concern for the future (Hersey and Blanchard, 1988). People are concerned whether they will be able to maintain their properties and jobs so they can provide food and shelter tomorrow and the next day and that if these aspects of an individual are in danger, other things seem unimportant.
3. According to this theory once physiological and safety needs are fairly well satisfied, social and affiliation needs will emerge as dominant in the need structure. Hersey and Blanchard (1988) claim that since people are social beings they have a need to belong to and be accepted by various groups.

4. The next need is self esteem, recognition and respect from others. Hersey and Blanchard (1988) highlight that satisfaction of these esteem needs produces feelings of self confidence, prestige, power and control and that people begin to feel useful like they have some effect on their environment.
5. Self actualisation needs are at the top of Maslow's hierarchy. Gormly (1993:144) describe these needs as "whatever else is required for the realisation of one's unique potential." The same author reflects that although Maslow believes that relatively few people reach this level, we all have this need.

2.5.3 HERZBERG'S TWO FACTOR THEORY

The Two Factor Theory is also known as the Motivator-Hygiene Theory and was developed by Frederick Herzberg, who found that there are certain factors in the workplace that cause job satisfaction (motivation factors) while a separate set of factors cause dissatisfaction (hygiene factors), (Herzberg, Mausner and Snyderman, 1959). *Figure 2.2* provides examples of Hygiene and Motivation factors.

<i>Hygiene Factors</i>	<i>Motivation Factors</i>
<i>Lead to dissatisfaction</i>	<i>Lead to satisfaction</i>
Company Policy	Achievement
Supervision	Recognition
Working conditions	Work itself
Relationships	Growth and Development
Salary	Interest in the job
Status	Responsibility
Job Security	

Figure 2.2: Herzberg's Two Factor Theory

Kreitner, Kinicki and Buelens (1999) stated that Hertzberg hypothesised that motivators cause a person to move from a state of no satisfaction to satisfaction and that the theory therefore predicts that managers can motivate individuals by incorporating motivators to an individuals job.

Accel-Team (2007) summarises how the change in the psychological working environment aspects as well as the changes in the employment contracts of employees has an effect on working groups as follows:

- It will affect the morale of the group;
- It will determine whether the group achieves the objective set by the organisation;
- It will determine the degree of co-operation provided by the group which in this case was very low;
- It will motivate the group to give off their best which in this case did not exist because there was a split in the working group;
- It will determine whether the human relations within an organisation are good or bad or turn bad as was the case in the study.
- It will also affect the relationships between management and the trade unions.

Literature clearly highlights both advantages and disadvantages to using labour broker employees. Companies opt for this route for different reasons. Whatever the reasons, the trend of using labour broker employees is still identified to be rising and to be spilling over to core functions as well, as in the mining industry (Devey, Skinner and Valodia, 2003). The change over from using company employees to labour broker employees is indeed a very sensitive issue for the affected employees as well as their unions. There are many variables that could determine the success or the failure of the initiative. The researcher is of the belief that such a theory should be tested and highlighted as one of the values of this case study. The literature in this chapter will be used in the findings and recommendations of the case study.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter aims at highlighting the research methodology of the study. The research approach and data collection technique(s) used will be explained and reasons will be given in relation to the objectives of the study. The research instruments used will be outlined and finally the issue of ethics, which is essential for research design, will be discussed.

3.1 RESEARCH APPROACH

In this research a case study was used. Given the consequences of the study outlined in the problem statement the researcher aimed at gaining a rich, in depth understanding of the effects of the use of labour broker employees. The case study revolved around the process of changing from using permanent employees in a certain job position to using labour broker employees. To substantiate the reason for the case study approach, reference is made to Morris and Wood (1991) as cited by Saunders, Lewis and Thornhill (2003:93) who stated that a case study will be of particular interest if you wished to gain a rich understanding of the context of the research and the processes being enacted. This was further substantiated by Robson (2000) as cited by Saunders, Lewis and Thornhill (2003:93) who defined a case study as a research strategy that involves the empirical investigation of a particular contemporary phenomenon within its real life context, using multiple sources of substantiating evidence. Given the objective of the study as well as the various data collection methods that were going to be used to gain this information from different angles the researcher considered the case study method to be most suited for this research.

Three methods of data collection were used. Direct observation and unstructured interviews were used to assess the impact of this change on the morale of the waste handling operators, with respect to the initial period of the change. The analysis of data obtained from the finance and technical departments formed part of the quantitative method. Having provided a discussion on the research approach, it is imperative to now outline how the key research questions, identified in *Chapter one*, will be addressed.

The unstructured interviews and direct observations were used to answer the first research question of how the use of labour broker employees in the waste paper handling section of the recycling plant impacted on the morale of the Mondi waste handling operators. The quantitative method was used to address the second research question of whether or not the use of labour broker employees

in the waste paper handling section of the recycling plant showed an increase or a reduction in operational costs of that section. The information gained from the direct observations and from a quantitative analysis of the data obtained from the technical department was used to answer the third question of whether or not the use of labour broker employees in the waste paper handling section of the recycling plant resulted in a decrease or increase in operational efficiencies in that section.

Finally, the literature review was used to examine the relevance of motivation theories to the findings in this study and to make recommendations thereof.

3.2 SAMPLING/PARTICIPANTS

This was a case study set in a section with a total of eighteen employees. Seventeen employees participated in the interviews in the following ways:

1. Waste Paper Handling Operators

Direct observation was carried out in their work area. *Section 3.3.2* summarises what observations were carried out and why. Each of the six waste paper handling operators (three from the labour broker and three from Mondi) were directly observed in their work area. The researcher ensured that the observations were done on each of them on their various shift cycles, as it is a twenty four hour operation.

All three Mondi waste paper handling operators were participants in the unstructured interviews. Two labour broker employees were used in the pilot study.

2. The Process Controllers

There are a total of twelve process controllers in the operations. Ten of the twelve were part of the unstructured interviews. The other two process controllers were used in the pilot study which covered the same questions.

3.3 RESEARCH INSTRUMENTS

For the purpose of this study three research instruments were used for collecting data. These included unstructured interviews, direct observation and quantitative data analysis. Further details regarding the aforementioned research instruments are provided in the ensuing discussion.

3.3.1 UNSTRUCTURED INTERVIEWS

Flanagan and Finger (1989:78) describe an interview as “a conversation with purpose.” Saunders, Lewis and Thornhill (2003) go on to say that the use of interviews can help to gather valid and reliable data that are relevant to research questions and objectives. The same authors recommend that this form of data collection be used to explore in depth a general area in which the researcher would be interested. This method was selected due to the following reasons:

- The education levels of the waste paper handling operators are low and the unstructured interviews provided for an easier way for them to express themselves.
- Most of the drivers were more fluent in Zulu and lots of patience was required when they were asked to answer questions or to elaborate on their responses. They were not able to express themselves well on paper in English.
- Each interview was treated as unique and was led according to the feelings and areas of demotivation that each individual expressed. Any other form of data collection would not have allowed for this individualism.
- In support of this decision for the use of unstructured interviews, Saunders, Lewis and Thornhill (2003) claim that to understand the reasons for the participant’s attitudes and opinions it will be necessary for the researcher to conduct a qualitative interview. Furthermore, unstructured interviews provide the researcher with the opportunity to ‘probe’ answers where they want the interviewees to explain or build on their responses.

These interviews were carried out on two groups of employees as outlined in *section 3.2*. They were carried out in the researcher’s office by choice of the interviewees. The researcher who is the production manager for the section that the case study was carried out in had a very good working relationship with the waste paper handling operators prior to this change. The researcher attempted at holding the interviews at the workplace of the waste paper handling operators. She felt that the interviewees would feel more comfortable in their own environment. However, they all opted for

the researcher's office. Their reasons were that it was more private. From the researcher's point of view, it improved the confidentiality aspect of the interview. There was nobody else in the room besides the interviewee/s and the researcher so the interviewees were not intimidated by a third party. They were also not restricted from expressing their views due to another person's presence.

There was no time limit on the duration of the interviews and the researcher aimed at allowing the interviewees to take as much time as they needed to express themselves and at the same time get sufficient responses to answer the research questions outlined in *Chapter one*.

So as to not intimidate the interviewees, the researcher explained that she would write a few notes during the discussions. On concluding the interviews the researcher used some time to complete the notes and capture the feelings of the interviewees as well as the details of the interview that reflected their emotions.

Each interview was unique and each interview flowed in its own path although the researcher had a set of guiding questions to ensure that the core concepts that would answer the research questions were covered.

3.3.1.1 GUIDELINE QUESTIONS FOR THE WASTE PAPER HANDLING OPERATORS

This section provides the guideline questions used for the interviews carried out on the waste paper handling operators as well as the basis for the derivation of these questions.

The guideline questions used are as follows:

1. What are your feelings about the labour broker employees who have been hired to train as waste handling operators and do the necessary overtime required?
2. What in your view does the change mean to your working contract with MSN?
3. Did the announcement of the change and the changes thus far impact on your working team, and in what ways?
4. Do you understand why this change was initiated and were you involved in any of the decision making around the solution to the problems that triggered this change initiative?
5. Do you feel that the company could have initiated the change in any other way?

6. How would you describe your relationship with your management before and after the change?
7. Are there any standard operating procedures that management and you have agreed on with respect to you carrying out your tasks efficiently and safely and keeping the operational area safe?

The basis for the derivation of the questions is as follows:

- A. Establish and categorise the factors that have impacted on the employee morale (Questions 1, 2, 3, and 6).
- B. To understand the extent of the communication and understanding of the change process by the employees and their view on how it could be improved, to positively influence their morale (Questions 4 and 5).
- C. To verify that the operators were aware of the standard operating practices that the researcher was going to observe them on as will be explained in *section 3.3.2* (Question 7).

3.3.1.2 GUIDELINE QUESTIONS FOR THE PROCESS CONTROLLERS

This section provides the guideline questions used for the interviews carried out with the process controllers as well as the basis for the derivation of these questions.

The guideline questions used are as follows:

1. Are you finding that there is a change in the attitude of the waste handling operators that are affected by this change compared to prior to the implementation?
2. What problems, if any, have you encountered with the Mondi waste handling operators, after the change?
3. You were instructed to inform the waste handling operators of the changes being made. How did you go about communicating this to them?
4. Do you feel that I provided sufficient information on the change initiative to answer any questions that the waste handling operators had?

5. How would you compare the working standards of the labour broker employees versus the Mondi employees?
6. What is your view on the change as the supervisor of the Waste handling operators?
7. What is your view on the process that was followed to implement the change?

The basis for the derivation of the questions is as follows:

- A. Confirm that there was a significant change in the attitude and morale of the waste handling operators and the extent to which it influenced their job (Questions 1, 2 and 5).
- B. To further establish and categorise the factors that have impacted on the employee morale with respect to the change and how the supervisors viewed this (Questions 3, 4, 6, and 7).

The data was then taken and sifted for common information that could be used for discussion in the findings as well as to draw comparisons with the literature in *Chapter two*.

3.3.2 DIRECT OBSERVATION

This being a case study in a small physical environment, the researcher's observations were focused on gathering information that reflected on behaviours that deviated from the norm that would have impacted on the efficiency levels of the waste handling operation. One cannot see *attitudes* but the researcher had watched for the *behaviour* of the waste handling operators to make inferences about their attitudes. Observations were also carried out on the condition of the plant equipment and on the facilities, which the waste paper handling operators are directly responsible for. The above observations were carried out before the change to establish the norm. The following are the normal behaviours which were observed and for which deviations were reported in *Chapter four*:

- The rate of off-loading the trucks by the waste paper handling operators. It takes roughly thirty minutes to off-load one large carrier truck and fifteen minutes to off-load the smaller ones, following the safe work procedure for off-loading delivery trucks.

- The extent to which the waste paper handling operators inspected the waste paper on the delivery trucks. One bale of waste paper from every truck was supposed to be off-loaded on the floor and broken up for a thorough inspection of deficiencies. The rest of the bales were meant to be inspected around the truck as well as during off-loading of them.
- The mix of waste paper on the feed conveyors is always at the ratio that is requested from the process controllers. The waste handling operators ensure that the paper is used on a first in first out basis (FIFO).
- The safety aspects around the vehicles and the driving of them for which there is a normal speed, use of safety belts and positioning of the pay-loader bin or the forks on the Hysters. It is standard practice to alert the sorters when loose waste is loaded or off-loaded from the bunker they are working in so that they can move to a less hazardous working space for that period of time.
- The cleanliness of the waste paper handling operations which the operators are responsible for from a safety perspective. All loose paper is cleared from the driving areas and around the moving equipment at all times.
- The manner in which the waste paper was handled by the waste handling operators. They are held by the clamps in a manner that the bales do not break. There are heights at which they are allowed to be stacked and transported around the operations.

The observations covered each of the operators on their various shift cycles. This was meant to eliminate any possibility of only observing the operators whilst they were on day shift which could have been their preferred shift. The parameters that were observed were:

- the general housekeeping,
- the safety with which the tasks were carried out,
- the speed/pace at which the work was done,
- the reaction time to off-load trucks,
- the general supervision given to the sorters and the de-wiremen who report to the operators and
- the extent to which the quality on the waste paper delivery trucks were inspected.

The behaviours were observed several times in order to obtain reliability. Brown (n.d) mentioned in her paper that the observer's presence may change the behaviours of the people being observed. The researcher was able to make observations from an area that she could not be noticed yet have a clear vision of the parameters being observed. The same author goes on to say that there is a danger with direct observations in that people know that you are watching them and they are "reacting to you". The researcher will elaborate on this in *Chapter four* and how it relates to the findings.

Through the use of the two data collecting procedures (unstructured interviews and direct observation) the researcher was able to increase validity of this research. The same holds true for the combination of the direct observation and the quantitative data collection. The research aimed at gaining the said advantage of using multiple methods.

3.3.3 QUANTITATIVE DATA ANALYSIS

3.3.3.1 OPERATIONAL COSTS

To evaluate the operational cost of the waste handling operations before the use of labour broker employees and after, the following data were collected and evaluated for a one year period prior to the use of the labour broker employees (2004) and one year post inception of the initiative (2005). The capacity/size of the operation remained the same during both periods.

- The total wage cost of the waste paper handling operators (overtime costs plus basic wages).
- The actual operating costs of the waste paper handling section.
- The total operational cost of the waste handling operations (total wages plus actual operating costs).

All the above data were collected from the MSN Finance department and was used to answer research question (2) which was whether the use of labour broker employees in the waste paper handling part of the recycling operations reduces the operational costs in that section.

3.3.3.2 OPERATIONAL EFFICIENCIES

This section provides the criteria used to evaluate the operational efficiencies as well as the basis for the derivation of these criteria. To evaluate the operational efficiency of the waste handling operations before the labour broker employees and after, data were collected and evaluated for a one year period prior to the use of the labour broker employees (2004) and one year post inception of the initiative (2005). The capacity/size of the operation remained the same during both periods.

The criteria that were used are as follows:

- The number of waste paper deliveries that were rejected to be off-loaded due to the quality of the waste paper not meeting the standards specified by MSN on a monthly basis. The waste warehouse operators are responsible for this task of inspecting the quality of the waste paper that is delivered to MSN.
- The number of safety incidents that occurred in the waste handling operations and their associated costs.
- The percentage of time that the MSN waste handling operator's supervisors spend in the waste handling operations.

The basis for the derivation of these criteria is as follows:

When selecting the above criteria care was taken by the researcher to select only those that would be influenced directly by the labour broker employees. The research outcomes would be unreliable if criteria were used that could be impacted on or influenced by other aspects and/or members of the team.

Failure to reject trucks impacts on the quality of the pulp, the yield of the raw material and the production cost of the final product. The waste handling operators have complete responsibility for the task of inspecting and rejecting trucks. The direct observations will verify the time and care taken to carry this task efficiently. If waste paper that ought to have been rejected is accepted into the process, the yield drops which means that more raw material is wasted. It drops the base quality of the recycled pulp which results in more chemicals used to attain the quality. In the event that the chemicals are unable to help meet the quality requirements, virgin fibre will need to be used to make the paper to meet the final quality. Virgin fibre costs three times as much as recycled fibre.

With a higher number of incidents in the operation, a higher amount of time is taken to investigate the incidents. The investigation team is made up of the plant superintendent, the process controller,

the person reporting the incident (employee directly responsible), a plant safety representative and a safety officer. This is an indirect cost as this time could be used on the operations. In the event that the incident caused damage to a person or equipment, there are associated costs. It is for this reason that this criterion was selected.

The waste handling operator's should be able to carry out their tasks with minimum supervision so as to give the process controllers sufficient time to run and optimise the plant efficiently. This cannot be the case if tasks that the waste handling operators are doing are not done efficiently. It is for this reason that this criterion was selected. Again the direct observation will confirm if the waste handling operators are carrying out their tasks in a manner that does not require supervisor intervention.

All the above data were collected from the MSN Technical department with the exception of the percentage of time that the MSN supervisors spend in the waste handling operations on a monthly basis.

The above information was used to answer research question (3) which was whether the use of labour broker employees in the waste paper handling section of the recycling operations would decrease or increase the operational efficiencies in that section.

3.4 PILOT STUDY

The use of the unstructured interview was pre-tested on two contractor employees. They were called in to discuss their work life with a labour broker. Both of the contractor employees started work at MSN under the same circumstances, on the same day with the same working conditions. They were employees to a common labour broker.

The following guideline questions were selected to help the researcher to test the understanding of the feelings and understanding of the labour broker employees about who they work for.

- How long are you working for a labour broker?
- What is working life like working for a labour broker?
- How many different companies have you been based at?
- What are the factors that influence your job performance?

- Do you have any problems with the labour broker you work for?
- If you had a choice would you prefer to work for a broker or a company?

When the researcher was trying to establish the best method to collect data for this study, a questionnaire with the same guideline questions (*section 3.3.1.2*) used for the unstructured interview was given to two process controllers as a pilot study.

3.5 ETHICAL ISSUES

Having obtained permission to conduct the research other ethical issues that were considered included anonymity and confidentiality. Smit and de Cronje (2002:442) define ethics as “the code of moral principles and values that directs the behaviour of an individual or a group in terms of what is right and wrong.” With respect to this research this would imply that the researcher had considered ethical issues throughout the period of this research and remained sensitive to the impact of the work carried out on those who were approached for help, those who provided access and co-operation and those who could have been affected by the results.

With regard to confidentiality, the researcher assured the company senior management and all participants that all information disclosed would be treated in the strictest of confidence and would be used solely for the purpose of this study. The researcher also included a confidentiality clause requesting that the contents of the study not be disclosed within the next five years.

Cooper and Schindler (2003) clearly state that embarrassment and even harm could result from reporting data that are clearly attributable to a particular individual. This was supported by Robson (2002) cited by the same authors. On the basis of this, care was taken to protect those who participated in this research and no names were included in the research results.

This chapter has highlighted the various aspects of the research design. It also emphasised how the research design was planned and executed, focussing on the research methods, the data collection, data analysis as well as the limitations of the study. The next chapter discusses the findings in this study.

CHAPTER FOUR

ANALYSIS OF RESULTS

The purpose of this chapter is to present and discuss findings emerging from data collected in this study through interviews, direct observation and from technical and finance reports. In this chapter an interpretation of the results obtained will be done for each construct identified to get a full view of the effect of the use of labour broker employees in MSN's waste handling operations on operational costs, efficiencies and the morale of the Mondi waste handling operators. Interviews have been conducted and these will be discussed. The findings will also be related to the theory and published work and will attempt at highlighting why the project aims have either been achieved or not. Differences and similarities with theory will also be explored.

4.1 ANALYSIS OF THE UNSTRUCTURED INTERVIEWS

Figure 4.1 depicts how seventeen of the eighteen employees who were part of the case study participated in the interviews.

	Total no. of employees	Waste Warehouse operators	Process Controllers	No. of employees interviewed	Pilot Study
Employees from labour brokers	3	Yes		0	2
Mondi Employees	3	Yes		3	
Mondi Employees	12		Yes	10	2
		Subtotals		13	4
		Total		17	

Figure 4.1: Participants for the interviews

Two labour broker employees formed part of the pilot study whilst the other thirteen Mondi employees formed part of the unstructured interviews.



4.1.1 RESULTS OF THE PILOT STUDY

As mentioned in *Chapter three*, the use of the unstructured interviews as well as the use of a questionnaire was pre-tested in order to establish which the more preferable method to answer the research questions was. They are reported on accordingly.

4.1.1.1 UNSTRUCTURED INTERVIEWS

The unstructured interviews were carried out on two labour broker employees. They were called in to discuss their work life with a labour broker. The researcher found that she was able to probe whilst the interviewee was able to ask questions for clarity on the guideline questions before responding. Both the respondents seem to be unclear on who their employer was because when asked who they were working for they said Mondi. The researcher had to explain the difference to them. This uncertainty could also be brought about by the reporting structure where the labour broker employees would have to report to the supervisor from the labour brokerage company with respect to remuneration and hours of work as well as take direct instructions from the Mondi supervisors on their day to day tasks. This structure is illustrated in *figure 1.2*. According to Gwaunza, Stelzner, and Wainwright, (2003) it's the labour broker's responsibility, as the employer, to discipline its employees. However, the process controllers as their supervisors on site need to assist the labour broker by providing evidence of the misconduct, as it would have happened in the waste handling operations.

One respondent worked for the labour broker for four years and highlighted that a factor that influenced him was transportation. He also highlighted the fact that Mondi only offered subsidised transport to and from work to their employees and this was not offered to labour broker employees. He was informed that he was getting paid lower than the Mondi waste paper handling operators. The other employee worked for the labour broker for eight years and has always been motivated with the hope of being employed by the company he worked for and earn more money. The same employee highlighted that in one year he worked at three different companies and he had to or he would have had no job. This brings a lot of uncertainty into the lives of an individual and cannot be easy on them psychologically.

The problems that they highlighted were not receiving their pay on time, "harassed" when taking sick leave, annual leave almost always rejected and unfulfilled promises by the contracting company and both highlighted that if they had a choice they would work for a company for a permanent job. Probably this is the exploitation of the labour broker employees that COSATU (COSATU, n.d.) fights so passionately about. This information was useful to the researcher as

there are corporate governance guidelines that all the contracting companies to Mondi have to abide by. These discussions made the feelings and understandings of the labour broker employees clear to the researcher and would not have come through on a questionnaire. *Section 2.1.4* is very clear on the responsibilities of the employer and the labour broker's client to the labour broker employees under the various Acts. The findings of the pilot study interviews reveal a clear lack of understanding by the labour broker employees of their rights as *employees*. There seems to be a clear abuse of some of their basic conditions of employment. There could be a fear of a loss of income that is driving these labour broker employees to tolerate having to be rejected on issues such as leave as this directly impacts on the first order needs in Maslow's theory explained in *section 2.5.2*.

During investigations into some of the highlighted issues expressed by the labour broker employee that is a direct violation of the Basic Conditions of Employment Act 75 of 1997, it was alleged that the labour broker supervisor was bribing the labour broker employees. He claimed the first month's salary from each new employee or they would not be given the job. He stole their overtime payments and that is why they did not always get paid their overtime. This in itself would highlight how desperate the unemployed are to earn an income that barely helps them to meet their basic needs for food and shelter. It also highlights the corruption that this group of employees are subjected to. The researcher makes recommendations in *Chapter five* on further research that could be done on the management of labour broker employees and their knowledge of their rights as employees.

4.1.1.2 QUESTIONNAIRES

The same questions were used in the questionnaire for the pilot study on the two process controllers as was used in the unstructured interviews with the process controllers. The problems that the researcher encountered with the questionnaires were as follows:

- The respondents took two weeks to return the questionnaires.
- The respondents provided feed-back that was a maximum of five words.
- The responses did not provide sufficient feed-back to be used to answer the research questions.

Further to this, the researcher had discussions with the respondents and their responses are incorporated in *section 4.1.3*. The researcher found that she could get greater value out of the unstructured interviews, hence the reason for pursuing this method.

4.1.2 ANALYSIS OF THE WASTE PAPER HANDLING OPERATORS' INTERVIEWS

These interviews were carried out on the remaining three waste handling operators. The results and the discussion follow the order of the guiding questions outlined in *section 3.3.1*. It must be highlighted that with these being unstructured interviews, the questions were not asked in a specific order but rather were brought up by the researcher depending on the direction that the discussion took. The researcher did, however, ensure that each of the questions was covered at each of the interviews.

Question 1: *What are your feelings about the labour broker employees who have been hired to train as waste handling operators and do the necessary overtime required?*

There was clearly a great deal of frustration with the fact that they would no longer get any extra pay due to the elimination of overtime. All the respondents felt robbed by the company of their overtime and claimed that the overtime payments formed part of their budgets. They felt that as Mondi employees they owned the right to any overtime that needed to be worked.

The conditions of employment of the waste handling operators stipulate the requirement for them to work a reasonable amount of overtime when needed. This implies that the allocation and management of overtime is the responsibility of the employer and was not a guarantee. The Basic Conditions of Employment Act 75 of 1997 also states that “an employer may not require or permit an employee to work overtime except in accordance with an agreement.” Salary is classified as a hygiene factor according to Herzberg’s Two Factor Theory (*section 2.5.3*) and clearly, the loss of overtime worked by the waste paper handling operators had brought dissatisfaction to them because their nett pay was now less than when they worked a fair amount of overtime.

The employees had negative attitudes and perceptions towards the change. The researcher found through the responses, coupled with the expressions and the emotions of the operators, that they had fears of losing their jobs, their status and their social security which are all hygiene factors according to Herzberg’s Two Factor Theory (*section 2.5.3*) that lead to dissatisfaction. The literature on change management in *Chapter two* could have been used prior to the change to

minimise these feelings but the researcher (manager) had failed to incorporate the handling of these employees' feelings into her plan.

One respondent saw the labour broker employees as being there to rob him of his job and made it known that he was not going to teach the labour broker employees what had to be done, as was done in the past with on the job training. This particular respondent felt threatened by the labour broker employees. This is typical of how the low morale of one team member can impact negatively of the entire team.

Question 2: *What in your view does the change mean to your working contract with MSN?*

These responses implied that the plan for the change was not communicated correctly to the Mondi waste paper handling operators. Nowhere in any of the interviews did either the waste handling operators or the process controllers reflect any knowledge of the plan as was outlined in *section 1.4*. They received the wrong message. Each of the respondents mentioned that the change to them meant that they would no longer have a job with Mondi and that Mondi was transferring them to the contracting company. They were very clear that they would be disadvantaged as labour broker employees in that they could be asked to leave at any point in a job or transferred to another site which would not suite their transport needs. One respondent stated that, "Mondi is saying to us that we are worth nothing to them and we no longer have jobs." The same respondent stated that, "We do not have permanent jobs anymore so we are not sure that we will get a salary each month the way Mondi used to give us."

It was clear that the respondents enjoy the security that is attached to permanent jobs. This need for job security (lower order need) is reflected in Maslow's hierarchy of needs theory as well as a hygiene factor in Herzberg's Two Factor theory. As employees in permanent positions, these operators did not experience the insecurity and frustrations experienced in occupying temporary positions which in turn contributes to dissatisfaction as was highlighted in the pilot study on the contractors. Even the labour broker employees in the pilot study highlighted that they would prefer a permanent job with a monthly income.

Question 3: *Did the announcement of the change and the changes thus far impact on your working team and in what ways?*

The change seemed to have made the waste handling operators feel isolated and not part of a team. All three operators expressed that they felt a big part of the team and enjoyed the team spirit amongst themselves as operators, with the other waste handling operations crew who were under their supervision, as well as with the supervisors and manager, prior to the change. They all stated that they felt like they were a targeted group of employees within the team with nobody to trust and rely on. One of the respondents said that, "I thought we were one happy family. I didn't think that our team thought so little of us."

Low morale is not just a factor that affects one employee but it affects the team as well and this came across very clearly. In other words the vital sense of belonging was not being satisfied. Reference is made to the social needs in Maslow's Hierarchy of Needs Theory (*section 2.5.2*). At this level, individuals have a desire for acceptance and affiliation.

Question 4: *Do you understand why this change was initiated and were you involved in any of the decision making around the solution to the problems that triggered this change initiative?*

Again, there is a clear miscommunication between the plans of the manager and the perceptions of the operators. All the respondents stated that they did not know why the change had been initiated and they were uninvolved in any decision making process. The comments also reflect that Mondi management failed to tap into the full potential of this group of employees or failed to have enough faith in them to take on the challenge of reducing the operational costs and improving on the efficiencies before taking a drastic measure of introducing labour broker employees. The respondents stated that they could have worked together with management to draw a plan to increase the efficiencies and decrease the costs but management saw them as the problem and rather targeted to remove them from the operations. Herzberg argued that the meaningfulness and the challenge of the job serve as motivating factors (Herzberg, Mausner and Snyderman, 1959). Failure to use this opportunity to explore these two characteristics of the job of the operators demotivated them. There was a break in the team spirit and trust.

Question 5: *Do you feel that the company could have initiated the change in any other way?*

It was evident from the responses around this guiding question that management did not plan and execute the change properly. They failed to ensure that consultations took place with the waste handling operators. One of the respondents summarised all the responses well by stating that,

“Management didn’t care. They just told us that this will happen from today. They didn’t make us aware when they were planning. They just told us that labour broker employees will be used and we must no longer do overtime from today because the labour broker employees will do it.”

Employee participation, as highlighted in *Chapter two*, could have turned this initiative around to make it a success. Employee participation and buy in to plans, either as individuals or represented by their union is today, in South Africa, a trump card to a successful change process. Mondi Business Papers, South Africa is going through a restructuring process and this involves retrenching many of their employees. The process began eight months ago and there have been no problems thus far because the unions were involved from the very beginning of the process and through each phase. The process was also open and transparent. Flanagan and Finger (1989) and Finnemore (2002) have highlighted the use of influential parties to overcome resistance to change. The reactions and tones of speech of these affected employees during the entire interviews have highlighted that they were very hurt and very upset. The next respondent stated that when the employees from the labour broker were training in the waste handling plant, they did not even know that these people were going to take their overtime and eventually “take their jobs.”

Question 6: *How would you describe your relationship with your management before and after the change?*

Maslow claimed that if the physiological and the safety needs are fairly well gratified, there will emerge the love and affection and belonging needs (*section 2.5.2*). This tied up very much with the feelings of the waste paper handling operators. They felt unconsidered, unwanted and not part of a team and poorly treated by management. They felt that their initiatives and past service to the company was not appreciated. They did indicate that at least discussions with them prior to the change would have made them feel a sense of belonging. Labour action that interferes with the relationship between the employer and an employee can only be described as a destructive one.

All three operators displayed a strong feeling that their current manager’s plans were not in line with company policy. They claimed that this was the first time in their working lives for Mondi that they had been used in this fashion or had been treated so badly. Two operators in particular went on to compare their current manager with past managers stating that the other managers did not see the need for this change so they could not understand why she would. They also stated that management did not appreciate their past service to the company. They indicated that prior to this change initiative, they had an excellent relationship with management to a point that one respondent

stated that, “If our manager takes away the labour broker employees and let us work the way we did then we will be very happy and have no problems with management.”

Using Herzberg’s Two Factor Theory, the highlighted factors in *figure 4.2* have been identified to have led to the dissatisfaction and low morale of the waste handling operators.

<i>Hygiene Factors</i>	<i>Motivation Factors</i>
<i>Lead to dissatisfaction</i>	<i>Lead to satisfaction</i>
Company Policy	Achievement
Supervision	Recognition
Working conditions	Work itself
Relationships	Growth and Development
Salary	Interest in the job
Status	Responsibility
Job Security	

Figure 4.2: Herzberg’s Two Factor Theory

Recognition was felt to be absent by the respondents and had thus led to dissatisfaction. The hygiene factors of supervision (and management), team and peer relationships, status and job security were impacted on negatively and influenced the dissatisfaction.

Question 7: *Are there standard operating procedures that management and you have agreed with respect to you carrying out your tasks efficiently and safely and keeping the operational area safe?*

The researcher had included this question into the interview to identify if the waste handling operators understood what the expectation for safety was in their operation. Through direct observations it was possible to determine if these individuals carried out their work according to the known standards and expectations.

The respondents acknowledged the following:

- Generic safety training was done annually.
- They have been trained on the safe work procedures to carry out tasks.
- They have been trained on the procedure to inspect and either accept or reject waste paper that is delivered.

- They have housekeeping standards that they need to adhere to and are abiding by. They commented that the safety standards are very high, which is good.
- They carry out safety talks at the start of each shift with the rest of waste handling crew who they supervise.
- They carry out their vehicle inspections on each shift thoroughly.

4.1.3 ANALYSIS OF THE PROCESS CONTROLLERS' INTERVIEWS

Question 1: *Are you finding that there is a change in the attitude of the waste handling operators that are affected by this change compared to prior to the implementation?*

During the interviews with the waste handling operators they highlighted the mistrust they had for management. There was a climate of mistrust. Kreitner, Kinicki and Buelens (1999) state that trust involves reciprocal faith in others intentions and behaviours. They go on to say that employees who trust their management are more willing to expend extra effort and take chances with something different.

Most of the respondents stated that they experienced a negative change in the attitude of the waste handling operators after the announcement of the change. They were described as being very frustrated, arrogant, hurt, disobedient to instructions and very rude which can undoubtedly be regarded as characteristics of an employee with low morale. Again, this is indicative of employees who have no trust and respect for their first line managers. This group of employees with the low morale have impacted on the functioning of the entire team. The effects of low morale can therefore not be isolated to a specific group of employees. A few of the respondents stated that they were finding it difficult to communicate with this group of employees as they found reason to scream at them. The findings in this area of the study may be aptly described as one of the respondents mentioned, "The morale of our operators is very low and there is a complete change in attitude in all aspects of their work."

Question 2: *What problems, if any, are encountered with this group of employees?*

The reported behaviour of the waste handling operators is characteristic of demotivated employees where the antecedents that lead to such behaviour were the change that management

had made of introducing the labour broker employees into their jobs. The law of effect states that behaviour with favourable consequences is repeated whilst behaviour with unfavourable consequences disappears (Noe et al, 2000). The waste handling operators saw themselves in the past as part of a good team and as performing their tasks well. They felt that if such behaviour had led to management wanting to replace them which is an unfavourable consequence. The above actions reveal that they are not willing to continue their proper behaviour. Note the change in some of the observed behaviour later in this chapter.

The respondents highlighted the following as problems that they had with the operators after the change initiative:

- They were not doing a shift hand over at their place of work; instead they were leaving their place of work earlier than they were supposed to.
- They were off-loading the delivery trucks at a low pace, leaving more trucks to be off loaded by the labour broker employees.
- They were not carrying out their housekeeping tasks to standard leaving more to be done by the labour broker employees.
- They were calling in sick at odd hours, hence, making it difficult on the labour broker employees.
- Their vehicle inspections were not carried out thoroughly which was causing the vehicles to have more unplanned down time.
- They were not loading the waste paper according to process needs, so controlling the de-inking process to get to the target quality was made more difficult.

Question 3: *You were instructed to inform the waste handling operators of the changes being made. How did you go about communicating this to them?*

Clearly, there were many problems with the communication around this initiative. Kreitner, Kinicki and Buelens (1999) state that management is communication and that managerial decisions are ineffective unless they are understood by all those who are enacting them. All of the respondents stated that management had sent them an instruction stating that the labour broker employees will be joining the team with one labour broker employee replacing the

Mondi retiree. The two spare labour broker employees were being available to carry out any overtime that is incurred by any of the waste handling operators.

The first line supervisors had been equipped with sufficient information on the change in order to have constructive discussion with the waste handling operators. They should have been briefed with the plan outlined in *section 1.4*. This would not have only allowed them to answer questions that the Mondi waste handling operators had but also to sell the benefits of the plan. There are two grades of drivers in MSN. The Mondi waste paper handling operators are at the lower of the two grades. Finding alternate employment for them could have meant them getting to a higher grade. With the limited information that was passed on to the affected employees, it came down as an instruction that was given by top management and really with no room for negotiation. Apart from poor communication, this really was poor management and poor team work.

Question 4: *Do you feel that I have provided you with sufficient information on the change initiative to answer any questions the waste handling operators may have had?*

The responses from all the respondents were negative.

In as much as the communication was an issue in this sensitive change initiative such as ones employment condition and reporting structure, the researcher admits that there was a complete lack of team initiative in this change process. The first line supervisors should have been team leaders of the change process and the key people in addressing the concerns of the affected employees. The manager did not realise the repercussions of this shortfall on the morale of the Mondi waste paper handling operators as well as the supervisors. Kreitner, Kinicki and Buelens (1999) describe some of the characteristics of an effective team and the ones applicable but absent in this case study are:

- An effective team is one that has clear purpose. That means that the vision, goal or the task of the team has been defined, is accepted by all involved and is defined.
- There is much discussion amongst the members and them, all encouraging participation.
- There is open communication where team members feel free to express their feelings on their tasks as well as on the groups operation. There are very few hidden agendas.

All three were not part of this change initiative. It was clearly not a team effort. It was a manager effort and the manager expected to get the same results that a team effort would yield. Such a case is impossible and this case study proved so. Teams drive success in environments and initiatives such as these and the inability to tap into the resources available was a failure on the part of the manager.

Question 5: *How would you compare the working standards of the labour broker employees versus the Mondi employees?*

The respondents stated that the labour broker employees were more efficient than the Mondi waste handling operators in the following ways:

- They carry all their tasks according to the set procedures.
- They carry out the extra work that Mondi waste handling operators leave undone without any complaint and in addition to their shift tasks.
- They do proper shift hand-over on their work site. 116077
- There are no problems with their vehicle inspections and they go a step further by highlighting the problem areas that could have been corrected on the previous shifts.
- They have a good relationship with the other employees in the waste handling section (*refer to figure 1.2*) and seem to be getting more efficient service from them when they are on shift as opposed to when the Mondi waste handling operators are on shift.
- Their time keeping is excellent.
- They work at a fast but safe pace as opposed to the Mondi waste handling operators who seem to be on a “go-slow.”

One could argue that this was the new broom sweeps clean syndrome! Another viewpoint could be extracted from the pilot study interview that was carried out with the labour broker employee who stated that what motivated him was the expectation of being employed as a permanent worker to the company. In this case that would be Mondi.

Question 6: *What is your view on the change as the supervisor of the waste handling operators?*

Eight of the respondents felt that it was in the interest of the improvement of the company, as they seem to find that labour broker employees work better. The other two respondents were very upset with management making this decision. They claimed that Mondi was using the labour broker employees as they were “low paid, easily exploited and will do anything to earn a month’s salary.” These two respondents seem to think that management was not showing any appreciation for the work that the Mondi personnel did in the past. They also felt that the overtime belonged to this group of employees and not any labour broker employee. These two employees asked for management to reverse their decision while the other three waste handling operators were not replaced by labour broker employees as yet. The new information brought by these two employees, was that there seemed to be a spill over of low morale to the timber handling plant of MSN where the drivers felt that they will be targeted next. The outcomes of the case study by Farnham and Pimlott (1979) discussed in *section 2.1.3* further support the low employee morale and the “who next” atmosphere.

It is important to note the perception that the two process controllers had of labour broker employees. This is the perception that the researcher referred to in *section 2.1.4* and clearly explains that by definition of the word employee all individuals who work for labour brokers are the employees of the labour brokers and are therefore covered by the umbrella of the South African Labour Laws (*section 2.1.4*). This information tied with the findings of the pilot interviews confirms to the researcher that there is a general lack of understanding of the rights of labour broker employees and this could lead to them being taken advantage of by their employer.

Question 7: *What is your view on the process that was followed to implement the change?*

Using the **ADKAR** model (*section 2.3.1*) to assess the effectiveness of the change process it may be said that the affected employees were not **Aware** of the details of the plan. Due to the lack of teamwork arising from the poor morale, information and communication the team lacked the **Desire** to carry out the manager’s plan. There was a complete lack of **Knowledge** of the details of the manager’s plan in specific an important piece of information that nobody was going to lose their jobs. They seem to be a team that has the **Ability** to carry out a cost cutting initiative. There was a lack of **Reinforcement** to make the initiative work.

The general response was that it was very poorly carried out, that no procedure was followed and it was done without consideration of the Mondi employees. One respondent asked if in the

years to come they would be treated in the same poor mannerism. Another respondent stated that management did not consider the age of the employees when making the change and the repercussions of that change. “Management was just worried about making more money. They showed no consideration for their employees during implementation” was one of the responses.

Of all the literature on change management processes the researcher opted to explain the change management tool kit in *section 2.3.2* It outlines a plan to implement a successful change as well as to manage the resistance to change. On comparison of the case study to these phases of change, the researcher failed to follow the steps of preparing the change, managing the change and then reinforcing the change. There was also a lack of employee participation. As highlighted in *section 2.1.5* this would have helped with attaining the views of the work force during the cost cutting initiative. This would help in deciding if this was the best strategy for the business.

4.2. RESULTS OF THE DIRECT OBSERVATIONS

Chapter three had highlighted the normal behaviours which were established by carrying out observations prior to the change. Question seven of the interviews carried out on the waste handling operators confirmed that they were aware of the standard operating procedures that they were meant to follow. The observations were carried out and compared against these normal behaviours, outlined in *section 3.3.2*. The observations seem to be in line with the disadvantage highlighted in *section 2.1.2* of current employees feeling a threat and not able to work properly. This negative change in the work performance is also a direct result of the low morale of the employees. When drawing from the feedback of the interviews it may be concluded that the morale of the waste handling operators is not just low but is pulling the entire team down. The deviations against the normal behaviours are reported below

- The rate of off-loading the trucks by the Mondi waste handling operators had decreased substantially. There seemed to be much chatting with the drivers of the delivery trucks. The researcher timed one of the operators on three occasions and found that it took him fifty minutes on one large delivery, sixty minutes on another of the same size and forty minutes on a small truck. This was all done while there were other delivery trucks waiting to be off-loaded. All three Mondi operators were observed to not be off-loading trucks an hour before his shift could end, stating that the operator on the next shift would have to do it because their shift was ending. It normally takes roughly thirty minutes to off-load one

large carrier truck and fifteen minutes to off-load the smaller ones, following the safe work procedure for off-loading delivery trucks. The same was not observed for the labour broker employees. They seemed to be unaffected by the large number of delivery trucks waiting to be off-loaded and just continued with their tasks at the normal rate and/or acceptably higher rates.

- The extent to which the waste paper handling operators inspected the waste paper on the delivery trucks. One bale of every truck was supposed to be off-loaded on the floor and broken up for a thorough inspection of deficiencies and the observer did not see this happening for much of the time by the Mondi waste handling operators. This tied up very well with the lower brightness of the pulp that was achieved. The bales were off-loaded without being inspected and once stored, could not be traced back to a supplier to be returned. The process controllers' were forced to use it. The rest of the bales were meant to be inspected around the truck as well as during off-loading of them. This was clearly not done efficiently by the Mondi waste handling operators.
- The mix of waste paper on the feed conveyors was very poor for two reasons. This was due to the actions mentioned in the previous point. The general standard of the waste paper quality dropped. Changes were now being requested by the process controllers more frequently to change the ratios so as to get an acceptable blend for the process. There was also complete neglect by the waste handling operators to follow the first in first out principle especially when they were requested to change the ratio to improve on the quality. Short cuts were being taken by adding the newer waste, which in principle de-inks faster but is not the correct procedure of managing the waste paper rotation.
- The safety aspects around the vehicles and the driving of them were observed with focus on the speed of driving, the use of safety belts, the positioning of the pay-loader bin or the forks on the vehicles. It is also a standard to alert the sorters when loose waste will be loaded or off-loaded from the bunker that they are working in, so that they can vacate for that period of time. There were no noted deviations from the norm with respect to vehicles besides the vehicle checks not carried out on time and not with much detail. This was confirmed by the lower number of reported defects by the operators.
- The overall cleanliness of the waste paper handling operations had declined with loose paper not continuously being cleaned around the moving equipment at all times.

- There had been no observed changes in the manner in which the waste paper was handled by the waste handling operators. They followed procedure. With that having been said, the stacking of the bales was seen to be unsafe in many cases and a few safety incidents that were reported highlighted this as well. Safety has a more negative impact on the employee if he/she is injured than on the organisation. The researcher is sure that the safety of their bodies was the driving force to adhere to the prescribed safety procedures.

The purpose of carrying out the observations was to cross check the results that were obtained from the interviews. The researcher found that in as much as there was a demotivated crew in the waste handling operations, they were still safety conscious. When the researcher compares the energy with which these employees use to carry out their work and the non energetic manner that she observed after the change she can only deduce that the morale of these employees was certainly impacted on negatively. The responses from unstructured interviews affirm this.

4.3 QUANTITATIVE ANALYSIS

The quantitative method was used to address the second research question, which was to establish if the use of labour broker employees in the waste paper handling section of the recycling plant will have a reduction on the operational costs.

The following information had been compared for the period before the use of the labour broker employees (2004) and for the period after the first phase of the plan (2005). They will be presented individually and then combined to establish the impact on the total operational cost of the waste handling operations. The individual graphs will assist with identifying the reasons for the change in costs in 2005 versus 2004 and if they can be associated with the use of labour broker employees.

The following graphs will be presented:-

- The total overtime costs incurred by the waste handling operators.
- The wage costs incurred by the waste handling operators.
- The total wage bill for the waste handling operators (total overtime costs plus wage costs).
- The actual operating cost of the plant equipment and the waste paper handling vehicles in the waste handling operations.

- The total operational cost of the waste handling operations (wage bill plus the operating cost).

Figure 4.3, below is a reflection of the total overtime costs incurred by the waste handling operators (both Mondi and the labour broker employees) during 2004 and 2005. These costs include the overtime worked by the labour broker employees as well as the Mondi operators for 2005.

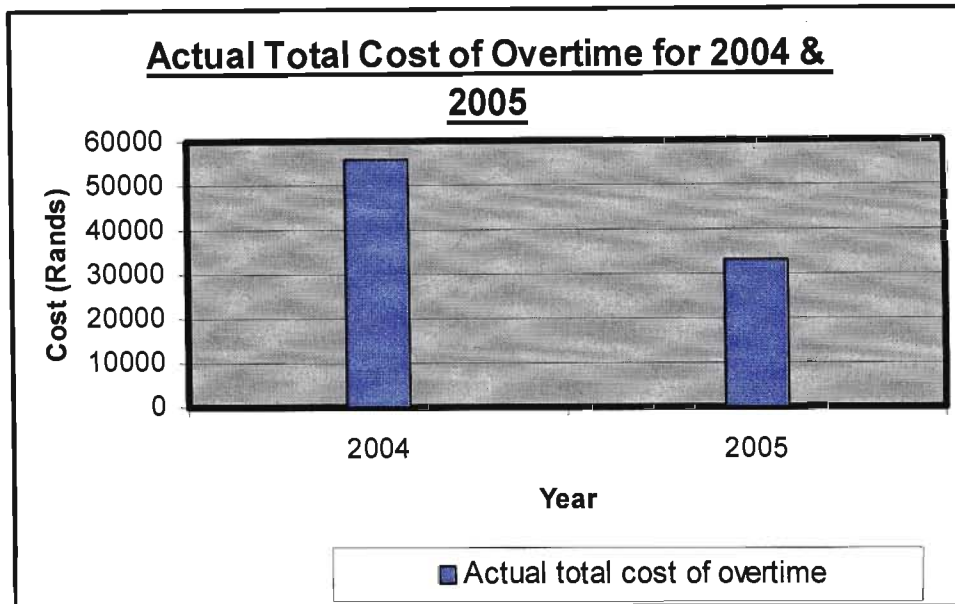


Figure 4.3: Total overtime costs by the waste handling operators – 2004 and 2005

The rate of pay of a Mondi waste handling operator was R31.79/hour and the rate of pay of the labour broker employee was R23.49/hour. This is a difference in rate of pay per hour of R8.30. The total overtime costs is a sum of the cost of normal overtime at a rate of one and a half times the normal rate of pay and double time which is at twice the normal rate of pay. Figure 4.4 reflects the decrease in the amount of overtime in 2005 versus 2004.

Year	Hours of Overtime	
	1.5 x normal rate	2.0 x normal rate
2004	80	50
2005	10	4

Figure 4.4: Hours of Overtime

After the changes (2005), there were three Mondi employees and three labour broker employees, one of which was only paid for the overtime done by him. The spare waste handling operator covered his hours of work in the month by covering the operators who were on leave. These were the primary reasons for the reduction in the hours of overtime work presented in figure 4.4. This

salary plus the reduced hours translates directly to a cost saving of **R22 824** on overtime costs in 2005, after the use of labour broker employees, as reflected in *Figure 4.3*.

Being a production environment this costs need to be compared against the productivity of the plants over the two years in mention and this is highlighted in *figure 4.5* below.

Year	Total tons handled per year	Average tons handled per hour
2004	75000	8.56
2005	75400	8.60

Figure 4.5: Productivity for 2004 and 2005

According to *figure 4.5*, 75 000 tons of waste paper was managed by the waste handling operators in 2004 and 75 400 tons in 2005. This difference of 400 tons between the two years amounts to 1.1 tons per day and 0.04 tons per hour that was managed in 2005 compared to 2004. This is a negligible amount of additional tonnage and it would therefore be regarded for the purpose of this cost comparison that the productivity remained the same. This additional 400 tons of waste paper will be discussed further under the amount of trucks rejected for poor quality.

Below, *figure 4.6*, depicts the basic wage costs in 2004 versus 2005 which is after the use of labour broker employees. In 2004 there were five waste handling operators. After the changes (2005), there were three Mondi employees and three labour broker employees, one of which was only paid for the overtime done by him.

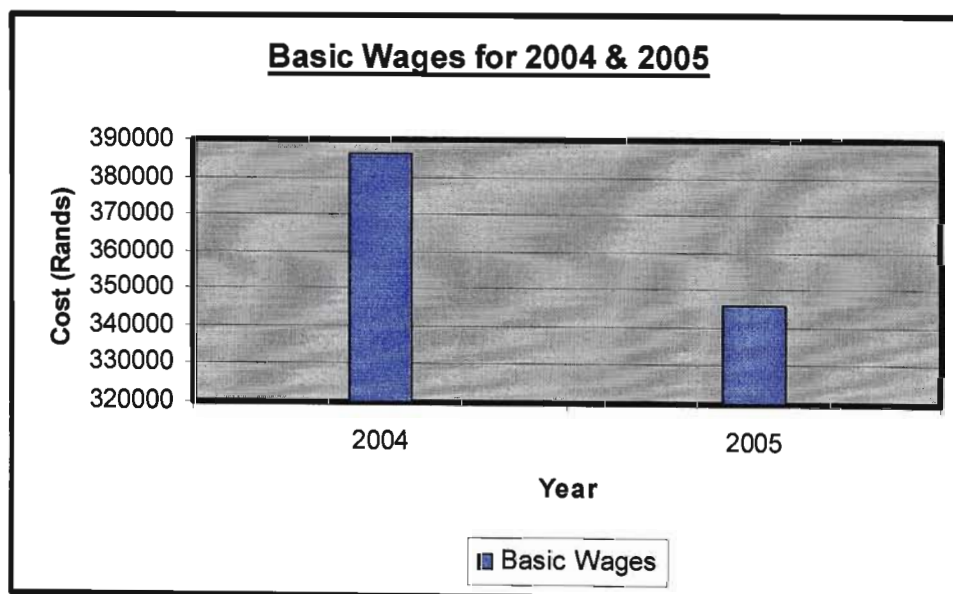


Figure 4.6: Basic Wage costs – 2004 and 2005

As stated previously, the rate of pay of a Mondi waste handling operator was R31.79/hour and the rate of pay of the labour broker employee was R23.49/hour. This is a difference in rate of pay per hour of R8.30. On normal working hours (202.5 hrs per month) the monthly pay to the Mondi employee was R6437 and R4757 for the labour broker employee. This resulted in a savings of **R40327** on cost of wages in 2005, after the use of labour broker employees, as depicted in *figure 4.6*. Again, it must be stated that was with no significant change in the productivity of the plant as per *figure 4.5*.

Below, *figure 4.7* highlights the reduction in the total wage costs between 2004 and 2005 of **R63151**. Total wage cost is the sum of the overtime payments and the basic wages. These costs include the contractor costs as well as the Mondi operators for 2005.

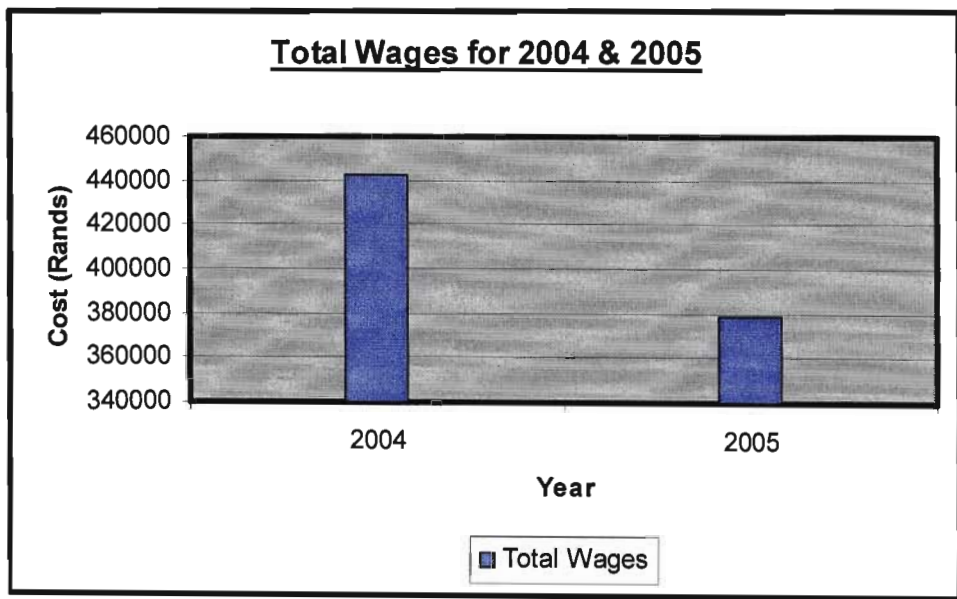


Figure 4.7: Total Wages costs – 2004 and 2005

Total wage costs, depicted in *figure 4.7* are visible costs that the managers have direct control over. The employee overhead costs are managed by the company’s human resources department and are not contributions made to labour broker employees. This overhead costs amount to R55 000 per annum per waste handling operator. With the reduction from five Mondi waste handling operators in 2004 to three in 2005 there was a **R110 000** savings in this area. There had therefore been a total cost saving of R173 151 in 2005 which could be directly attributed to the reduced rate of pay of the labour broker employees. These are perhaps the savings that companies in *Chapter two* have highlighted as being an advantage to using the labour broker employees.

There are costs that are not as visible (indirect costs) such as the cost incurred by the rise in the incidents in 2005 that amounted to **R80 000**. There is a reward system that issues a bonus to the

Mondi employee according to the total paper production tons that the company makes per month. The Mondi waste handling operators received a total of R3862 each in 2005. The labour broker employees did not receive any so this was a savings to the company of **R7725**. Safety wear are not provided for by Mondi to the labour broker employees. The labour broker provides for this as per Mondi specifications. This safety wear amounts to a minimum of R1300 per employee per year. The savings by using the labour broker is thus **R1600** for 2005. The researcher argues that there are “no free lunches.” She feels that this is reason for the labour brokers robbing their employees of basic conditions of employment, as was highlighted in the unstructured interviews. They need to recover this money in some way and look to this vulnerable group of low income employees to do so. This in turn contributes to the low morale of the employees and rightfully so. Other indirect costs are the safety prizes that are not issued to labour broker contractors, the cascade sessions that they do not attend, the lunch that is not subsidised and the team building sessions that they do not attend. These are costs per head that would not have been incurred during 2005 for the labour broker employees. These savings are summarised in *figure 4.8*, below.

Direct savings	Amount (Rands)
Overtime	22,824
Basic Wage	40,327
Overhead costs	110,000
Rewards	7,725
Safety wear	1,600
TOTAL	182,476

Figure 4.8: Direct Savings from the use of a labour broker

The savings in *figure 4.8* may be largely attributed to the lower rate of pay of the labour broker employees compared to the Mondi waste handling operators coupled with the associated overhead costs. The contractors were also used to do shift cover at this lower rate of pay. It can thus be said that should the remaining three employees (refer to *section 1.4*) be replaced by the labour broker employees there would be an additional savings of R272 714 (3 x R91 238) per annum.

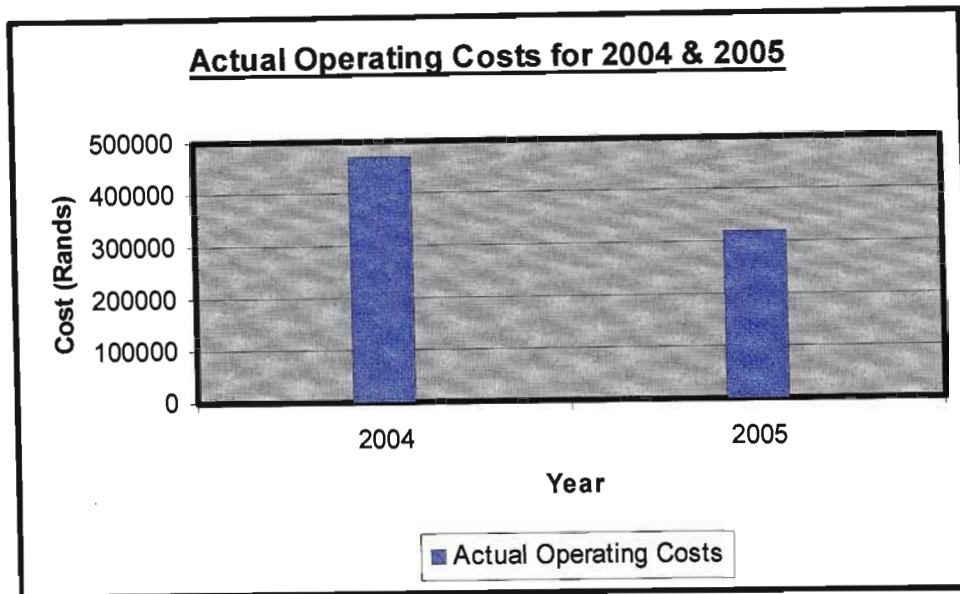


Figure 4.9: Actual Operating costs – 2004 and 2005

Although *figure 4.9* reflects a R148 693 cost reduction in the actual operating costs before and after the use of labour broker employees, the savings cannot be directly related to the use of them.



Figure 4.10: Total operational costs – 2004 and 2005

The total operational cost was R911477 in 2004 and R699634 in 2005, as depicted in *figure 4.10*. As mentioned previously, all the savings on the operating costs cannot be directly related to the use of labour broker employees. The total monetary savings thus remains R182 476 as was highlighted in *figure 4.8*.

The interviews had revealed an indirect cost of the use of labour broker employees and that is the low morale of the affected Mondi employees. In the researcher's view that is far more valuable than the monetary savings. Literature links low morale and low motivation levels with low productivity and low performance amongst other outcomes. The unstructured interviews as well as the direct observations revealed that this is the case.

The quantitative method was also used to address the third research question which was to establish if the use of labour broker employees in the waste paper handling operations will decrease or increase the operational efficiencies in that section.

The following information had been compared for the period before the use of labour broker employees (2004) and after the first phase of the plan to use labour broker employees (2005). They will be presented individually and then combined to establish the impact on the operational efficiencies in the waste handling operations.

- The number of safety incidents that occurred in the waste handling operations and their associated costs.
- The number of waste paper delivery trucks that were rejected to be off-loaded due to the quality of the waste paper not meeting the standards specified by MSN on a monthly basis. The waste warehouse operators are responsible for this task of inspecting the quality of the waste paper that is delivered to MSN.
- The percentage of time that the MSN supervisors to the waste handling operators spend in the waste handling operations.

Figure 4.11, below shows that the total number of incidents reported in 2004 versus 2005, after the use of labour broker employees. There was an increase from twenty three in 2004 to thirty eight in 2005.

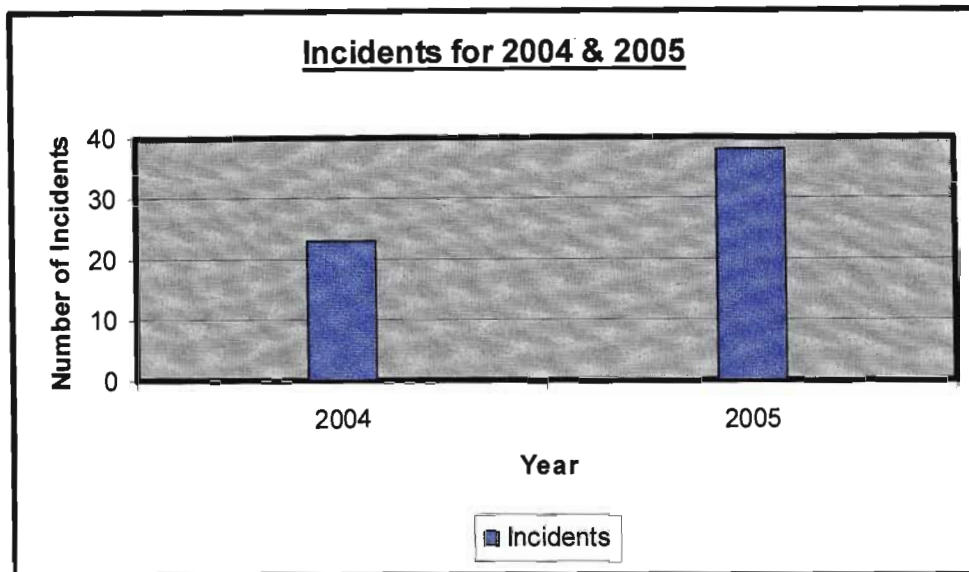


Figure 4.11: Incidents reported in 2004 and 2005

This increase in the number of reported incidents was not due to the introduction of labour broker employees in the waste handling operations. There had been a Mondi Group drive to increase the number of incidents reported for a short period of that overlapped with this period of study. Leaders in safety had recommended that the more incidents that are reported in a company and are investigated and followed up with corrective actions, the lower the chances of that company having a lost time injury on their site and an even lower chance of having a fatality. There had been three major incidents at a total cost of R80 000 for which all involved the labour broker employees.

Figure 4.12 reflects the number of trucks rejected for poor quality in 2004 versus 2005.

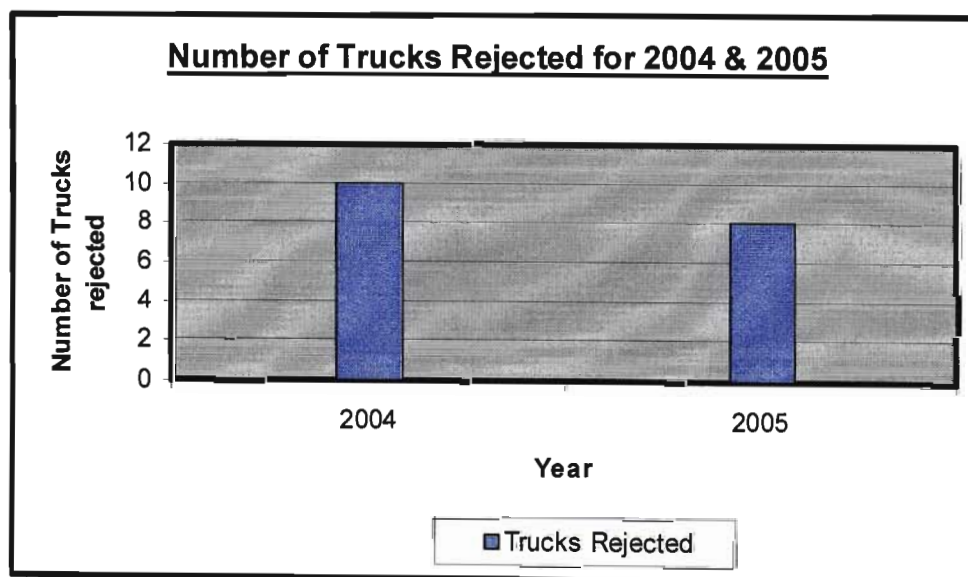


Figure 4.12: Number of trucks rejected for poor quality in 2004 and 2005

Figure 4.12 shows ten trucks that were rejected by the waste handling operators due to poor quality in 2004 and eight in 2005. The reduction in the number of trucks rejected for poor quality tie up with the observations that the researcher made of the quality of the waste paper in the storage areas as well as the lesser extent to which the waste paper was inspected in comparison to the norm. This then rules out the possibility that the lower number implies that better quality waste paper was being delivered into the operations. It is also relevant to mention that in 2005, 120 tons additional waste was rejected from the process which could not be used to make paper. This is a wasted cost of R90 000 and amounts to thirty percent of the additional 400 tons of waste paper that was processed in 2005 as per figure 4.5.

Below, figure 4.13 indicates that there was a very marginal difference in the amount of time that the process controllers spent in the waste handling operations supervising the waste handling operators between 2004 and 2005.

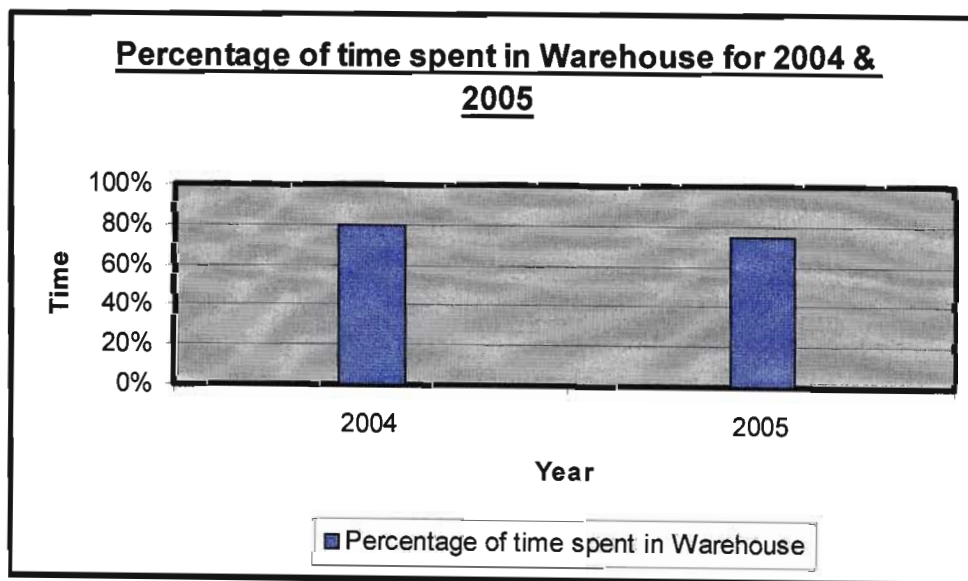


Figure 4.13: Time spent in the waste handling operations in 2004 and 2005

The direct observations revealed that there many tasks carried out at a rate that is lower than the norm and less efficiently as the norm which was outlined in Chapter three. The expectation would then be that the supervisors have a higher presence in the warehouse to ensure that the work gets carried out at the normal rates. The broken relationship between these supervisors and the warehouse operators is probably the reason why the supervisors opt to not confront the warehouse operators. This then resulted in them spending a lower percentage of time in the warehouse as reflected in figure 4.13.

This chapter presented and discussed the findings from the interviews, direct observations and the quantitative analysis. Chapter five will provide a summary of the study, present the research findings and outline the main conclusions of the study. Also, information gathered in this chapter together with the literature study in *Chapter two* will be used to develop recommendations.

CHAPTER FIVE

SUMMARY, FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter provides a summary of the study, presents the research findings and outlines the main conclusions emanating from the findings. It also offers recommendations based on this as well as for future research.

5.1 SUMMARY OF THE STUDY

As already mentioned, the focus of the study was to establish the effect of using labour broker employees in the waste paper handling section of the recycling plant of MSN on operational costs, operational efficiencies and employee morale. With regard to the literature review, literature on labour brokers, change management as well as selected motivation theories were discussed in *Chapter two*. With regard to the research design which centred around a case study, the data gathering methods were the unstructured interviews, direct observation and quantitative data gathering and analysis.

5.2 MAIN FINDINGS OF THE STUDY

Emanating from the study are the main findings which are summarised according to the research questions.

(1) Does the use of labour broker employees in the waste paper handling part of the recycling operations impact positively or negatively on morale of the waste handling operators?

The employee morale was very low and had impacted negatively on certain other aspects of the operations as well as the overall working atmosphere. As was highlighted in *section 2.5.3* whilst the working environment affected individuals, it undoubtedly had a great effect on the working group or team. There was also a spill over of the low morale to other raw material handling sections of MSN. Significant factors contributing to this low morale include poor communication and lack of a structured implementation process. In this study, the effect of this low morale on productivity was hidden due to the design capacity of the plant being more than that utilised in the years of comparison (2004 and 2005). There was sufficient additional capacity to allow for the “go-slow” of the Mondi employees to go unrecognised when comparing the productivity over the two

years. The plant shuts periodically for high storage levels which allows for time to catch up on any backlog with respect to waste paper handling.

Kreitner, Kinicki and Buelens (1999) outline some of the characteristics of an effective team as being open communication, consensus decisions and participation. All of these characteristics were clearly overlooked from the initial plan of using labour broker employees to implementation phase. These employees felt aggrieved and unrecognised for the past service that they had rendered to the company. They had a perception that this “treatment” was an indication of the lack of appreciation by management. This lack of a feeling of belonging and of being appreciated is very much in line with the Motivation theories discussed in *Chapter2*. The main attributor was the lack of involvement and communication to the affected parties in this significant change process.

The researcher can further categorise the factors that contributed to the low morale into three categories. These include factors in the work environment, management factors and personal factors. These are highlighted below.

Factors in the work environment

- The broken team spirit amongst the Mondi waste handling operators with their colleagues, their supervisors and management who all form part of the waste handling team.
- The lack of a proper implementation of this change process led to negative human relations. This is coupled with the failure of management to allow for employee participation in the decision making process
- There was a delegation to change rather than an implementation plan that was carried out. There was no involvement from any of the team members in the decision making with management. The change process was very poorly managed.

The impression that the waste handling operators had of management

- There was no transparency and openness between management and the Mondi waste handling operators nor their supervisors (process controllers).
- There was a perception that their manager made her own rules which was not in line with the company policies.
- They had a lack of faith and trust in their immediate and upper management.

- They felt that there was inconsistent application of policies e.g. the use of labour broker employees by MSN management to do shift cover.

The personal factors of the waste handling operators

- There was a lack of a feeling of being cared for.
- There was a lack of a sense of feeling a part of a team and belonging.
- They had a feeling of being cheated and robbed of their rights to carry out overtime.
- They had a perception that they were going to lose their jobs.

During the pilot study it was also revealed that the labour broker employees are an ill treated group of employees with some their basic conditions of employment conditions being abused.

(2) Does the use of labour broker employees in the waste paper handling part of the recycling operations reduce the operational costs in that section?

The total savings from the initiative was thus **R182 476** which constitutes the direct savings for which there was no significant productivity gains or losses as per the discussion around *figure 4.5*. Without consideration for the productivity factor, the cost saving becomes insignificant. The size/capacity of the operation was constant before and after the use of labour broker employees. It can therefore be said that the use of the labour broker employees did decrease the total operational cost in that section. This may be attributed to the lower rate of pay of the labour broker employees. It can thus be said that should the remaining three Mondi waste handling operators (refer to the details of the plan in *section 1.4*) be replaced by the labour broker employees that there would be an additional savings of R272 714 (3 x R91 238) per annum. In summary, the use of labour broker employees in the waste paper handling part of the recycling operations does reduce the operational costs in that section. This is very much in line with the advantages that many companies in the Xerox survey (*section 2.1.3*) highlighted amongst other literature.

The indirect cost however is low employee morale that the interviews highlighted. *Section 2.4*, highlighted that a motivated employee will yield higher productivity. In this case study the impacts of the low morale on productivity was hidden due to the additional spare capacity that the plant had. This cannot be the case in all operations therefore in today's highly competitive environment, employee satisfaction cannot be ignored.

(3) Does the use of labour broker employees in the waste paper handling part of the Recycling operations decrease or increase the operational efficiencies in that section?

The factors that have been evaluated to measure the impact of the change on operational efficiencies in the waste handling operations are tabled in *figure 5.1*. It must be stated that the production pressures remained the same in 2004 as in 2005 as there no significant change in tons of waste paper handled per hour by the waste handling operators.

	2004	2005
Incidents reported	23	38
No. of trucks rejected for poor quality	10	8
Time spent by the supervisors in the waste handling operations	80	78

Figure 5.1: Summary of operational efficiency data

In summary, there was an increase in the number of incidents reported after the change but all cannot be related to the use of labour broker employees. The three major incidents, that have been caused by the labour broker employees resulted in R80 000 damage costs. The number of trucks that were rejected by the waste handling operations due to poor quality decreased after the use of labour broker employees. A major part of the reason for the lower number of rejected trucks may be attributed to the low morale of the Mondi waste handling operators. This was confirmed through evaluating the results from the direct observations and the feed back from the process controllers. There were trucks that could have been rejected and the poor actual waste quality on the storage areas confirms this. There was a very marginal difference in the amount of time that the process controller spent directly supervising the waste handling operators between 2004 and 2005. The use of labour broker employees in the waste paper handling part of the recycling operations has no significant impact on the operational efficiencies in that section.

5.3 CONCLUSION

Although a small reduction in costs was realised due to the lower rate of pay of the labour broker employees, there was no significant impact on operational efficiencies in the waste handling operations. The use of labour broker employees did have a major negative impact on the morale of

the waste handling operators and that impacted on their relationship with their peers and supervisors. It resulted in a breakdown of the team. These study conclusions go against all literature that associate low morale and breakdown of teams with low productivity and was against expectation. The reason for this anomaly was that the recycled plant was under utilised with respect to production and thus left room for the impacts of the low morale to be hidden. Using these outcomes of the case study the researcher concludes that the benefits of replacing permanent employees with labour broker employees do not outweigh the disadvantages that arise from a work force with low morale. Based on these results the cost cutting strategy that involved replacing permanent employees with labour broker employees was not pursued. The outcome of the study was shared with the Mondi Group.

5.4 RECOMMENDATIONS

In light of the main findings and conclusions inferred thereof, the following recommendations are offered:

5.4.1 THE USE OF LABOUR BROKER EMPLOYEES

It had been highlighted through the results that there had been a small advantage with respect to the lower costs from using labour broker employees as opposed to company employees. The big cost though was the impact of this change on the morale of the employees and that overpowers the monetary gain of the initiative. It was also found that there seems to be a lack of focus on the labour pool that comes from brokers with respect to their rights. With this in mind, the following four recommendations are made in the order of choice:

1. Three of the employees have still not moved out into other positions and the rest of the manager's plan (*section 1.4*) was to replace them with labour broker employees. The researcher found no significant reason to pursue this strategy and the labour broker employees who are in this position will be changed to MSN employees if they meet the criteria. In all due respect to her team, she also owes them a deep apology for failing as a leader in this particular change initiative.
2. It is recommended that focus be on motivating employees to work at their peak and improve efficiencies and reduces costs through that way.

3. Most of the literature had focussed on the advantages of companies using labour broker employees and the impacts of outsourcing on the company employees. It is recommended that the understanding of the rights of labour broker employees and their motivation levels be evaluated with consideration to age, gender and education levels.
4. It is recommended that companies carry out intensive work to decide on their core functions and competencies and then to establish how to motivate the employees in those sections. The areas that are identified as primary functions must have permanent employees. This was neglected in this case study. The actions in the waste handling operations have major impacts on the final outputs of the recycling plant and should thus be classified as a primary function.

5.4.2 EMPLOYEE MORALE

This case study had been a huge learning curve for the researcher in terms of handling a change process and more importantly handling the people who are affected by the change. Many companies thrive on the saying that their people are their most valuable assets and MSN is no different yet through the entire process, the employees were not included as part of the team. With this in mind the following are recommended.

1. It is recommended that employees play a key role in change processes. Employee participation and involvement of leaders as highlighted in the literature review can only bring benefits to the company and make a success of any change initiative.
2. Have consultations with the affected parties early in the process and be transparent on where the company is finding difficulties. In this case study it would have been the overtime hours worked, the overtime costs associated with the high absence levels and the increased cost of running the operations. Figures and graphs to justify and support recommended actions ought to be shared with employees. Strong resistance to change is often rooted in the past and how things have been done before and how employees have been treated before and this would require patience and tolerance to assist these employees to see things differently.
3. Employee needs must be considered when management want to implement plans be it those that directly or indirectly impact on them. Through employee participation the union representatives and/or employees may be consulted and made part of the decision making and implementation teams.

4. There must be transparency and honesty in a business as a lack of these could be an antecedent that triggers bad behaviours and poor attitudes.
5. Once any change takes place it is recommended that the initiator continues with feed back sessions, to confirm that the envisaged benefits are realised and that the effects on the employees are well managed, as highlighted in *section 2.3*.

5.5 RECOMMENDATIONS FOR FUTURE RESEARCH

On the basis of the literature review and the main findings made earlier in this chapter, this section will refer to recommendations for future research.

The findings reveal that the researcher (manager) was not equipped enough with the tools to carry out a successful change initiative and was therefore not able to see the total success story of the case study with specific reference to the low employee morale. Perhaps future research should look into how equipped managers really are at effectively carrying out company strategies that require change.

The operators were aggrieved with the process but also attributed their negative feelings to their manager and her management style. Managers will always adopt differing leadership styles, thus future research needs to investigate the influence of differing leadership styles with regards to the motivation of their employees.

The pilot study that was carried out on the two labour broker employees (*section 4.1.1*) revealed that they have a lack of knowledge of their rights as employees. It is also reflected that this lack of knowledge is used by the labour brokers to neglect certain aspects of the Basic Conditions of Employment Act. Further research should be done on the management of labour broker employees and their knowledge of their rights as employees, as outlined in *section 2.14*.

As referred to in *Chapter two*, Minghuan (2004) in his research concluded that labour brokerage contributes significantly to people's upward movement in China. Many issues and dynamics around labour broker employees had been unpacked during this study. Perhaps a similar study to Minghuan's could be done in South Africa to establish the contribution that labour brokers make in South Africa's labour market.

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22 JANURARY 2007

MS. P MANILALL (202522813)
GRADUATE SCHOOL OF BUSINESS

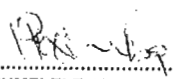
Dear Ms. Manilall

ETHICAL CLEARANCE APPROVAL NUMBER: HSS/07009A

I wish to confirm that ethical clearance has been granted for the following project:

“Analysis of the effects of using labour brokers on operational costs, efficiencies and employee morale: A case study”

Yours faithfully


.....
MS. PHUMELELE XIMBA
RESEARCH OFFICE

cc. Faculty Officer (Christel Haddon)
cc. Supervisor (Dr. M Dent)