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Vlácil, Jan

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## Large-Scale Privatization and Industrial Relations\*

JAN VLÁČIL\*\*

Institute of Sociology, Academy of Sciences of the Czech Republic, Praha

**Abstract:** The problem of social tensions and of establishing new industrial relations was investigated within the project “Large-Scale Privatization: Social Conflict and Consensus”, which is based on semi-structured interviews with 265 workers, trade union functionaries and managers in 44 Czech industrial enterprises selected according to the conflict potential arising at the outset of their restructuring. In the necessary transition to lean production often more than one half of the employees were forced to leave. As many of them changed their employer spontaneously or found jobs elsewhere, there were, surprisingly, no societally dangerous conflicts connected with this hitherto foreign process. Problems arose through conflicts within the management and among the staff of the newly decentralized company units. In addition, the redundancy of their administration, re-evoked the hostility between blue and white collar workers. Typical cases of disappointment from the negotiation and cooperation with foreign partners can also be found. The position of trade unions (hereafter TUs) is a result of the general tendency to question their role. In connection with their newly restricted competencies to influence the position of employees. The management is for the most part not used or able to negotiate with them. Usually, however, it does not assert or implement extreme decisions; the TUs themselves are not very radical either. Besides the conflictual relations between the two bodies, many situations can be found where confrontation is replaced with cooperation which does, however, retain its contradictory character. The absence of strikes can be explained not only by general socio-economical stability, but also by the ability of numerous workers, functionaries and managers to adopt the “role of the other”. The mutual tolerance limits labour conflicts mostly to a latent form of discontent. Consensus has been very often attained as a result of apathy and resignation to the unsolved problems. Social tensions thus change into fragile peace without any marked prospects for social partnership. With regard to their differences from the traditional systems of interest representation, the newly emerging industrial relations can be hypothetically denominated and explained as post-industrial.

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### 1. Initial Situation: The Pre-Privatization Syndrome

At the beginning of the large-scale privatization of big enterprises in the Czech Republic public opinion expressed considerable doubts as to: 1) the proposed forms of privatization and voucher privatization in particular; 2) the progress of privatization of mammoth or lucrative enterprises; 3) foreign participation, which brought about first the fear of the

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\*\*) Direct all correspondence to PhDr. Jan Vláčil, CSc, Institute of Sociology, Academy of Sciences of the Czech Republic, Jilská 1, 110 00 Praha 1, phone + 42 2 24 22 09 79, 93, 97, ext. 242, fax + 42 2 24 22 02 78, e-mail indrel@earn.cvut.cz

“sale” of national property and then misgivings at its postponement. The opposition considered the drop in industrial production, real wages and income, internal investment and consumption demand, business activities and the further devaluation of labour too high a price for the achievement of macroeconomic equilibrium. Nevertheless, the positive development of external economic relations, the small increase in unemployment and the stabilization of currency in particular represented, in the governmentally accentuated comparison with other post-communist countries, the basis for successively established consensual regulation of the natural clash of interests of labour, capital and the state.

The conflict potential of privatization has therefore not been activated on a societal scale. Following the new tripartite agreements, the generally expected social tensions shifted mostly to the enterprise level, where they were connected particularly with the so-called pre-privatization syndrome. According to a summary reproduction of reservations about the privatization strategy, this syndrome was temporarily characterized by:

- 1) the paradox of a state-performed de-etatization of property and centrally asserted decentralization of decision-making;
- 2) the ideologization of private property and the role of the market as the only means of economic recovery;
- 3) “desperate privatization” in which the speed of technical implementation was superior to the demonopolization and reorganization of enterprises at the cost of their flexibility, value and, consequently, of state profit from their transfer;
- 4) “state desertion”, in the course of which the appropriate authorities shed their responsibility for the further fate of the contradictory “state joint-stock companies”, did not behave as the main owner and withdrew from the continuous exercise of their proprietary function;
- 5) the “self-service” or “nomenclatura privatization”, whereby privatisation was abused as an instrument of redistribution and concentration of economic and political power, i.e. the reduction of the economic transformation to the transformation of group or personal positions;
- 6) the managerial “revolution from above” bringing about “negative participation”, i.e. seeming engagement in the reform masking the desire to slow its progress and the tendency of enterprise employees to use the privatization as an organized self-defence against proclaimed “shock therapy”;
- 7) “wild privatization” through the usurpation of property rights by the previous management which, together with ministry officials, became privileged owners of confidential information and exchange transactions;
- 8) the artificial liquidation of effective enterprises or operating units in the interest of competing companies, their decapitalization or speculative sales, pressure subcontracting or forced cooperation with unsuccessful firms, reciprocal advantages granted to unofficial partners, etc. on the part of management;
- 9) the short-term economic rationality of illegitimate business activities such as tax evasion, money laundering, the cartelization or direct “gangsterization” of legally uncontrolled markets and the coming into being of “South American” types of clientelist systems and corruption structures;

10) questionable forms of direct sale or public competitions, assessment of privatization projects granting advantages to existing managements or, on the contrary, the assertion of competitive projects and use of advisory services of compromised former managers, etc., provoking subsequent doubts about the conflicting roles of some state officials, the “vested interests” of the investment fund coalitions and the general fairness of several known problematic privatization cases.

Some of the above quoted reservations might be understood as ideologically grounded hypotheses or constructions based on excessively generalized “anecdotal” stories. The pre-privatization syndrome appears to be a widespread notion or “social definition of a situation” which could not be verified without the use of extra-sociological methods but which exerts a strong influence on the behavior of staff and other actors. The initial mistrust in the purpose of mass privatization was gradually overcome by additional measures (“privatization quarantine”). Doubts due to the understanding of the privatization process as the “second nationalization” were replaced by partial manifestations of disapproval of the concrete decisions made by the relevant authorities and finally by discontent with the rate of progress of this process. In the end, this process was adopted as a whole with general consent.

In this transitional situation, the research project, “Large-Scale Privatization: Social Conflict and Consensus” was proposed in 1991, allocated funding by the Academy of Sciences in 1992 and completed in 1993. Conceptually, it was based on the theories of: 1) industrial relations, organizational policy and labour conflicts [Euler 1973, Sabel 1982, Lee and Lawrence 1985, Mueller-Jentsch 1994], 2) conflict, property, competition [Dahrendorf 1959, Bühl 1976, Binns 1978], 3) workers’ control, participation and industrial democracy [Tannenbaum 1968, Brannen 1983, Poole 1986, Kotthoff 1994], 4) communication, cohesion and consensus [Coser 1956, Hodges 1971, Krysmanski 1971, Kriesberg 1973], 5) conflict control intraorganizational behaviour and its postmodern characteristics [Clegg 1990; Crook, Pakulski, and Waters 1992; Daheim, Krahn, Scheider 1994]. In contrast to the prevailing macro-structural approach to the investigation of transformation, the qualitative method of case studies at the enterprise level was selected. The field survey was carried out on 44 industrial enterprises in 5 regions. The enterprises were selected – on the assumption that privatization is not the sole source of their problems – with regard to conflict situations arising in them at that time. The researchers conducted semi-structured interviews with 265 respondents selected mostly at random from the ranks of workers (78), foremen (20), techno-economic staff (40), TU functionaries (82) and managers (45). Among the principle questions to be investigated were the socio-economic aspects of restructuring (section 2 of the article), changes in management and participation (3) and the socio-political frame of labour relations (4). [For detailed methodological information and empirical evidence see Vláčil 1994].

## **2. The Conflictual Situation of Enterprises and Employees**

Most of the investigated firms are struggling with the change of markets or the demands they place, obsolete equipment, recovery of receivables and shortage of investments. In the necessary transition to lean production, TUs agreed – contrary to their traditional role – with the dismissal of redundant employees in order to save the jobs of the remaining ones. They, of course, preferred solutions with the most “painless” possible social consequences. As many of the departing employees changed employers spontaneously or

found other jobs elsewhere, there were – surprisingly and in contrast to other countries – no societally dangerous conflicts connected with this hitherto foreign process. The remaining overemployment should be solved by further “controlled natural fluctuation”. At the same time, many specialists left their firm in response to its uncertain prospects, creating a shortage of qualified personnel to meet market demands.

The intraorganizational adaptation of the structure and behaviour of enterprises has been limited to the customary formal decentralization, reported as insufficient in 75% of investigated (44) firms. Restructuring was mostly understood as a simple mechanical deconstruction, the division of bigger units to smaller ones. The absence of real subjectivity on the part of newly established daughter companies or divisions prolonged the traditional, demotivating redistribution of profit to unsuccessful units by the still existing general directorates. This is, in fact, one of the most actual causes of conflicts within the management and among the staff of different firm parts. Contrary to intentions and demands, administration is in many cases growing, communication and coordination becoming increasingly complicated and tensions between blue and white collar workers are – sometimes with ideological contamination from the past – recurring.

An attempt at a sort of “comparative biography” of the investigated enterprises suggests that at the time of research it was possible, within the progressing changes, to discern and re-construct the following principal types from among them:

- 1) the liquidated firm, where the causes of the situation most frequently mentioned by respondents are obsolete and then reduced production, incapacity for product reorientation or unsuccessful marketing of the innovated product;
- 2) the existentially threatened firm, where the main causes are the loss of sale contacts and markets, incomplete reorganization or newly emerging competition;
- 3) the technologically out-of-date firm, where the former customer guaranteed long-term sale but, simultaneously, obsolescence or where the product development was interrupted by negotiations with the foreign partner;
- 4) the firm revitalized by the change in external conditions, e.g. a return to temporarily suspended armaments production;
- 5) the firm revitalized by its own management, e.g. through securing sale of newly developed products;
- 6) the ever prosperous firm with long-term foreign cooperation and an internationally recognised trademark;
- 7) the unsuccessful joint venture in which the foreign partner does not observe the original agreements and undesirable working conditions persist;
- 8) the prosperous joint venture or foreign firm with highly qualified personnel and long-term trade contracts.

(Some of the investigated firms were not fully privatized until the end of 1995 so that information on their conflictual situation is still very actual.)

Roughly corresponding with these types are the typical staff attitudes toward the firm (disrespect, criticism or pride) and toward the management (long-term scepticism, temporary distrust, disappointment or ambiguity of expectations) [Vláčil 1994]. Employees criticize the management but are not sure if its replacement would solve the undesirable situation the enterprise is in. Inexperience with approaches to competition engender disputes about the motives of foreign partners. In many cases it became clear

that the potential “cooperator” will actually 1) buy the firm for far less than its value, 2) usurp its markets, 3) liquidate the Czech competitor, 4) suppress technical innovations, 5) acquire confidential information, 6) “steal” individual specialists, 7) bring the staff of the mother enterprise under negotiation pressure, 8) convert the final production into the mere assembly of foreign-made components. More than of unemployment, the workers now fear loss of qualifications. In joint ventures, the main source of social conflicts is the workers’ disappointment (“we are now exactly where we were without foreign capital”) and the behaviour of the managers – from different sociocultural milieu – toward them (“they treat us as if we were monkeys”).

The research results enable a certain redefinition of both the initial conceptual assumptions and the present social situation. The gloomy socio-economic situation many enterprises find themselves in is accompanied by the socio-psychologically unusual conciliatory mood of their employees. There were, for example, almost no strikes directly connected with large-scale privatization. Their potential initiators are increasingly aware of their paradoxical situation whereby the successful assertion of high demands risks the liquidation of the entire enterprise. Such fears represent another source of motivational and interests conflict. The absence of confrontational actions – surprising particularly for foreign sociologists – can obviously be explained not only by the overall societal stability but also by a certain historically rooted feature of the Czech political culture and mentality. The ability of numerous rank-and-file workers, TU functionaries and partly also managers to see a problem from the point of view of the opposite party, i.e. to adopt “the role of the other”, is the source of their mutual tolerance and preparedness for compromise or/and consensus. (This “mentality hypothesis” of the non-confrontational nature of Czech political culture is based on the subjective statements of a great number of respondents and seeks to offer one possible explanation of an as yet neglected phenomenon. It is shared by some foreign scientists investigating the Czech situation [e.g. Rutland 1994, Orenstein 1994] and should be verified in a contingent cross-cultural study.)

The ascertained conflicts most frequently take the form of hostility and symbolic aggressiveness and are caused by concerns about the future continuation of contradictions rather than with the present state of affairs. Questionable, unverifiable information can also lead to conflicting behaviour. Social control and communication determine the image of the opponent, the course and nature of the conflict or, on the contrary, the establishment of consensus [Krysmanski 1971]. The conflicts have some positive effects such as the growing cohesion of the participating groups [Cosser 1956], but they can also effectively limit the achievements of the enterprise as a whole [Euler 1973]. The escalation of unresolved contradictions – predicted in the conflictualistic literature [Moscovici and Doise 1994] – did not occur. Conflict postponement could be, nevertheless, a simple consequence of the traditional, culturally specific patterns of resistance.

Consensus in the investigated enterprises has been attained not only by overcoming the initial opposite standpoints but also as a result of resignation on the part of both parties (i.e. not only workers, but managers as well) to the unsolved or temporarily insoluble problem. Social tension thus changes into a temporary, unsafe and very fragile social peace with no strong prospects of social partnership. However, even minimum consensus on values and temporary compatibility of interests enable the joint use of the

necessary incentives, the establishment of mutual, consistent and foreseeable relations and the change of the system integrity of the enterprise from simple functional dependencies into a truly social integration. Apathy and resignation expressed in the interviews towards exercising influence on both the future of the enterprise and one's own is considerably widespread. However, it is also mentioned with a certain measure of self-reflection, comparison with previous activities and self-criticism. This aspect, too, may be assessed with mild optimism as an indication of the lasting interest in the formation of new industrial, employment or labour relations.

### **3. The Contradictorial Cooperation between Management and TUs**

In spite of a number of reservations on the part of respondents to the concrete cases of its implementation, privatization is considered most frequently as a means of saving the investigated enterprises. Their restructuring was influenced not only by the known socio-economic, technical and legislative limitations ("a socialist enterprise in capitalist conditions"), but also by the unpreparedness of the management ("the revolution came too soon") and the rigidity of a part of employees ("nothing needs improving"), their interpersonal relations and socio-psychologically rooted stereotypes or prejudices. The investigated management executives often lack such qualificational requirements as the ability to deal effectively with people, to take consistent operative measures, etc. Their strategy in the given business conditions mostly aims at survival and not expansion in the market and the long-term development of the enterprise. By their reliance on foreign investors and their own managerial "know-how" they place themselves in the role of the expendable "middle link" of leadership. They do not formulate the specific "mission" of the firm and therefore cannot win greater support of the enterprise policy from the employees ("we don't understand the reasons for reorganization"). They often behave merely as economic administrators entirely lacking the entrepreneurial mentality of the Schumpeterian "adventurer" characterized by his willingness to take risks.

"Leaned" production brought about a reduction in the number of employees, but not the lessening of overemployment in some jobs or the "right-sizing" of the required professions. The hiring and training of skilled, initiated employees, who would identify themselves with their firm, was imprudently postponed until the period of prosperity. With limited possibilities for technological innovation, managers mostly disregard the organizational innovations which have low investment requirements, were promoted in other countries and can ensure, for example 1) the "flattening of the pyramid" of leadership hierarchy, 2) the establishment of autonomous, self-controlled working groups with high motivation, responsibility, satisfaction and adaptability, 3) network communication among such teams, 4) job rotation, horizontal job enlargement or its vertical enrichment, 5) the use of organizational culture, socio-emotionally integrating the staff of the enterprise and presenting an outward "image", "goodwill" or "personality" of the firm. "Job redesign" is mostly enforced by the newly re-emerging shortage of personnel, not by prospective concepts of the rationalization of production or humanization of work. Conscious generation of the enterprise culture is – like human resources management, marketing policy etc. – postponed by the turbulent environment. Therefore, the restructuring performed so far could be considered somewhat backward both in timing and concept.

The prevailing structurally conservative type of management [Lungwitz 1995] is repeatedly expressed in efforts to continue "proven" ways of organizational control

adopted from the socialist past. The recommended transition from the previous collectivist and now rather paternalist leadership to consultative vertical cooperation of the labour force and from its hierarchic authoritative style to a participative “joint labour-management” climate was not applied. The managers obviously do not reflect upon their own entrepreneurial culture and self-control, corporate governance or societal responsibility. The “philosophy” of their decision-making is based on the endeavour to satisfy the staff rather than to optimize the solution of its problems. They foster primarily their own image in the sense of impression management and prefer to suppress conflicts rather than to overcome them in the sense of conflict management. In the near future they will have to combine the so far prevailing responsibility towards their employees with “account rendering” to new owners.

Along with former administrators, the study has identified that newly installed directors (two thirds in the investigated enterprises as compared to approximately three fifths in the whole economy) with better managerial education, but lack of social capital accumulated through experience and contacts. Besides the critical findings some results have shown the first signs of a very probable emergence of a new type of manager – competitively market- and customer-oriented, strategically planning, staff-mobilizing etc. Such a type (now 20% of respective respondents, independent of age and qualification) might soon be not only better adapted to or prepared for the forthcoming economic reform at the enterprise level, but also necessary for its successful completion.

The questionable achievements of many present managers make increasingly topical the problem of employees’ participation in decision-making. Such participation may be spontaneous or organized, direct or institutionally mediated, continuous or campaign-like, concerned with the assessment of past management results, operative problem solutions or future strategy of the enterprise and bargaining with its management. It can fulfil the function of information, motivation, definition of standards and rearticulation of roles, social learning, the establishment of consensus and the organizational integration of activities of working groups. The relation between the management and the labour force in this process (Mitwirkung) can be scaled from consultation over endorsement requiring mere consent with the managerial decision (Mitsprache) to co-determination (Mitbestimmung).

For a typical manager – often with little or no experience in this position – it is, however, difficult to understand that the total amount of power in an organization is not constant and definite. The increase of influence of subordinates does not exclude and need not reduce the power of superiors [Tannenbaum 1968]. Participation in control increases responsibility, discipline and, consequently, controllability. There are more potential competences in an enterprise than in the zero sum assumed in the majority of cases. Indeed, changing the power monologue into dialogue, from one-direction to mutual influence, may even increase the scope of control. The delegation of decision-making powers, the use of power to “empower”, entitlement and power sharing re-introduces, naturally, the problem of governance responsibility.

Widespread among the employees is, on the one hand, the fear of existential consequences of nonconforming pro-social activities. On the other hand, however, similar fears of wage reduction or loss of job increases their interest in participating in the formulation of the social and often business policies of the enterprise. Increasing working requirements and significant organizational changes enhance their need for control over



their own working conditions. In the modernization of production, this need mostly manifests itself not as a struggle against it but, on the contrary, as a struggle for participation in it. Decentralization necessitates a new connection between hierarchical levels and coordination methods. Participation may also represent an economisation of the behaviour of decentralized units. Although in the newer literature rather relativized [de Bal 1993] and in the investigated firms rarely found (i.e. not verifiable), the concept of participation seems to be one of the important, presently unutilized schemes of general enterprise modernization.

Underestimation of participation ranks among the principal shortcomings of liberalism. Its consequences, particularly when combined with work satisfaction and achievement, cannot be expressed directly in quantitative terms. Regardless of its assumed economic advantages, however, the requirements of participation may also serve the further assertion of political freedom and civil rights. Nevertheless, activist groups are passively suffered rather than actively supported by the employees. By participation the management seemingly risks loss of control and the TUs the suspicion of disloyalty to their members. On the other hand, foreign management often seeks in vain its local social partner. The requirements and prospects of participation are very limited and obviously will not represent a source of further conflicts in the near future. Nor, however, will social partnership, which assumes participative cooperation, balance and legitimation of power, regulation as a commodity exchanged in negotiations and agreement as a form of communication, soon become a mass phenomenon.

Currently in the Czech Republic, the TUs represent the only and exclusive organ of participation. They are fulfilling their traditional function by the organization of solidarity, protection and services for their members, but participate only to a limited extent in the control of the distribution of the profit of the enterprise. They are involved only rarely in decisions concerning the production of goods and profits which should be distributed. As an institution of interests representation they are still seeking an opportunity for everyday co-determination of managerial decisions. The position of TU associations and enterprise organizations is a result of the general tendency to question their role. The opinion that with the present legally restricted competency or ability of co-determination the TUs in no way influence the situation of the employees, grant them any advantages, are the "remnants of socialism" and the "retardation of economy", is considerably widespread. The decrease in membership is a result both of their members' mobility, passivity and disinterest in rejoining after changing job and the duty of the TUs to also defend the interests of those employees of the enterprise who are not members. The idea that in private and particularly foreign firms TUs are entirely unwanted is also widespread. Individualized employment relations are reducing their influence over rank-and-file members and represent another cause of the loss of TUs' prestige. Nevertheless, in the former state enterprises the rate of organized employees has not dropped below 80% and the TUs functionaries are now in favour of 50-60% because of a greater capacity for action.

In most of the investigated enterprises the TUs have participated actively in the assessment of privatization projects, using the following criteria: 1) the guarantee of the prosperity of the enterprise, 2) the principle of share distribution including possible staff shares, 3) the prospects of employment, retraining of the employees, the wage standard as well as the solution of further socio-political problems, 4) the protection of TU property,

particularly the fund for social and cultural needs and the recreation and/or training facilities, often owned jointly by the enterprise, 5) the forms of representation of the employees' interests in the Boards of Directors and the Supervisory Boards, 6) the future power of TUs in collective bargaining, etc. Access to some projects, particularly the alternative ones, was denied them. In some cases, TUs submitted their own privatization projects. In general, however, there was a tendency to condemn the privatization projects rather than prepare them.

In many enterprises, the majority of previous social advantages and services – particularly housing, rehabilitation and medical facilities, subsidized catering, reduced-price of large-scale shopping, subsidized transport to work, domestic and foreign recreation and holiday camps for children – were abolished. These changes reflect a more general trend in the transformation of TUs from the former lucrative “transmission belt” of one-party rule into the bumper or lightning rod of the discontent of both employees and management. TU organizations have originated mostly from the revolutionary Strike Committees which decided on the dismissal of the management in the recent past. Now they have to adapt once more to changes “from above”. They will come increasingly into new conflicts in which the owners of the enterprises will emphasize their own rights, the management its powers and status, and the employees their social security requirements.

In general, the management of Czech enterprises is not used to and cannot negotiate with the TUs. Their functionaries are often better informed and prepared for the negotiations than the managers. They are versed in alternative foreign methods of organization of labour and formation of employment relations. In the present conditions, however, the contrast of the mostly techno-economic orientation of enterprise management and the socio-political orientation of TU functionaries makes their joint deliberations on such prospective subjects rather difficult. In most cases, the management does not assert extreme decisions, and the TUs are not very radical. Their mutual endeavour to avoid sharp conflicts is often the result of long-term personal contacts and the ability to distinguish both between a conflict of interests and the consensus in shared values and between role conflict and interpersonal relations.

The minimalism of requirements is brought about by fears of 1) the assertion of utilitarian interests and the suboptimization of enterprise management, 2) the excessive restrictive interference of TUs' top administration or, on the contrary, 3) the erosion of collective agreements by the employers. For these reasons, the TU functionaries of the investigated enterprises do not represent “managers of discontent” [Watson 1988]. Institutionalized relations are relatively problem-free; this does not mean, however, that they are conflict-free [Mueller-Jentsch 1994] in concrete issues. They may deteriorate with the arrival of new owners or new management. Nevertheless, confrontation is at present replaced by cooperation which has understandably retained its antagonist [Klient 1986], contradictory character.

#### **4. Preliminary Conclusions: The Formation of New Industrial Relations**

The earlier mentioned industrial relations cover the various types of socially institutionalized representation of employee and employer interests as well as the types of employee/employer attitudes and behaviour in concrete situations. They influence the enterprise modernization [Brannen 1983], staff satisfaction as well as the profit of the owners. The negotiations of TUs and employers' associations on the rules of the sale of labour on the labour market and the general conditions of its use in the enterprises

influence the methods of application of property rights, management powers as well as formal subordination and superiority structures. This aspect of industrial relations manifests itself further in the hierarchical differences in the contents of work and remuneration, in the scope of competence, autonomy and influence, in career perspectives and so on. It links the professional orientation of the employees with organizational norms, determines the possibilities of their participation in the solution of the problems at their work place and their initiative as well as loyalty to the enterprise.

On the enterprise level, the changes in employment relations reflect the macrostructural political and economic transformation of society, arise from the re-establishment of both plurality of property relations and group interests. Employees' attitudes to the owner and the management of the enterprise are influenced by these processes [Sabel 1982], but are also frequently generalized and transferred to the opinions of the government and political system. Large-scale privatization increases the responsibility of the enterprise for the control of conflicts among the individual groups and the transformation of social tension into social peace. The social climate of the enterprise may become an expression as well as a constitutive component of the general societal atmosphere. The mutual assertion of the interests of employees and employers also belongs to the decisive sources of the changes in the organizational structure of work. All these changes are being legitimized in retrospect by the achieved social peace.

A parallel to TUs and their organizations is represented in many countries by the Enterprises Councils. These conclude, without government participation, specific agreements with the management which could not be formulated on the general platform of TUs. In the Czech Republic there was also a long tradition of this dual representation of the interests of the employees both in the TUs and in enterprise councils, which was respected in the prewar republic and partly survived, though in the curtailed form of formalized initiative, during the time of socialism. The discrediting of this system is increased by the fact that it is promoted, like participation in general, by those who had suppressed or bureaucratically abused it in the past. Mistrust of such institutions, often of a mock-up character, limits the possibilities for their use as a counterweight to authoritarian tendencies. The broadening of the participation organs – e.g. the establishment of enterprise councils – is opposed by the Trade Unions for fear of a competitive disintegration of the “uniform movement”.

The present codification of employment relations is considered by many specialists as an economically understandable, but politically immature and sociologically surprisingly unfavorable prerequisite for the establishment of industrial democracy within the enterprise. The state governed by the rule of law should define such scope of the freedom of association, pluralist representation of interests and autonomy of decision-making as would correspond with the citizens' requirements [Kotthoff 1994] and simultaneously would not disturb the effectiveness of management, co-creating the material prerequisites of the permanence of the “property-owning democracy”. In addition, the management should realize that the restructuring of enterprises requires a more effective use of cooperation between workers and their superiors. Modernization means not only the innovation of technological equipment, but also the introduction of new social standards and consensual forms of mutual relations. The organizational decentralization also means the deregulation of existing industrial relations,

communication, control and bargaining. Unfortunately, technical modernism is often combined with social conservatism.

According to the present prevailing opinion “democracy terminates at the factory gate”, beyond which, it would disturb the liberalist principles of free entrepreneurship and the application of meritocratic criteria, reduce the authority and effectiveness of management as well as the respect and discipline of subordinates (“you are here to work, not to discuss”). The assertion of the idea of the “rule of a strong hand” represents a threat that privatization will exclude democracy from the life within the enterprise (“those who should reorganize have other, personal worries and don’t want to speak with the workers”). According to the opposite minority opinion, such democratization represents the fulfillment of the unsatisfied requirements of social justice and is the necessary prerequisite for de-alienation, the counterpart of technocratism and the basis of bargaining between employees and employers (“when you are not informed, you assume the worst”). Unlimited power also makes agreement and consensus impossible on enterprise level. As with every monopoly, here too the almost absolute power is ineffective. Both opinion parties, however, understand industrial democracy exclusively in the context of hierarchical, non-participative management.

Similar to the employers and managers, politicians for the most part do not appreciate the fact that the absence of enterprise democracy [Poole 1986] may reduce confidence in the democracy of public life (“neither management nor the government have any concept or willingness to discuss it”). The frequently heard utterances that “nothing has changed” often imply “in our enterprise” first, but subsequently “in society as a whole”. The drop in production in prospective industrial branches and the export of products of a low degree of processing may – according to the concerns of some economists – result in the deindustrialization of some branches. The transition from the collectivist, solidarity orientation to the liberal, individualist one, from the collectively endorsed to individually agreed employment relations could – according to the fears of foreign sociologists in particular – lead to their “re-feudalization”. This risk is increased by the authoritarian, demotivating tendencies provoking interpersonal conflicts, which often characterize the approach of new managers, who are unsure of their qualifications and the scope of real control. The forthcoming formation of industrial relations, therefore, will influence not only economic restructuring, but also the democratic design in the political approach to the regulation of these relations and, possibly, the institutionalization of further forms of participation.

In the past, employment relations were influenced most markedly by the implicit “gentlemen’s agreement”, according to which the management did not require too much work from the employees and even tolerated its slackness expecting, as countervalue, their consent with its policy and at least outward loyalty with the regime which it represented. The present relations are determined primarily by reviving meritocratism. However, the principle of achievement is applied in two contradictory directions. The first represents the return to the authoritarian managerial practices of Taylor, Ford or Baťa. Its milder modification is represented by a sort of post-taylorism or post-fordism prevailing – but also frequently criticized – in the present foreign, particularly West European enterprises and their joint-ventures with Czech firms. Its application conceals the known risk of gradual demotivation and of solidarity conflictual actions of the employees. The pressure of the employers, naturally, will provoke counterpressure from

the employees. The second tendency is based on the individualist liberalist orientation, particularly characteristic of American enterprises and their Czech branches. There, the employment relations are in the form of a “psychological contract” assuming a high degree of interest, initiative and responsibility in every employee. They may but need not result in a participative, joint-labour management system.

The newly emerging employment relations do not tend to the dual system of interest representation of the employees by the TUs and autonomous enterprise councils which have proved themselves well in, for example, pre-war Czechoslovakia and contemporary Germany. With regard to their differences from traditional enterprise conditions and managerial ideas, such relations can be, in analogy with the theory of post-modern society and its organizations [Clegg 1990], explained and denominated with certain justification as post-industrial ones. Such relations are characterized by pluralism as well as eclecticism, individualism lacking in solidarity as well as negation of subjectivity, logical incoherency as well as satisfactory functioning. The systematic undermining of the established organizational structures, characteristic of the post-industrial society [Drucker 1993] and the post-modern phenomena of multiplied meanings, the hypertrophy of images, the dissolution of decision patterns, responsibilities and identities, connected with the broadening skepticism toward cultural values and the refusal of traditional arrangements [Daheim, Krahn and Scheider 1994], could, on the contrary, make understandable some contemporary changes in labour relations. It can be assumed that the symptoms of their occurrence – parallel with regress in the paternalistic authoritarian leadership – in a number of enterprises will confirm the author’s conviction as to the strength of this concept in the near future. The hypothesis on the origin of a new type of employment relations will continue to form the object of theoretical elaboration and ongoing empirical research. It could also, at least partly, contribute to the understanding of new social problems both in the investigated and very probably other enterprises, which will continue to represent the principal fields and simultaneously the institutions of transformation of society as a whole.

JAN VLÁČIL graduated in philosophy, psychology and sociology from the Philosophical Faculty, Charles University, and studied further at the universities in Heidelberg, Hamburg, Bremen, Milano and Munich. Since 1967, he has been working at the Institute of Sociology, the Czech Academy of Sciences. He is interested in the sociology of work, organization, management, participation and industrial relations. Among his main publications in this context are articles in the *Sociologický časopis*, in the *Working Papers of the Institute of Sociology* and chapters in the books *Sociologia del Lavoro (Milano 1994)*, *Economics and Politics (Bratislava 1995)* and *Industrielle Beziehungen in Ost und West (Munich 1995)*.

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