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Upgrading in Automotive Global Production Networks: Workers' Power in South Africa

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Abstract

The introduction of the concept of social upgrading was a welcome development in the study of Global Production Networks (GPNs). We argue that although social upgrading is primarily a result of labour agency rather than automatically trickling down from economic upgrading, without economic upgrading social upgrading will not be sustainable. We show how it was through the use of their structural power, the development of associational power through building a national industrial union, the National Union of Metal Workers of South Africa, and institutional and societal power, that workers realised social upgrading improvements in the automobile industry in South Africa. The rights consolidated in legislation and the institutions established were the result of workers using their power in strategic ways. We argue for an alternative approach to social upgrading that foregrounds workers power as a crucial determinant of social upgrading. This, we conclude, will require a labour-led development path.

Keywords

automotive and components manufacturing – decent work – economic and social upgrading – global production networks – labour agency – National Union of Metalworkers of South Africa – workers' power

1 Introduction

Much of the early literature on upgrading in Global Production Networks (GPNs) focused on the process of economic upgrading. Economic upgrading refers to moving from low- to high-value-added activities (Gereffi, 1999). Related to this are measures to increase competitiveness and productivity, with economic upgrading associated with upward movement to capture a greater share of the proceeds of production (Salido and Bellhouse, 2016). Linked with this are two types of economic upgrading, namely process upgrading, which involves improving the production process, including by adopting new production technology, and functional upgrading, which involves moving up to high value activities (Barrientos et al., 2011). The other types of economic upgrading are product upgrading, moving to more advanced products, and chain upgrading, moving into new industries or product markets located in different GPNs (Barrientos et al., 2011).

The concept of social upgrading emerged as a critical response to the analytical focus on economic upgrading with little, if any, attention paid to workers (Bernhardt and Milberg, 2011). The introduction of the Decent Work Agenda by the International Labour Organisation (ILO) (1999) laid the foundation on which the concept of social upgrading was developed. Decent work covers a wide range of indicators mainly organised into four categories, namely employment, workers' rights, social protection, and social dialogue. Linked with employment are other indicators such as work opportunities, employment and work security, income security, social security, occupational health and safety, and social dialogue (Ghai, 2003).

Capturing the Gains, an international research network formed at an ILO Research Conference held in Geneva in 2006 (Capturing the Gains 2010/2009), played a key role in advancing the concept of social upgrading, linked with economic upgrading (Barrientos et al., 2011). The concept of social upgrading has enhanced studies on the impacts of global production on labour (Coe and Yeung, 2019).

However, the way the concept of social upgrading was initially framed assumed that 'improvements to workers' conditions were to be delivered by

collaboration between elite bodies, in particular firms, states and international organizations' (Selwyn, 2013, 76). Thus, what is needed is 'a "bottom-up" conception of social upgrading, rooted in analysis of the capitalist labour process, where changes to workers' conditions are determined, fundamentally, by the balance of power between labour and capital and how this balance is institutionalized by states' (Selwyn, 2013, 76). This should include, as Selwyn argues, recognition of the existence of labour exploitation by capital and analytical attention to the capital–labour relation to get to the root of workers' conditions in GPNs.

The relationship between economic and social upgrading is shaped by the underpinning relationship between capital and labour (Mashilo 2019b). This capital–labour relation involves co-operation in the production process, on the one hand, and contradictory interests based on profits and wages as capital's–labour's sources of income, on the other. Co-operation is the unity that moves production, while contradictions are a key driver of the conflict/struggle between the two social forces centred on the distribution of production income.

We found the concept of workers' power resources the best way of setting out the ways in which workers exercise labour agency, and collectively advance and defend their common interests in their conflicts with employers—for a similar argument see also Mendonca and Adascalitei (2020), and Karatepe and Scherrer (2019). Figure 1 refers to workers' power resources.

The workers' power resources concepts of associational and structural power, included in Figure 1, were developed by Wright (2015). By workers'

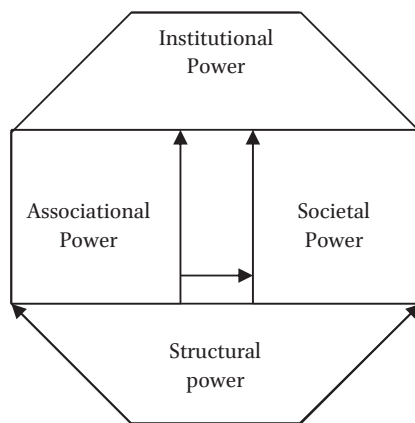


FIGURE 1 Power Resource Approach
SOURCE: AUTHORS' DESIGN

associational power it is meant the various forms of power that result from the formation of the collective organisation of workers, including trade unions, parties and a variety of other forms of worker organisation or institutional representation, while by workers' structural power it is meant the power that results simply from their location within the economic system, workplace or industry. Workers' structural power includes the power that results directly from tight labour markets or strategic location of a particular group of workers within a key industrial sector (Silver, 2003).

In their conceptualisation of the power resources approach Schmalz, Ludwig and Webster (2018) add to the original power resources (structural and associational power) the notions of institutional power developed in German literature by Doerre, Holst and Nachtwey (2009) and societal power, elaborated by, among others, Chun (2009). The addition is covered in Figure 1 above. Institutional power comes down to the ability to use institutions through lobbying and by exhausting available legal possibilities while maintaining political autonomy (Schmalz et al., 2018). As Schmalz and colleagues point out, institutional power is usually the result of struggles and negotiation processes based on structural and associational power. Societal power, on the other hand, involves boosting one's associational power by harnessing other social actors through coalitions or alliances (Schmalz et al., 2018).

In this article we demonstrate how workers drew on a combination of these four power resources to drive social upgrading in the automotive manufacturing industry in South Africa.

Drawing on the automotive components manufacturing sector in Gauteng, South Africa's largest industrial province, we argue that labour agency plays a central role towards social upgrading. We show how it was mainly through the use of their structural power, the development of associational power through the National Union of Metal Workers of South Africa (NUMSA), and the union's strategic use of institutional and societal power, that labour achieved social upgrading improvements in the automotive manufacturing industry in South Africa.

The rights consolidated in legislation and the institutions established in the workplace, at industry and national level were, also, the result of workers using their power in strategic ways. Initially, the alliance with South Africa's governing party, the African National Congress (ANC), and its partner the South African Communist Party (SACP), enabled metalworkers to access societal power. However, this alliance was to turn sour when NUMSA withdrew from it in 2015 (Craven, 2016).

Our research reveals an important caveat on the relationship between economic and social upgrading. While employers pursue economic upgrading primarily to meet capital accumulation requirements, successful economic upgrading emerges as a key factor for sustainable social upgrading. However, some strategies adopted by employers in competition with each other, and to gain new outsourced manufacturing contracts and maintain inclusion in automotive Original Equipment Manufacturers' (OEMs') GPNS, generate social downgrading. Ultimately it is labour agency that plays a crucial role towards social upgrading from the value of production output and economic upgrading, and to resist social downgrading.

We would agree with Fridell and Walker (2019) when they argue that there has been a shift in the discourse on social upgrading to an emphasis on the benefits of corporate social responsibility and the global market. But we would argue that the way to prevent the deployment of the discourse on social upgrading as a 'neo-liberal market fantasy' designed to obscure market integration is to foreground the fact that workers are rediscovering their power and finding ways to make use of that power in GPNS (Schmalz, Ludwig and Webster, 2018). We have seen, for instance, the increase of wildcat strikes, roadblocks, and boycotts, from South China to Southern California (Alimahomed-Wilson and Ness, 2018).

We have divided the paper into two parts. Our research on economic upgrading at the firm-level was preceded by a decent work survey to look at the social upgrading position of workers in the automotive components manufacturing sector focusing on Gauteng, South Africa's most industrialised province. We discerned two distinct categories from the survey findings, a low and high decent work category.

In Section 2 we demonstrate that in the low decent work category, social upgrading was limited through a weak market position of suppliers, indicated by low-volume production and a lack of new contracts/diversification of clients. In contrast, the high decent work category was in a comparatively stronger market position, characterised by high volume production, product upgrading and, at least in the case of one Automotive Components Manufacturer (ACM), relative independence from the OEMs' monopsonistic original equipment components (OECs)/Supplier parts (OES) market structures.

In Section 3 we examine three cases that demonstrate that labour agency plays a central role towards social upgrading improvements. We conclude by suggesting an alternative approach to upgrading that foregrounds workers' power as a crucial determinant of social upgrading, as opposed to the assumption that social upgrading automatically trickles down from economic upgrading.

Before we begin, we introduce a methodological note and an examination of the structure of the industry. We deal firstly with methodology.

We adopted the diagnostic tool of qualitative and quantitative indicators developed by Webster, Budlender and Orkin (2015) to conduct the decent work survey and thus operationalised the concept of social upgrading in a value chain analysis of the automotive components manufacturing sector (Mashilo, 2019b). Seven case studies were drawn from sixteen enterprises whose workers were covered by the survey. In total, the sixteen enterprises employed 4931 hourly workers. The survey, which covered 184 workers, was designed to ensure a minimum of 2% coverage per enterprise, based on its workforce level to ensure representatively. The maximum participation reached was 17%. A distinction was then drawn between the low and high decent work categories using the findings from the survey.

The survey instrument comprised forty-eight main items covering a wide range of decent work indicators under the categories mentioned above. Most of the items required binary 'Yes' or 'No' answers. There were items that allowed multiple responses, however. This made the total number of responses greater than the forty-eight main items. Each item was coded numerically for purposes of computational/quantitative analysis through the Statistical Package for the Social Sciences.

The conditions of the workers in the automotive components manufacturing sector are determined through collective bargaining under the Motor Industry Bargaining Council (MIBCO) which focuses on setting minimum levels. Thus, the workers are not necessarily paid equal wage rates. While others are confined to minimum wage rates, others' actual wage rates are higher. We deal with this under the case studies that follow. A key point we indicate at this stage is that wage rates influence the levels of employer–employee contributions to negotiated benefits such as the provident fund, medical aid scheme, and statutory benefits such as the Unemployment Insurance Fund. Not all workers were entitled to negotiated benefits, however, as discussed under the case studies that follow. Thus, actual conditions, whether minimum or above minimum, play a crucial key role in workers' social upgrading positions. Table 1 reflects four selected indicators and average firm-level scores under each item, with 1 allocated to an above average score and 0 to a below average score.

The scores were summed under the column 'Total score'. In this scenario, the maximum total points are 4. Thus, total scores of 0 or 1 to 2 are low decent work scores while 3 to 4 are high decent work scores. The 7 case studies on firm-level economic upgrading in-depth interviews were based on access, underpinned by the principles of voluntary participation and availability to participate in the study. We earmarked a minimum of two enterprises in each

TABLE 1 Selected decent work supplier base average firm-level indicator scores.

ACM/ Supplier	Remuneration	Employment security	Benefit (paid leave when partner gave birth)	Social dialogue/ Unionisation	Total score
1	1	0	1	0	2
2	1	1	1	1	4
3	0	1	1	1	3
4	1	1	1	0	3
5	1	1	1	1	4
6	1	1	1	0	3
7	0	0	1	1	2
8	0	0	1	1	2
9	0	1	1	1	3
10	0	1	1	1	3
11	0	1	1	1	3
12	0	0	0	1	1
13	1	1	1	1	4
14	0	0	1	1	2
15	1	0	1	1	3
16	0	0	0	1	1

SOURCE: MASHILO (2019b), 162.

category, low and high decent work enterprises, for purposes of manageability. We used the survey findings to conduct in-depth interviews at firm level. The approach we followed allowed us to triangulate the data and link the extent of social upgrading (the survey) to the enterprises' economic upgrading strategies (in-depth interviews).

2 Automotive Industrial Structure in South Africa

The automotive industry in South Africa is recognised as the mainstay of the country's industrial base and centre of industrialisation in Africa (Automotive Industry Export Council 2018, 2019, 2020). Its assembly sector is made up by 7 Original Equipment Manufacturers (OEMs), lead firms in automotive GPNs (Figure 2). All the OEMs are foreign-controlled multinational corporations (MNCs).

In 2018 there were 430 original equipment components and supplier parts manufacturing enterprises supporting the OEMs (Department of Trade and Industry 2019). In 2019, 180 of the total suppliers were OEM subassembly first-tier suppliers, of which 75% were foreign-controlled MNCs (Automotive

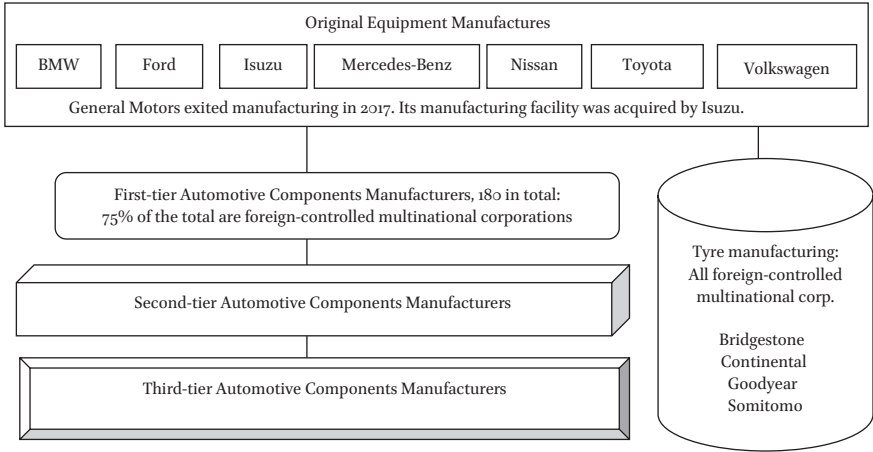


FIGURE 2 Automotive manufacturing industrial structure in South Africa
 SOURCE: AUTHORS' DESIGN

Industry Export Council, 2020), meaning the rest were in the second and third tiers. Direct employment in the automotive assembly and tyre manufacturing sectors reflect a declining trend since 1995, while the trend in the OECs/OES parts reflect an increase (Figure 3).

The OEMs have increasingly become more capital intensive, since 1995. According to the AIEC (2020), the capital expenditure of the OEMs in 2018 and 2019 totalled 7.2 billion and 7.3 billion compared to the entire components manufacturing sector at 3.5 billion in both years respectively in South African rand value terms. For the two decades from 1999 to 2019 the wider automotive industry including the trade area gross domestic product contribution to the South African economy averaged approximately 7% (Mashilo, 2019b).

Generally, ACMS depend on their inclusion by OEMs in their respective OEC/OES parts manufacturing GPNs. The OEMs control overall vehicle innovation, research, and development (IRD). The OEMs outsource and control the manufacturing of OECs/OES parts and are the sole buyers of their outsourced components from the ACMS. In the first place, it is the OEMs that award those respective ACMS their outsourced components' manufacturing contracts. This makes the OECs/OES parts markets structure controlled by OEMs monopsonistic in character.

For a manufacturer to be eligible for an outsourced OECs/OES parts manufacturing contract, it is required to meet International Organization for Standardization Technical Specifications set by the International Automotive Task Force (IATF) and specific OEMs' outsourced components manufacturing contract requirements (Mashilo, 2019b). IATF is, however, itself a group of

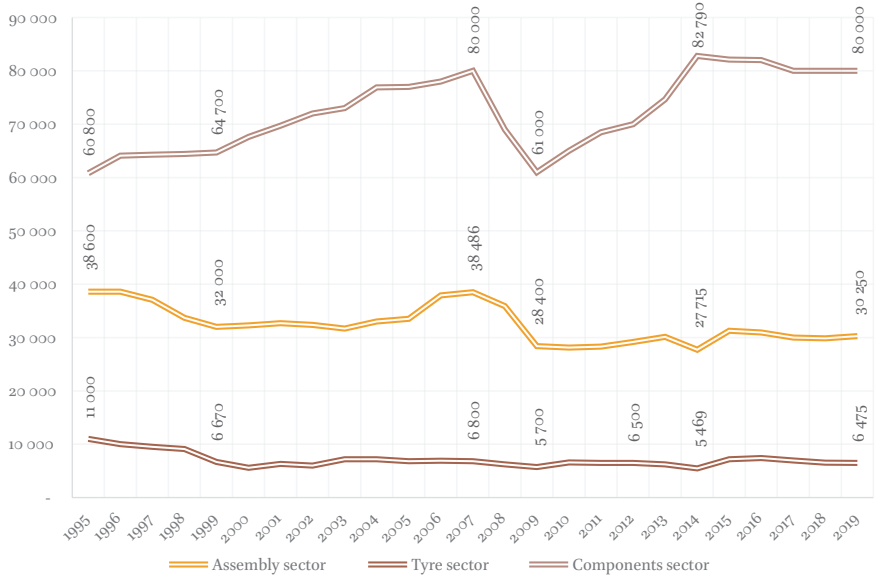


FIGURE 3 South Africa's automotive manufacturing employment
 SOURCE: ADAPTED FROM MASHILO (2019A) WITH ADDITIONS AND ADDITIONAL AUTHORS' DESIGN BASED ON DATASET SUPPLIED BY THE NATIONAL ASSOCIATION OF AUTOMOBILE MANUFACTURERS OF SOUTH AFRICA (NAAMSA)/NATIONAL ASSOCIATION OF AUTOMOTIVE COMPONENTS AND ALLIED MANUFACTURERS (NAACAM) ON THE ASSEMBLY AND COMPONENTS SECTORS (1995–2017), AND DATA FROM THE AUTOMOBILE INDUSTRY EXPORT COUNCIL (AIEC) (2020) ON THE ASSEMBLY AND COMPONENTS SECTORS DATA (2018–2019), BARNES AND BLACK (2014) ON THE TYRE MANUFACTURING SECTOR (1995–2012), AND NAACAM/SOUTH AFRICAN TYRE MANUFACTURERS CONFERENCE (SATMC) ON THE TYRE MANUFACTURING SECTOR (2013–2019).

OEMs and their respective trade associations (International Automotive Task Force, 2020).

OEMs use their power and their supplier bases as part of their levers of competition. The OEMs drive low-cost production, high quality, delivery reliability and other terms and conditions competition between the ACMS that seek inclusion in their respective GPNS or bid for their outsourced components manufacturing contracts. Non-performing ACMS face penalties, loss of business and exclusion, among other consequences. This impacts on social upgrading in the automotive components sector and thus affects workers in the supplier base. Collective bargaining plays a key role as a centre in which workers exercise their power to achieve social upgrading. Below we briefly highlight the collective bargaining landscape in which that takes place.

3 Collective Bargaining Landscape

Collective bargaining is sectorally organised into a landscape of three bargaining institutions in the automotive manufacturing sector in South Africa. In the vehicle assembly sector, collective bargaining takes place centrally under the auspices of the automobile National Bargaining Forum (NBF). As indicated already, collective bargaining for the automotive components manufacturing sector takes place under the auspices of MIBCO. Collective bargaining for the New Tyre Manufacturing Industry occurs under the New Tyre Manufacturing Industry Bargaining Council (NTMIBC). The scopes of the 3 automotive manufacturing industry bargaining units cover hourly personnel. We turn now to a focus in Section 3.1 below on economic upgrading.

3.1 *Economic Upgrading in the Automotive Components Manufacturing Sector*

Our study of economic upgrading in the automotive components manufacturing sector revealed two categories of enterprises, drawn up in relation to each other, based on a quantitative analysis of findings from our decent work survey (Mashilo, 2019b). The first category comprised 3 enterprises employing workers who fared low on their average decent work score. The second category comprised 4 enterprises employing workers who fared high on their average decent work score. Below is a summary of the findings made under each category.

3.1.1 Low Decent Work Category

Enterprises falling in this category, in general, reflected relatively weak market positions, indicated by low-volume production. This was compounded, in certain cases, by a reduction in components supply volumes or cancellation of outsourced manufacturing contracts by OEMs not satisfied with supplier competitiveness or performance under their set criteria. The affected workers faced retrenchments resulting in loss of employment as a form of social downgrading.

The reduced volumes and cancelled contracts were shifted to competing ACMS, which, typically, were associated with low-cost production competition. In 2 of the 3 case studies falling in this category, the competitor relocated production to another country, one in Southern Africa, and another in Eastern Europe. In addition to the search for low-cost production, the enterprises affected by the loss of OEM outsourced components manufacturing contracts attributed the production relocation by the competitor to labour instability, referring to strikes by NUMSA, which are covered in Section 3.3 on labour agency.

The downward market pressures therefore not only affected the ACMS but also their workers as the employers, in pursuit of their OEMS GPNS inclusion-dependent for-profit business, turned on labour in their cost reduction. The situation, according to several ACMS falling in both categories, had reached a point where survival in the OEMS GPNS gained precedence over their own profit-making business—the ACMS' business could not be possible in the first place without gaining inclusion in the OEMS GPNS and maintaining it by meeting the demands of the OEMS.

Structurally workers employed by ACMS that could not withstand downward market pressures exerted by OEMS fared on an average low decent work score. One of the ACMS in this category succeeded, however, to achieve a turnaround through economic upgrading, but without improving workers' social upgrading position. What this did, through an upturn in volumes, was to prevent further retrenchments, however.

Two of the ACMS falling in this category lost supply contracts as a result of failures to meet the requirements demanded by OEMS, impacting quality, critical components' safety and delivery reliability. The volumes lost, removed from them by their OEMS, were awarded to their competitors. This underlines the power that OEMS command in their OEC/OES parts markets. This has a decisive impact on ACMS and the social upgrading position of their workers, in this case, hourly-rated workers. An ACM produces specific OECs/OES parts only for, and supplies them only to, a single buyer—the OEM that outsourced and awarded that ACM manufacturing contract for the respective OECs/OES parts. This underlines the monopsonistic character of OEMS' OECs/OES parts markets.

As one of the suppliers in this category summed it up, 'OEMS exercise not just decisive but also overwhelming control' (Mashilo, 2019b, 197). Related to this, OEMS also control the tooling associated with the robots employed and other production machinery. When an OEM cancelled a supply contract, as 2 OEMS did in the case of one of the suppliers in this category between 1990 and 2017, they removed their tooling. The robots and the other production machinery are without the tooling, as good as dead capital. In addition, OEMS impose penalties in case of failure to comply with their criteria, such as quality, critical components' safety, and delivery reliability. Failures that result in vehicle recall see more severe penalties and, in the worst-case scenario, outsourced manufacturing contract cancellations.

As ACMS' profit margins faced increasing pressure, the suppliers, too, turned more and more aggressively on labour, to suppress labour costs as part of their low-cost production competition strategies. This meant restricting workers' income to the minimum permissible under workplace law and/or the sectoral bargaining agreements. The use of labour brokers to cut costs surfaced in this

low-cost production competition as a cost cutting strategy, rather than absolutely as a consideration to build flexibility in response to the supplier operating environment that was characterised by frequent market fluctuations. In response, the labour movement embarked on a social upgrading strategy to abolish or regulate the practice of labour brokering. In this regard economic upgrading and social upgrading collided with each other.

The ACMS in this category were not involved in product upgrading, particularly as represented by primary product IRD. They therefore did not enjoy the relative bargaining power associated with this type of economic upgrading. This is expanded upon under the next category of components manufacturing enterprises.

Only one of the 3 supplier case studies in this category had begun to engage in product and related functional upgrading but was still at a secondary innovation stage and not yet at the primary product IRD stage.

One of the 3 enterprises in this category of case studies was a labour brokering firm. The company was not involved in any form of economic upgrading or social upgrading for workers, including skills training. The supplier was wholly dependent on labour brokering as its core business. The workers employed by the company were all confined to minimum permissible conditions, meaning that none of them had higher actual conditions. They had no prospects for higher conditions of employment. In the other case studies in this category, there were workers reported to be at least marginally above minimum conditions. This section of workers was however numerically insignificant compared to that of the workers who were on permissible minimum conditions. Hence the workers in this category fell in the average low decent work score category.

None of the 3 suppliers in this category engaged in value chain or inter-chain type of economic upgrading.

Firm-level strikes in the automotive components sector are, in terms of MIBCO collective bargaining agreements, not allowed outside of sectoral bargaining strikes. However, workers at one of the ACMS falling in this category embarked on unprotected strikes in support of their demands for social upgrading improvements. The supplier reported one to two unprotected strikes on average per annum.

What the case studies in this category underline is that the relationship between economic and social upgrading is a complex affair subject to contradictions between labour and capital and the power relations in GPNs between lead firms—OEMs, and their suppliers—ACMs. A conclusion in this regard is that, while important for social upgrading, economic upgrading does not automatically generate social upgrading. Its primary objective is, as we argue, to meet capital accumulation requirements.

3.1.2 High Decent Work Category

Pressures exerted by OEMs in their OECs'/OES parts' monopsonistic market structures apply to suppliers in this category as well. The pressures also include overwhelming control over the OECs/OES parts production process. However, there were company-specific differences that distinguished enterprises that fell in this category in terms of the average decent work score of the workers they employed, compared to the relatively low decent work category.

High decent work category ACMS displayed relatively strong market positions and, associated with it, robust economies of scale reflected in their high-volume production. This included a strong global market presence and high volumes in both export and domestic supply. Companies in this category pursued process upgrading more robustly. This reduced their vulnerability to volume reductions or contract cancellations by OEMs.

In addition, sufficiently high production volumes mitigated the negative effect of social downgrading on workers. That is, it prevented retrenchment, and income loss, as a result of increased productivity. Where there were increases in volumes sufficient to employ additional workers, this was done. Additional employment represents a form of social upgrading, especially for the newly employed workers. However, the employers only employed additional workers when it was absolutely required. This meant that where social upgrading occurred, resulting from economic upgrading, it was either incidental or absolutely indispensable, as the primary goal for which companies engaged in economic upgrading was to meet capital accumulation requirements.

The suppliers in this category maintained relatively higher actual wage rates and associated conditions of employment, specifically for sections of their workers on permanent employment contracts. This translated into relatively higher medical aid and retirement fund employer–employee contributions, as well as relatively higher pay for annual leave and for other types of leave, compared to workers employed by enterprises in the low decent work category.

Functional upgrading through involvement in product upgrading through product IRD also played an important role. Product upgrading was not limited to involvement in IRD only, however. It included a high variety of products in production and their associated higher production volume. These types of economic upgrading boosted the bargaining position of the suppliers involved in those functions. They stood a better chance of being awarded supply contracts and higher volumes by the respective OEMs.

One of the suppliers in this category enjoyed a strong after sales market. This however collapsed after an OEM for which the ACM was producing a component modified it, making its frequent after-sale market replacements unnecessary. On the one hand, this benefitted the consumer. On the other, it led to

the supplier retrenching the workers who were involved in the production of that component, and to that extent socially downgrading them into the ranks of unemployment. The ACM maintained the high decent work conditions of its remaining workforce, nevertheless.

One of the ACMs in this category exited OEMS GPNS, thus de-linking through an exclusive focus on the Independent After-Market (IAM) or the Replacement Parts Market (RPM). The supplier gained direct control in the designer supply, asserted its executive director (Mashilo, 2019b). Its IAM share prospered both in South Africa and in export markets, albeit under a licensed brand name. The company maintained the pre-existing, relatively high actual conditions of employment for its workers because of the high profit margins in this market segment compared to the wholly OEMS-controlled OECS/OES parts markets, according to the executive director (Mashilo, 2019b). The relatively high profit margins did not translate into augmented employment conditions or social upgrading for the workers, however, except, when indispensable by way of additional employment of workers from the company's database of temporary labour force reserves.

At least one of the ACMs in this category was supplying state-of-the-art driverless, autonomous or 'self-driving' vehicles, to a North American export market destination.

Despite a relatively high decent work average score, particularly for their core/permanent workforces, suppliers in this category also engaged in labour brokering and maintained the affected workers on minimum permissible conditions.

Given increasing market pressures associated with the OEMS-controlled OECS/OES parts monopsonistic market structures, 3 ACMs in this category warned that they could reach a point where they would be unable to maintain the high actual employment conditions of their permanent workers as pressures in OECS/OES parts mounted.

3.2 *Overall Assessment*

The monopsonistic market pressures exerted by OEMS on ACMs not only affect the suppliers but also their workforces. Employers curtail 'labour costs', that is workers' income and spend on labour, as part of their low-cost production competition strategies. Technological change in the sector is increasingly becoming a key economic upgrading feature. Except for the supplier whose business was labour brokering, all the companies in both categories were pursuing technological change as part of their production strategies. This was also demanded by OEMS as part of their OECS/OES parts contracts criteria.

Suppliers in both decent work categories were sandwiched between, from the top, the OEMs, which pushed downward market pressures in their GPNS, and from the bottom, the workers, who pushed their social upgrading demands and resisted erosions in their employment conditions. The suppliers were not spectators, however. They were pushing down against workers' social upgrading demands and seeking other ways to curtail labour costs.

The high decent work score on average associated with that category of suppliers was mainly a result of what one supplier referred to as 'historical costs' or 'legacy costs' (Mashilo, 2019b), resulting from workers' previous gains. The ACMS' ability to sustain their workers' social upgrading position as reflected in their average high decent work score was nonetheless attributed to their respective strong market position. This scenario shows that labour agency extracted social upgrading concessions from employers not only in the past but also from the economic upgrading that followed, making the sustenance of those concessions possible. This category of case studies suggests that we need to add a fifth type to the current four types of economic upgrading, market upgrading.

The four types of economic upgrading, namely process, product, functional and inter-chain/network upgrading are interrelated and involve elements of one another. In the same manner, they involve market considerations and are concerned with market upgrading, which we elevate to its own status. High volume production for both domestic and exports markets and related strong global presence has emerged as the key features in that regard, that is, in terms of market upgrading.

We turn now to Part II to elaborate on the role of labour agency in the process of social upgrading.

3.3 *Worker Agency*

As we argued in Section 3.1, the relationship between OEMs and the ACMS, particularly the balance of power, shapes the conditions of workers in the components manufacturing sector. The OEMs are, essentially, the employers of the ACMS and exercise control in their GPNS (Mashilo, 2019b).

The three empirical cases that follow show that labour agency plays a central role towards social upgrading improvements for workers. The first case highlights one way in which workers exercise their structural and associational power at the workplace (Mashilo, 2010). The second case is related to the engagement of labour brokers by employers in the automotive components manufacturing sector and trade union responses to labour brokering through collective bargaining, political action and the courts (Mashilo, 2019a,b), what we call institutional and societal power. The third case focuses on wage rates

and the role played by workers through trade union action to achieve improvements (Mashilo, 2019a,b), what we call associational power.

As these three case studies show, labour agency played a central role towards social upgrading in the automotive manufacturing sector in South Africa. It was through the exercise of a combination of worker power—structural, associational, societal, and institutional power, that workers were able to improve their wages and working conditions. Table 2 illustrates the relationship between social upgrading and workers power based on the case studies that follow.

3.4 *Case Study One*

3.4.1 Workplace structural and associational power with wider implications

The automotive components manufacturing enterprise we call ACM X had one of its 3 production facilities in South Africa in the Automotive Supplier Park (ASP). The ASP is strategically a few minutes from the final vehicle assembly plants of BMW and Nissan in Rosslyn in South Africa's capital, the City of Tshwane. ACM X employed over 700 workers in 2009. Most of the workers, especially among the hourly paid personnel, were female. The majority of ACM X's workforce, approximately 51.3% of the over 700 workers, were employed under a labour broker.

In an interview on 11 November 2009, a worker recalled starting to work for ACM X in 1999 (Mashilo, 2010). She explained that ACM X acquired part of another supplier, which we call ACM Y. She was employed under a labour broker and it was not clear how long her employment would last. Together with other affected workers, she did not know when she would be employed directly or on a permanent contract of employment by ACM X. The workers joined the National Union of Metalworkers of South Africa (NUMSA). She was later elected a NUMSA shop steward, representing the workers and serving as part of their leadership in the struggle for social upgrading.

Through the union, NUMSA, the workers waged the struggle to be employed directly by ACM X. In 2000 she, together with her colleagues, was transferred from the labour broker to be directly employed by ACM X. This was not merely a struggle over who their employer was, or where their employment was located, it was a struggle for social upgrading. Under the labour broker, the workers were paid lower than their counterparts who were directly employed by ACM X on permanent employment contracts. This adversely affected the benefits that they were entitled to, such as annual and sick leave pay. Moreover, they were deprived of the benefits such as provident/retirement fund and medical aid scheme cover—which their counterparts who were directly employed by

TABLE 2 Social upgrading and workers power resources.

Social upgrading	Workers power resources	Case study
Permanent employment of workers, with higher wage rates and benefits at ACM X, transferred from a labour broker where they were paid less and without benefits. This ensured equal pay for work of equal value and equal treatment at work.	Structural and associational power.	Case Study One
Prohibition of the use of labour brokers in the automotive assembly and tyre manufacturing sectors bargaining units.	Structural and associational power, and institutional power through the bargaining unit.	Case Study Two
Reduction and restriction of the use of labour brokers in the components sector bargaining unit.	Structural and associational power, and institutional power through the bargaining unit.	Case Study Two
Improvement of the conditions of fixed-term contract workers in the automotive and tyre manufacturing sectors bargaining units to the level of their permanent counterparts, ensuring equal pay for equal work and equal treatment at work.	Structural and associational power, and institutional power through the bargaining unit.	Case Study Two
Regulation of labour brokering through legislative amendments, including limitation of the continuous duration of an employment contract under a labour broker, and the extension of collective bargaining agreements to workers employed under labour brokers, thus improving their conditions and ensuring equal pay for work of equal value and equal treatment at work.	Structural and associational power, institutional power through parliament and the executive authority of the state, and societal power through alliances.	Case Study Two

TABLE 2 Social upgrading and workers power resources. (*cont.*)

Social upgrading	Workers power resources	Case study
Achievement of wage increases and benefits through collective bargaining.	Structural and associational power, and institutional power.	Case Study Three
Establishment of social dialogue through the creation of centralised bargaining in the automotive assembly and new tyre manufacturing sectors.	Structural and associational power.	Case Study Three

AUTHORS' DESIGN.

ACM X on permanent contracts were entitled to. The situation of the workers typified how labour brokering contributed to the exploitation of labour.

The practice of labour brokering was therefore not used merely to build flexibility in response to fluctuating market conditions but was one of the key strategies adopted to downgrade workers' income, thus cut labour/production costs, as part of the low-cost production competition prevailing in automotive GPNs. The transfer of employment for the affected workers from the labour broker to direct employment by ACM X on permanent employment contracts brought about equalisation of basic wage rates and improved associated benefits. This social upgrading improvement victory was achieved with the support of the rest of NUMSA's membership in a show of worker solidarity. The hard-won victory, however, lasted for five to six years from the early 2000s. Thereafter it was rolled back.

In mid-2000s (2005–2006) ACM X instituted retrenchments, a situation that forced the worker to take a Voluntary Separation Package (VSP). She cited loss of competition for a supply contract as one of the main reasons for the retrenchments. The workers established that a competing company, which we call ACM Z, won the supply contract from the OEM that ACM X had formerly supplied. ACM Z was paying low wages, attributed to its extensive employment of labour brokers.

The worker applied for re-employment at ACM X after the company gained new components volumes. Based on her experience, she was re-employed in 2009, but under a labour broker. This also happened to her other colleagues and other new workers, hence the 51.3% labour-brokered complement in November 2009 at ACM X. The shift from permanent to labour brokered employment indicated that the volume of the additional components was

awarded by the lead OEM to ACM X under low-cost production competition, and that this adversely impacted workers' conditions. In 2009, the labour brokered workers' hourly wage rate was R10.00 less than that of their counterparts who were directly employed by ACM X on permanent contracts. The workers found this to be unfair as they performed work of the same value in an equal number of hours.

Besides the struggle against labour brokers, the highly organised workers at ACM X engaged in collective action on other matters. On 11 November 2009, the workers had recently returned from a temporary lay-off occasioned by the impact of the 2008 economic crisis. ACM X deducted employee benefit contributions from their first payment after the temporary lay-off affecting, mainly, its permanent workforce. The workers claimed the company did not do so on previous occasions but paid the deductions on their behalf. The company rejected the claim, resulting in a dispute. The workers embarked on an unprotected strike action, disrupting Just-in-Time (JIT) supplies to the OEM for which ACM X manufactured vehicle components.

ACM X could not take major financial decisions as a South African-based subsidiary of a foreign-controlled first-tier multinational corporation (MNC). Such decisions were reserved for its European-based global regional headquarters. Meanwhile, the workers continued with their workplace strike until their local NUMSA officials intervened. The union officials found it difficult to convince the resolute workers to consider the repercussions of their unprotected industrial action, to go back to work, and to allow a procedural process for handling the dispute to unfold. The unprotected strike by the workers exposed the vulnerability of the JIT system to collective labour action as their supply chain to the OEMs was disrupted. The OEM could not continue production without the components from ACM X. This case study illustrates the strategic use of both structural and associational power and how a localised work stoppage could bring a JIT co-ordinated broader production network to a halt.

3.5 *Case Study Two*

3.5.1 Collective Action Against Labour Brokers: Societal and Institutional Power

At its fifth National Congress and Policy Conferences held in 1996 and 1997 respectively, NUMSA discussed the issue of labour brokers, which had been itemised in South Africa's post-1994 Labour Relations Act (LRA) (Act 66 of 1995) as temporary employment services (section 198 of the Act). Arising out of these policy gatherings the union held that labour brokers 'should be regulated and workers in these sectors should enjoy full rights and the benefits of full-time workers' (National Union of Metalworkers of South Africa, 1997).

However, the exploitative practices of labour brokering resulted in the union later shifting from the regulation position to embarking on a campaign for the banning of labour brokers.

In 2009, the 14th year of South Africa's post-apartheid LRA, the issue of labour brokers was included in the general election manifesto of the country's governing party, the African National Congress (ANC). This did not come on its own, however. It was a result of mobilisation by the Congress of South African Trade Unions (COSATU), to which NUMSA was affiliated, as part of the tripartite alliance with the ANC and the South African Communist Party (SACP). NUMSA was represented by Irvin Jim, its general secretary, in the delegation of COSATU that was involved in the tripartite alliance's drafting of the ANC 2009 general election manifesto. Following a series of engagements, the final text of the manifesto read:

'In order to avoid exploitation of workers and ensure decent work for all workers as well as to protect the employment relationship, introduce laws to regulate contract work, subcontracting and out-sourcing, address the problem of labour broking and prohibit certain abusive practices. Provisions will be introduced to facilitate unionisation of workers and conclusion of sectoral collective agreements to cover vulnerable workers in these different legal relationships and ensure the right to permanent employment for affected workers. Procurement policies and public incentives will include requirements to promote decent work' (AFRICAN NATIONAL CONGRESS, 2009).

As the text shows, decent work became one of the key commitments that the ANC adopted in its '2009 Manifesto Policy Framework' themed 'Working Together we can do More'. 'Labour broking' was one problem identified to be standing in the way of advances towards decent work. On this score, the text of the ANC-led tripartite alliance's manifesto concluded:

'We will manage our economy in a manner that ensures that South Africa continues to grow, that all our people benefit from that growth and that we create decent work for the unemployed, for workers, for young persons, for women and for the rural poor' (African National Congress, 2009).

That same year, the South African Parliament's Portfolio Committee on Labour started public hearings on labour brokers. On 7 October 2009, NUMSA general secretary Irvin Jim represented both NUMSA and COSATU at a public hearing in Germiston, Ekurhuleni, Gauteng Province. He was last to speak after labour brokers had made submissions rationalising their existence. Workers employed under them demanded that they should be banned based

on their first-hand experience of exploitation at their hands. Irvin Jim added that should Parliament not abolish labour brokers, NUMSA, as part of COSATU, would abolish them through a street-level revolution. The balance of power resulted in labour brokers being regulated through LRA amendments adopted in 2014.

The regulation limited the period of temporary employment service to a duration not exceeding three months for workers employed by labour brokers, provided their remuneration was not more than a threshold to be set by the Minister of Labour. That is, if a worker employed by a broker worked for its client for a period exceeding three months, then the client was deemed to be the sole employer of the worker after the end of the third month. Also, the LRA amendments extended the scope of collective bargaining agreements concluded at workplaces and in respective sectors to apply to labour brokers as well. Many employers, especially labour brokers, developed their own interpretation of the amendments, however, instead of implementing the amendments. This was typified by the conduct of a company by the name of Assign Services. NUMSA challenged the company legally up to the apex court in South Africa, the Constitutional Court.

In April 2015 Assign Services declared a dispute with NUMSA on the 2014 LRA amendments and referred it to the Commission for Conciliation, Mediation and Arbitration (CCMA) for arbitration (Mashilo, 2019a,b). The CCMA concurred with NUMSA in its interpretation of the amendments. Assign Services challenged NUMSA and the CCMA award by referring it to the Labour Court (LC) for review. The LC agreed with the labour broker, resulting in NUMSA appealing against the LC judgment to the Labour Appeal Court (LAC). The appeal was heard in March 2016. The LAC concurred with NUMSA and the CCMA and set aside the LC judgment. Assign Services again appealed to the Constitutional Court. NUMSA opposed the appeal. With its entire bench but one concurring, the Constitutional Court delivered a judgment, penned by Dlodlo (2018), agreeing with NUMSA, the CCMA and the LAC.

The above case represented the continuity of the struggle for social upgrading waged not only by ACM X labour-brokered workers but also by other workers represented by NUMSA and COSATU. The labour movement's strategic use of societal power, involving a political alliance and political action beyond the workplace, combined with its strategic use of institutional power, based on its associational power, played a key role. It was as a result of the labour agency that the executive arm of the state initiated the LRA amendments passed by the legislative arm of the state, Parliament, following a process of public hearings. The judicial arm of the state, the courts, played a key role by concurring with NUMSA's interpretation. The CCMA is also an institution of the state.

What the strategic use of institutional power in this case study shows is that the state does not always act in an instrumentalist way, as an organ used by capital to suppress labour and its demands. Context, such as a democratic environment, matters. While this may sound obvious in the Global North, the point merits emphasis for the Global South because of the history of colonial states, and especially in South Africa where the state during apartheid, that is until 1994, violently and legislatively suppressed oppressed workers systematically. The balance of power between labour and capital influences and underpins the role of the state. When that influence is used and institutionalised in law, the judicial arm of the state enforces it accordingly. This case study also shows that when strong in a democratic context labour is able to achieve social upgrading advances through state institutions or institutions established by the state. This includes bargaining councils, which are provided for in South Africa's LRA.

3.5.2 Banning the Use of Labour Brokers through Collective Bargaining
The above case unfolded against the background of NUMSA having succeeded in banning the use of labour brokers directly through collective bargaining in the bargaining units of the automobile National Bargaining Forum (NBF) and the New Tyre Manufacturing Industry Bargaining Council (NTMIBC) in 2010.

The NBF agreement concluded:

'The Parties agree that the use of labour brokers will be discontinued with effect from 1 January 2011 in respect of the bargaining unit, with the sole exception of the pre-existing labour broker contracts which will be allowed to run their course.' (NATIONAL BARGAINING FORUM, 2010).

Furthermore, the 2010 NBF agreement equalised the conditions of employment of short-term contract workers with those of their permanent counterparts in terms of wages and benefits in the assembly sector. Where the duration of a short-term contract of employment would be too short for the worker to be covered in terms of the rules of a given benefit, the OEMs were required to pay the worker an equivalent of that benefit in cash every payday.

NUMSA registered the same achievements in the new tyre manufacturing sector. In the 2010 collective bargaining agreement the employers in the NTMIBC agreed to the union's demand to 'maintain the non-usage of labour brokers in the manufacturing of new tyres' (New Tyre Manufacturing Industry Bargaining Council, 2010) and also offered short-term contract workers the same wage rates and benefits as their counterparts on permanent contracts.

3.5.3 Limiting the Use of Labour Brokers through Collective Bargaining Action

NUMSA advanced the same demands in 2010 in MIBCO, which covers the automotive components manufacturing sector. The use of labour brokers in this sector was at a high level, as already noted. The union's achievement in this sector was to reduce the extent of the use of labour brokers (Mashilo, 2019a,b). The agreement concluded:

'Notwithstanding anything else in this clause for all employers operating in the rest of the industry no employer will have more than 35% of their core workforce consisting of temporary employment services by the end of August 2013.' (MOTOR INDUSTRY BARGAINING COUNCIL, 2011)

As a result of the collective bargaining agreement, the many employers in the sector who had high usage of labour brokers had to reduce it to 35% of their workforce. The production relocations in pursuit of low-cost production competition highlighted in Part I were partly in reaction to this social upgrading achievement. The 2014 LRA amendments and NUMSA's Constitutional Court victory implied a great benefit for workers in this sector.

3.6 Case Study Three: Hourly Wage Rates Increases

3.6.1 Automotive Assembly Sector

Wage increases in the automotive assembly sector were driven by NUMSA-led collective bargaining action involving negotiations in the NBF with the Automobile Manufacturers Employers' Organisation (AMEO) representing OEMs. Table 3 shows that workers embarked on industrial action in support of their wage (and other bargaining) demands and that, despite that, there were periods when real wage increases or the wage settlements were less than the average annual inflation or consumer price index (CPI) and thus negative.

The creation of the NBF was a product of worker unionisation and trade union strategy and action—as documented by Forrest (2011), employers opposed the centralised bargaining strategy initiated by NUMSA until they were compelled through labour agency.

Table 3 shows that the automotive assembly sector workers had to embark on industrial action in support of their wage (and other bargaining) demands, despite the productivity gains achieved by their employers, the OEMs. The longest strike between 1993 and 2017 lasted for twenty weekdays.

Figure 4 below indicates OEMs' productivity gains from 1995 and 2019, as represented by units per head or total vehicle production divided by total

TABLE 3 Automotive assembly sector wage settlements and strikes.

Duration	Settlement (average %)	Consumer Price Index (average %)	Variance	Strike (Yes/ No)	Duration of strike	Duration of agreement
1993–1994	7	10.8	–3.8	Yes	10 weekdays	1 year
1994–1995	10.5	7.3	3.2	Yes	20 weekdays	1 year
1995–1997	9.3	8.7	0.6	Yes	10 weekdays	3 years
1998–2000	7.4	5.8	1.6	Yes	10 weekdays	3 years
2001–2003	8.9	7.3	1.6	Yes	15 weekdays	3 years
2004–2006	3.6	2.6	1	No	0	3 years
2007–2009	8.2	8.9	–0.7	No	0	3 years
2010–2012	9.3	5	4.3	Yes	8 weekdays	3 years
2013–2016	9	5.6	4.4	Yes	15 weekdays	3 years
2016–2018	8.67	5.3	3.37	No	0	3 years
2019–2021	7.67	*	*	No	0	3 years

TABLE ACCESED FROM MASHILO (2019a,b), EXCLUDING ADDITIONAL DATA, THE FIGURES FOR THE PERIOD 2016 TO 2021 EXCEPT THE 8.67% AVERAGE WAGE SETTLEMENT FOR THE PERIOD 2016 TO 2018. SETTLEMENTS WERE ACCESED AND AVERAGED FROM THE NATIONAL BARGAINING FORUM/AUTOMOBILE MANUFACTURERS EMPLOYERS' ORGANISATION. CONSUMER PRICE INDEX DATA WAS SOURCED AS AVERAGED FROM STATISTICS SOUTH AFRICA. * DATA COVERING THE PERIOD IS NOT YET AVAILABLE.

employment in the automotive assembly sector. During the same period, OEMs retrenched 8600 workers from their direct employment, reducing the combined workforce from 38 600 in 1995 to 30 250 in 2019. The dismissals were based on employers' operational requirements—capital accumulation requirements, including increased adoption of automation and robots, and workplace restructuring, encompassing new global production systems and outsourcing. One OEM, General Motors, left South Africa in 2017, but its production facility was taken over by Isuzu Motors.

Figure 4 shows that average output per worker or units per head reached double the capacity in 2014, at 20.4, from 10.1 in 1995. The retrenchments that occurred amounted to social downgrading for the affected workers, while the reduced workforce produced more vehicles. Despite productivity increases arising from economic upgrading since 1995, workers still had to embark on strikes, linked with collective bargaining (Table 3), to extract social upgrading concessions from employers in the form of wage increases, and related improvements covered by the agreements gained.

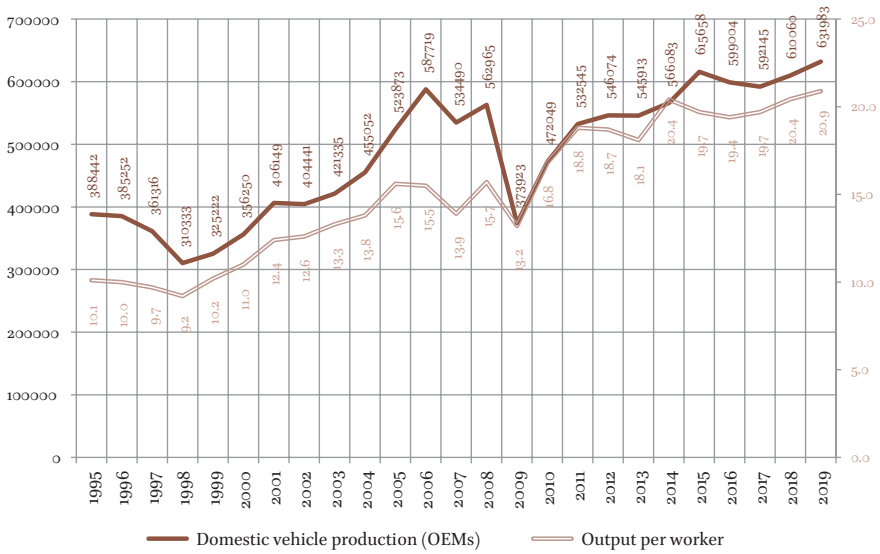


FIGURE 4 Domestic vehicle production and average output per worker
 SOURCE: MASHILO (2019B) AS DESIGNED BASED ON DATA FROM NATIONAL ASSOCIATION OF AUTOMOBILE MANUFACTURERS OF SOUTH AFRICA (NAAMSA)/THE AUTOMOTIVE INDUSTRY EXPORT COUNCIL'S (AIEC'S) 'AUTOMOTIVE EXPORT MANUAL' ANNUAL PUBLICATIONS (2007–2018). DATA FOR 2018 AND 2019 AND RELATED CALCULATIONS FOR THE OUTPUT PER WORKER WERE ADDED TO THE ORIGINAL GRAPH, THEREBY EXTENDING IT TO COVER THE TWO YEARS, BASED ON DATA FROM THE AIEC'S (2020) 'AUTOMOTIVE EXPORT MANUAL'.

3.6.2 Automotive Components Manufacturing Sector

Table 4 reflects wage settlements and strikes covering the period 2004 to 2019 in the automotive components manufacturing sector. The longest strike by workers in support of their wage (and other bargaining) demands in the sector lasted for 21 weekdays, in 2013.

The wage rates associated with Table 3, the automotive assembly sector, are higher than the wage rates associated with Table 4, the automotive components manufacturing sector. Workers in the automotive assembly sector are structurally located at the apex, in the OEMs, that is, they are employed by the lead firms in the industry's GPNs. Their structural power, in that sense, is stronger than that of their counterparts in the components manufacturing sector, whose employers are essentially the employees of the OEMs.

TABLE 4 Automotive components sector wage settlements and strikes.

Year	Settlement (%)	Consumer Price Index (Aug. year-on-year, %)	Variance (%)	Strike (Yes/No)	Duration of strike	Duration of agreement
2004–2005	7.5	4.8	2.7	No		3 years
2005–2006	5	5.4	-0.4			
2006–2007	6.8	6.7	0.1			
2007–2008	9	13.7	-4.7	Yes	11 weekdays	3 years
2008–2009	8	6.4	1.6		12–26 Sep 2007	
2009–2010	7.5	3.5	4			
2010–2011	9	5.3	3.7	Yes	12 weekdays	3 years
2011–2012	8	5	3		1–16 Sep 2010	
2012–2013	8	6.4	1.6			
2013–2014	10	6.4	3.6	Yes	21 weekdays	3 years
2014–2015	8	4.6	3.4		9 September–	
2015–2016	8	6.9	1.1		7 October 2013	
2016–2017	8.5	4.8	3.7	No		3 years
2017–2018	8	4.9	3.1			
2018–2019	7.5	4.3	3.2			

TABLE FROM MASHILO (2019b), EXCLUDING THE FIGURES FOR THE PERIOD 2018 TO 2019 EXCEPT THE 7.9% OF THE PERIOD 2018 TO 2019. SETTLEMENTS DATA WERE ACCESSED FROM THE RETAIL MOTOR INDUSTRY (RMI) ASSOCIATION AND MIBCO. CPI DATA WERE SOURCED FROM STATISTICS SOUTH AFRICA'S ARCHIVES. DATA FROM 1993 TO 2004 WAS NOT AVAILABLE.

4 Conclusions

We have argued that social upgrading improvements do not automatically trickle down from economic upgrading. Instead, we have foregrounded worker agency as crucial to the achievement of social upgrading. We have shown how it was mainly through their structural power and the development of associational power through NUMSA that workers were able to advance and achieve social upgrading. The rights consolidated in legislation and the institutions established in the workplace, at industry and national level, were, similarly, the result of workers using their power in strategic ways. But we have added an important caveat; without successful economic upgrading social upgrading will not be sustainable

Our approach recognises that if strong enough labour can win advances through contestation and strategic use of institutions including the state, as opposed to the 'instrumentalist' view that institutions and the state are always

instruments of capital and act in pursuit of its interests regardless of workers' power. The actions of the state that lean in favour of labour are primarily underpinned by the balance of class power between capital and labour, rather than by benign considerations from the helm of the state.

The social upgrading position of workers in the automotive components sector is hugely shaped by competition between OEMs for the lion's share of the market, through their use, particularly, of the supplier base as a lever of low-cost competition. In the same vein, and as a function of the former, competition between components manufacturers for outsourced automotive components manufacturing contracts awarded by the lead firms in the automotive GPNs has its own impact on social upgrading in the automotive components sector. The combined effect of these two interrelated scenarios account for inferior wages and conditions of workers in the supplier base, compared to their counterparts in the OEMs who command greater structural power at the apex of the industry's GPNs and whose employers, the OEMs, command market power and overall control of the automotive GPNs.

There is a need to develop an alternative approach to social upgrading that foregrounds workers' power as a crucial determinant. This, we conclude, will require labour to link the components manufacturing sector and the assembly sector in its approaches to collective bargaining and the development of worker power.

We argue for a labour-led development path that includes a process of relative de-linking. The labour movement should simultaneously explore de-linking alternatives, including pushing the state to support such alternatives. We show in Part I of the article that, unlike the monopsonistic OECs/OES parts markets fully controlled by OEMs within their GPNs, the IAM/RPM is relatively de-linked from that monopsonistic control. The IAM/RPM could therefore be an entry point, an opportunity for relative de-linking and the development of national production capacity, including through worker-controlled co-operatives. There is no reason in principle why such an approach would not succeed under a proper strategy and adequate support. But, as Selwyn (2017) argues, this requires what he calls a 'labour-centred' and 'labour-led' development path. What this could look like and how it could be realised must be left to another occasion.

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