

## **Management, worker responses and an enterprise trade union in transition.**

### Abstract

*We examine management and labour process changes in a Moldovan factory to examine their impact on the trade union and to test the utility of institutionalist approaches. Changes in management structures and work organisation have hollowed out key legacies, notably the 'labour collective' and informal bargaining, and evoked resistance from workers. The union is disconnected from worker resistance and is faced with major issues concerning its role. We conceptualise it as a 'suspended institution'.*

### **Introduction**

This article analyses the ways that workplace restructuring has impacted manager-worker relations, informal practices and an enterprise union in a Moldovan clothing factory. This is an enquiry into the relationship between enterprise strategies, worker outcomes and institutional change.

The research is part of a wider stream of inquiry into managerial behaviour, enterprise restructuring and union reform which collectively constitutes an alternative approach to 'transition' (Ashwin 1998, 2000, Clarke et al. 2003, Clarke 2007; Morrison, 2007; Schwartz 2004). The stream shares with institutionalist scholarship a critical approach to the 'transition' schools. The teleological depiction of post-socialist transformation as 'free market' expansion in mainstream 'Transitology' is rejected. Legacies are appreciated as determinants of transformation trajectories rather than dismissed as obstacles to neoliberal structuring.

Our research focuses on the workplace as a key site of contradictions and conflict, recognising that socialist employment relations were both strongly decentralised and characterised by informal bargaining. These relations were themselves predicated on workplace relations which guaranteed labour quiescence but hampered the introduction of 'western' (i.e. capitalist) enterprise management. An investigation of how these processes have been impacted by privatisation holds out the prospect of unveiling formerly overlooked processes affecting the context in which institutional change has occurred at enterprise level.

Neither mainstream institutionalist nor 'Transition' studies undertake in-depth analysis of workplace dynamics and social conflict.

We begin with a critical review of developments in institutionalism in relation to the post-soviet workplace. After outlining our method, we contextualise the workplace under discussion and proceed to detail changes in work and in perceptions of them, arguing that these are critical to understanding the union's institutional position. We present formal and informal employment relations, beginning with the trade union's role; we then show how changes in technology, management and work organisations have impacted worker-manager relations, the 'labour collective' and informal bargaining. Finally, we draw conclusions for institutional theory, arguing that emergent conflict is channelled in ways that have by-passed the union, raising dilemmas for it and changing its workplace significance.

### **Continuity, 'path-dependence', institutionalism and the post-soviet workplace**

In the soviet workplace, informal relationships predominated over established rules and were related to workers' high levels of job-control, labelled 'workers' negative control' (Arnot 1988; Filtzer 1986). Workers co-operation was vital to 'achieving' planned targets. Their collective rights were severely curtailed, yet managers were also constrained. Management struggled to achieve targets and tried to do so by eliciting workers' effort. Subjected to strict guidelines and hierarchical subordination, managers therefore had strong incentives to collude with workers. Cadre workers (foremen and brigade leaders) played a key role, managing production while resisting pressures from above and mediating conflict. The main managerial tools were the individual piece-rate, a large array of bonuses and selective use of welfare benefits, devices which strongly fragmented worker collectives. Therefore individualised forms of bargaining proliferated. Individualism and alienation were balanced by enterprise welfare and social activities intended to reproduce the 'labour collective' (Shershneva and Feldhoff, 1998). The 'labour collective' is a multi-sided institution. It comprises all who work in the enterprise, is a legal entity and finally a normative notion stressing the idea of the workplace as community or (in Weberian terms) a *Gemeinschaft*. The idea legitimated managers as paternalist leaders facing external forces and its existence has been used to help explain worker's quiescence during transition (Ashwin 1999; Schwartz 2004). Its reproduction by organising welfare was historically significant tasks for unions and in turn a source of their legitimacy within the workforce. Importantly, informal bargaining

also played an important role in supporting the union's position. Along with organising welfare regulating informal bargaining was a second key function for unions. The union helped maintain the *Gemeinschaft's* social cohesion by organising co-operation and dissipating conflict within it. A third function was that of legal watchdog, ensuring that laws were followed. Crucially, then as currently, unions' centres of gravity were in the workplace, where the great majority of funds were retained; the union federations to which they affiliated rarely intervened except for political purposes (Croucher, 2004). Many have noted strong continuities between this overall picture and the current situation, lending credibility to institutionalist 'path dependency' arguments (Burawoy 2002; Burawoy and Verdery 1999; Nutu 2005).

The institutionalist emphasis on 'path dependency' has featured prominently in debates about post-socialist transformation (Noelke, and Vliegert 2009; Soulsby and Clark, 2007; Stark and Bruszt 1998). Continuities are used to explain the resilience of industrial relations institutions and apparent labour 'quiescence' in Eastern Europe (Crowley 2004; Greskovits 1998; Ost 2000). Yet cases of union revitalisation in MNCs, popular unrest and workplace informal resistance call into question an approach almost exclusively focused on formal and national institutions, the loci of industrial relations in 'advanced capitalism' (Clarke 2007; Meardi 2007a, 2007b; Morrison 2007; Woolfson and Beck 2004). It is therefore already evident that 'path dependency' approaches are likely to have limited explanatory power for analysing social reality in 'transition'. Workplace level analysis is required. Lack of attention to the evolution of workplace social relations is problematic for four central reasons. First, it fails to account for change occurring at the point of production where informal bargaining and rules established by custom and practice previously prevailed. Second, it overlooks the reality that major changes in production and management initiated by capitalist restoration inevitably modify the *raison d'être* of institutions established under a fundamentally different social system. This is especially the case with unions, which were previously part of management and in many cases continue to exist at management's mercy, as essentially bureaucratic and vestigial bodies (Croucher, 2004). Third, as in more developed national contexts, the consequences of technological and economic change are more likely to be immediately apparent in the workplace than in national institutions where they have been argued to have had little impact (Thatcher, 2007). Finally, as it has been argued that the categories of institutional analysis used for mature market economies have little purchase in

post-Communist countries (Lane and Myant, 2006), there is a need to re-visit these from their foundations in the workplace.

The weakness of current theoretical mechanisms explaining institutional change has been noted by others and related to wider concerns with agency, power relations and class (Peck and Theodore 2007). Streeck and Thelen call for a grounded view of institutions, (2005: 16) significantly pointing out that changes in institutional use, function and interpretation, if systematic, can lead to transformative change despite structures themselves remaining largely untouched (see also Peck and Theodore 2007: 755). The view implicitly recognises the problematic, ambiguous and contested nature of institutions. Similarly, Hall and Thelen have made limited acknowledgement of the importance of societal conflict in stimulating change, focusing on endogenous dynamics set in motion by interest-seeking parties, to substantiate ‘a view of institutions . . . as resources providing opportunities . . . especially for collective action’ (2009: 10). Yet, commitment to a regulation paradigm (see Burrell & Morgan 1979) means that the central concern remains systemic coherence within the institutionalist theoretical universe rather than with wider social developments. As some have recognised, reliance on a ‘quasi-neoclassical conception of power’ (Peck and Theodore 2007: 754) marginalises the dynamics of workplace conflict, co-operation and consent.

There have been calls by institutional theorists for an under-specified ‘conceptually more complicated and contradictory account’ (Schwartz and McCann 2007); we argue that this must mean locating the union firmly within a wider workplace context that helps us reach a more comprehensive view of its significance for workers and managers. Institutionalists engaging with change in the labour process have persistently called on researchers to broaden their frames of reference by taking ‘the contested nature of workplace relations’ into account (Johnson et al. 2009: 54; see also Vidal 2005). It has been suggested that such developments might yield a more nuanced understanding of social institutions that ‘takes conflict seriously’ (Koreh & Shalev, 2009: 553). Peck and Theodore argue that neoliberal restructuring and globalisation in fact expose orthodox institutionalist accounts of static differences between established national systems and argue that attention to ‘*new forms* of capitalist variety realised at different scales and across different registers’ (2007: 758) is required. They call for a new synthesis, ‘variegated capitalism’, which *inter alia* restores attention to class relations and forms of production (Burawoy 2001), thereby bringing the ‘capitalist’ back into the ‘variety’ of VoC (Pontusson, 2005). As Howell (2003: 122) suggests ‘Recognising that

the economy in which transactions are being co-ordinated is capitalist and that actors whose actions are being co-ordinated are class actors goes a long way to restoring dynamism' (Howell 2003: 122 in *ibid*: 760).

We therefore investigate the evolution of workplace social relations in one factory within a framework that locates the enterprise trade union in its broad (capitalist) industrial and social context, recognising class and 'taking conflict seriously'.

## **Method**

We use the ethnographic case study method pioneered in the post-socialist context by Burawoy (2007) because of its potential for generating rich data and 'thick descriptions' of our subject. Data collection aimed to establish dialogues with workers and managers to make comprehensive sense of their views (Burawoy 1998). The case is part of a wider study of three enterprises selected after a focus group with enterprise union leaders.. Issues of access and consent affected the selection but selection was based primarily on industrial representativeness and outward market orientation grounds. In common They had the fact of being unionised, large brown field sites with good economic prospects. Labour relations and union positions displayed distinctive trajectories within a common paradigm. All union leaders are soviet-time incumbents and enterprise unions continue formally to represent the labour collective, except for a German firm (Manufactura) where managers have left the union. At Manufactura, one of a few manager-owned companies, management and union were virtually unchanged sitting now on the same board of directors. Soviet paternalism was drawn on here, well exemplified by the incongruous juxtaposition of the old soviet hall of distinction and the ISO9001 quality certificate in the central hall. The German home company had seen radical changes in management and production which challenged old rules contributing to the rise of a militant union which has turned the old female labour collective into a worker's representative and bargaining body. The third enterprise, dealt with here, was Italian owned, was showed a situation where strong continuities in union work, jointly supported with management, contrasted with rapid managerial and technological change in the workplace. All enterprises presented elements of continuity constraining managerial strategies and worker responses but the different approach to restructuring have put workers' outcomes and institutional change on different trajectories.

Interviews and non-participant observation were conducted between 2005 and 2007 at the Confederation of Light Industry Trade Union headquarters in Chisinau and in three enterprises with different ownership and management profiles. One-off interviews were also held with union leaders at other production sites. Contacts with key informants have been maintained up to the present.

At the enterprise under discussion, serial semi-structured interviews were held to capture longitudinal developments: three seamstresses, a male technician, a brigade leader, two technologists, a chief of production and a top manager participated in these repeated interviews. We made regular visits to the union's factory office in winter 2005 and summer 2006 and carried out individual interviews with several respondents outside the factory. Since then, we conducted regular telephone interviews with the union president to obtain regular updates. Important factory documents on production matters were also made available to us. The latest meetings with key union respondents were held in summer 2009. Interviews were triangulated with outsiders within the union and at other sites and secondary sources.

### **The Moldovan context**

It has been argued that post-socialism represents a huge laboratory for institutional and organisational change (Soulsby and Clark 2007). Moldova is itself an extreme case showing strong innovation, induced by FDI as well as the EU and IMF, as well as strong continuities due to its soviet legacy and continuing Russian influence. It is, therefore, a good example of 'institutional hybridation' defying orthodox understandings of both post-socialist continuity and neo-liberal convergence. Until recently, Moldova was at the forefront of neo-liberal transition policies. By 2005 the Communist government faced what a UNDP report (2005) deemed to be catastrophic social and institutional failures. The government has formally embraced 'social partnership' and intervened directly to support the collaborative unionism represented by the 'Solidaritate' confederation to which this plant's union is affiliated. It suppressed alternatives represented by campaigning unions such as the previously large and influential union Agroindsind (Croucher, 2004). Union representation is legally guaranteed but labour legislation has been modified in favour of employers who enjoy the support of often corrupt public officials in union views. Bargaining is confined to local establishments.

The Moldovan clothing sector developed under soviet rule but has been extensively privatised and is rapidly integrating into global production chains (Foma 2007, Mattila 2003). A weakly capitalised sector internationally with strong sensitivity to labour costs it has displayed both high mobility and flexibility in organising production across and within enterprises, adopting diverse organisational and production strategies (Probert and Lane, 2009). Economic geographers have devoted attention to the reconfiguration of its production networks across the EU's new eastern borders, highlighting the plurality of factors and strategies affecting its relentless restructuring (Pickles et al 2006; Smith et al 2008).

Both the country and the sector therefore represent extreme forms of the tendencies emerging in the region as a result of its integration into the global economy.

### **The Case**

The company manufactures knitted articles and sportswear for leading fashion labels but Moldovan production encompasses only the final stage of sewing fabrics. The enterprise has three main production shops – preparation-cutting, sewing and finishing. Tanya, union committee president, recalls nostalgically how this five thousand-strong enterprise once had several production sites, an educational institution, shop, resort, several kindergartens, and accommodation facilities. After bankruptcy, nothing remained, she exclaims, but the wealth of the managers who masterminded it.

The present business was established by an Italian venture capitalist in the late 1990s on the basis of an earlier joint-venture with the former director, who until 2008 retained a symbolic equity share and her job. The enterprise has been reconstructed on part of the old factory and now comprises both smart office buildings and basement workshops. Bankruptcy brought extensive dissolution of the old labour collective; current workers have been carefully selected from former employees by the new owner. Thirty former managers and administrators have been reinstated, with new young workers and shop managers now constituting 80% of the workforce.

Internal company data for 1997-2006 show a remarkable growth in productivity. Manufactured units per worker grew by a factor of almost four, while production volumes and value were seven and six times higher respectively. Employment remained broadly stable at around 1000 until 2006 when numbers started to decline. Management has shed further

employees, mainly through turnover. The global crisis has hit the enterprise hard and for the first time workers have been put on a reduced work schedule. Nevertheless, the enterprise's good economic prospects have brought a transfer to another Italian industrialist who has decided to renovate the establishment.

We structure our account of changes in the workplace within four sections as follows. We begin with management-union relations. Next, we describe the management hierarchy's transformation and changes in work processes. Finally, in a contrast with the first section, we show how worker resistance exists divorced from the union.

### *Union-management relations*

Tanya was appointed union representative in the soviet era. The union had to show considerable tenacity to stop early attempts to dislodge it when the first foreign owner took over. The latest owner has assured her that he has no desire to alter current agreements.

All employees are members, with their subscriptions deducted by the employer at source and largely retained in the workplace for welfare purposes. As Tanya explains, there is in theory a union workplace committee (*Profkom*) but it exists only on paper; participation possibilities are reduced by the work intensification that we describe below.

*'The union committee exists only on paper. I made it up; in reality workers are too busy and are not allowed to move from shop to shop. Unlike state enterprises, here there are not so many ITR'* [administrative-technical personnel considered part of management] (Interview with TU committee president, winter 2005/2006).

Tanya focuses on welfare and pursues only the most timid bargaining on wages and working conditions; most of her work is based on collaboration with, or carried out in conjunction with management.

Tanya's describes her 'civilised encounters' with management:

*'Our relations are – crossing fingers – good' but 'when I ask for wage rises he [the owner] says: "I haven't seen any profit yet" but if he didn't he wouldn't be still here'. 'The payment system' she explains' before was better. Basically now we have no incentive mechanism . . . I*



*tell them: “let’s give them bonuses and raise wages, it is in your interest too, i.e. productivity will rise” . . . we need a mechanism to retain workers but they are not interested. Foreign investors are satisfied: good workmanship and cheap labour; they keep us in misery, as long as possible.’*

(2005, 2006)

‘Material aid’, the long-standing practice of giving cash handouts for specific needs (‘if someone dies, if they need an operation’), is run jointly by management and the union. Tanya specifies that requests can be made to her or to the line manager. Workers can only increase their earnings by accepting overtime. Tanya admits that sometimes people have worked ‘not eight but ‘nine, even ten hours a day’, because ‘they pay double’. This is legal provided workers give written consent, she clarifies, adding that workers might be subjected to pressure but she has no say in it, the matter is settled in the shops.

Collaborative relationships between the union and management date back to the soviet era: ‘the shop chiefs are all acquaintances from the old enterprise’. Workers’ continuous complaints about wages have made things difficult for the director: ‘they walk up from the shops to ask for a pay rise’ and she replies that ‘the owner dictates’ (ibid.).

The inability of the union and administration to use either bargaining or traditional informal relations to settle the wage issue has led to both sides acting autonomously. The chief economist reports initiatives to engage with and manipulate workers, to ‘bring them to reason’ and head off their ‘fantastic’ demands:

*‘People can voice their demands . . . meetings take place: when someone is unhappy about something, then the brigade leader comes to me and we go to the shop chief who says that nothing can be done.’*

(Summer 2006)

Tanya concentrates her negotiating and organisational efforts on welfare:

*‘I organise going to operas and ballet, to the Pushkin museum and other venues for workers . . . they [the owner] began to fund holiday packages: it is in their interests . . .; he funds sixty*

*trips a year, gives money for concerts and for holidays at sea for the administration. . . . for New Year, we prepare for a night event in the Ball Room: the owners will pay for it.'*

(Winter 2005/2006)

This goes down well with senior employees fond of collective activities popular in soviet times which reaffirmed the 'labour collective'. Alla, a senior brigade leader (cadre worker performing forewoman functions), contends:

*'Tanya is excellent: we can say that we work in a state enterprise: they pay sick leave and holidays, provide holiday packages . . . she works here since soviet times, she is for the workers. It is good that the Italians took her in. . . .'*

(Summer 2006)

Workers new to the enterprise are given this understanding of the union, reporting that they had been advised by colleagues to join because *'the trade union is that woman who gives holiday packages'* (respondents 4 and 5, seamstresses, aged 23 and 21, summer 2006). As we see below, not all workers share this positive view.

The union has been a stable factor within massive change in workplace social relations and production which has created considerable discontent from which it is divorced.

### ***The management hierarchy transformed***

The company's economic success derives from radical changes to work organisation and production methods which are intimately linked to reorganised managerial structures and tasks.

Maria, a cadre with soviet training and thirty years work experience, who joined the enterprise from the start a decade ago, enthusiastically delivers a detailed and positive account of workplace transformation.

Maria heads the finishing shop, a strategic area in the factory as it adds the finishing touches – buttons, collars and buttonholes - to clothing, prioritising and packaging orders for delivery.

She is responsible for defect-free and timely delivery to demanding western clients. She expresses her sense of professional pride and contentment with current arrangements:

*Right now we run 12-15 thousand items - different clients and models. This is easy. It is for me because I know the tools. Now I sit down and show you what I can do: quality control, packaging – the correct process. That’s what I like with the Italians.*

Her account underlines the new owners’ success in building trust with line managers.

Maria stresses the novelty of the managerial structure, its consequences for task redistribution and, indirectly, for decision-making. She describes her duties as: *a) to correctly recruit people in order to train them on the job . . .* which leads her to explain how *b) to organise the structure of the shop – first the shop chiefs, then line managers [technologists], then maintenance specialists [mechanics], team leaders [brigade leaders] and workers.* She explains that *now those in charge are the shop chief, line managers and the foreign manager.* The notable omission here is the foreman, central to the soviet workshop: *Before there was a foreman for every shift, who oversaw four brigades of about fifty workers each. He took responsibility for production volumes. Now this function has been eliminated because it is no use to anyone.* Thus, the foreman, who previously mediated between the rest of management and workers, has been eliminated.

A second step has consisted in the change of functions and relations between the surviving actors. On the line, in direct contact with workers, are line managers whose previous role was marginal: *Before, the foreman answered for plan [fulfilment], the technologist for the process [of production] . . . his position was overstretched with one technologist for each shop. There was no direct involvement.* With the foreman’s disappearance they now fulfil a dual role: *They answer for production volume and quality – in my absence, they.... maintain labour discipline.*

The lengthy decision-making process in the soviet workplace was marked by continuous conflict between parochial interests both vertically and horizontally. Now, managers’ ability to exercise effective decision-making is based on new relationships established with both colleagues and superiors on the one side and workers on the other. It has been argued that Fordism’s major contribution was to put innovation firmly into managerial hands thus

eroding workers' job control (Clarke 1992). Maria's account resonates strongly with this analysis.

All levels of management now have more direct and committed involvement in production:

*I plan what has to be done, check [production] volumes and quality. In the past, it was difficult to spot a manager in production. Now there is no [separate] office – we are on the line with just a telephone. We can take a five minute break . . . it would do no harm to have an office but our job is to stay focused on production flow!*

Some similar changes have occurred in some Russian enterprises (Goncharova 2005; Morrison 2007). Yet here they are comprehensive and combined with relentless changes in production itself.

### ***Reorganising work***

Technological innovation and 'just-in-time' work organisation are linked to drastic reductions in employee job control. Maria's account of change is dominated by two imperatives: new machines which simplify and accelerate production and the need for continuous problem solving to meet delivery-times and quality standards for an ever-changing range of products.

The first stage of production is the preparation-cutting shop which receives the ready-made cloth and cuts it to patterns, embroidering them with the emblems of the required brand. This is now done by a computerised process that transfers the pattern into an automated stitching machine. Maria enthusiastically reports:

*They bought twelve embroidering machines: high productivity and more colours . . . There were layoffs in the finishing section: some ended up as seamstresses . . . They have been all put into the same category, at grade four [skilled machine operator].*

The second stage is the sewing shop which has seen different forms of innovation –here, productivity gains have been achieved by combining all stages of production for each item in single lines, constantly rearranging machine layout and the allocation of tasks to workers as products change. Maria praises the arrangements:

*In the past we lost a lot of time: every line was a process. Then we started a new system with the Italians – we liked it.....Items do not jump from one machine to another, everything happens on the same line – only forward! If a machine fails, it is replaced to avoid wasting time. You have to be a serious specialist to put together a model on a single line. Once the model changes so does the layout of the machines.*

The ‘serious specialist’ is Maria herself, i.e. the manager, and she does so following the imperatives of efficiency.

The effects on workers have been dramatic. They are now an appendage to the line and are constantly redeployed to new tasks and teams at management’s will. Maria explains: *We have fourteen lines. People change according to product combination . . . . New brigades are constantly set up . . . everything depends on the shop chief.* In soviet times, workers operated in a relatively stable system where qualifications and corresponding tasks were meticulously defined and neatly separated; workers jealously guarded equipment to protect earnings through familiarity with the work. Workers tended to stick with a team, allowing forms of collective resistance with a low risk of individual persecution.

Tanya laments: *In the USSR the organisation of work was based on the brigade system and the foreman. Workers were stable and brigades competed with each other. Now the Italians have mixed it all up, they move people around. The brigade leader was a father and a mother for the brigade. . . . Now people change place all the time.*

The third shop, where Maria works, adds final touches to the ‘semi-finished’ piece of clothing. Here, operations have been combined and mechanised.

*‘Now we have new buttonhole machines – they are a real wonder. Before it was twists and turns, now it is easy. The button machine: before you had to feed them in one by one, now you just load and start’.*

However, it is the related social re-organisation that makes the essential difference - particularly the change in the relationship between shops, with finishing ‘pulling’ work towards the final stage, prioritising urgent deliveries in a just-in-time process. Discretionary deployment of the workforce is the key ingredient:

*My people have to collect everything [from the previous shop] to have things to work with . . . . I say: “You go there and do this”. I am like a regulator, for getting work done within strict deadlines: I check the cloth and the documentation and give the go-ahead to dispatch – all in two days. Everything is clearer: we make decisions on the spot not in months, step-by-step. Work cannot be set aside awaiting decisions. If I need five workers I ask the other shop chiefs. . . . We find it difficult to do new things. Italians have convinced us that this is the way all over the world.*

Poor quality ‘soviet’ production is no longer acceptable to international customers (Dickenson et. al. 2000). Maria is sensitive to the issue:

*‘There is more quality control now than previously. There are three types of control: the first is between operations (it begins with the most important one: shoulders); the second one: when the clothing is cleaned and turned back to front; the third one: when items are stocked in the sewing department’.*

Quality control is now closely integrated into the production process. Customers and managers constantly communicate at every stage to integrate quality requirements into the decision-making process on the line. Line managers, who bear sole responsibility, are carefully trained and constantly supervised. Maria explains that she dismisses any who are untrustworthy. Managers are now directly responsible to demanding clients. As Maria explains: *Now we send goods to Italy and they have checks – and what checks!*

While in soviet times responsibility meant victimisation of the individual manager for failures, leading to risk-avoidance strategies, solutions are now sought collectively within management:

*All the time you think how to fix it in order to avoid . . . complaints, fines, fines. Solutions are sought by both sides. . . . We bring together the technologist, the brigade leader, the controller on the line and discuss the issue with the Italians.*

Remarkable for its absence is any reference to workers, the passive recipients of decision-making. The symbolic power attached to expertise linked to the processing of western and particularly Italian branded goods, further contributes to expropriating workers’ ownership of

the process (Redini 2008). They operate a fragment of the chain, excluded from the design and consumption stages.

Increasing distance between workers and managers, and the latter's integration into high-trust relations with top managers and owners, is central to restructuring. The soviet manager ruled through personal relations, relying on loyalty rather than rules and engaging in informal bargaining. In our case study enterprise, this has changed dramatically and informal bargaining has been called into question. Thus, Maria makes only indirect reference to the soviet practices of bargaining over piece-rates and norm-setting:

*'In the USSR, bonuses made up one third of the wage. Now, there is a reward for over-fulfilment; before, you could earn good money with this system. Now the pay is normal. Everybody tries to make the norm. It is not difficult to fulfil the rate. When I calculate it, I check with two/three people and make an average'.*

Less scope for informal bargaining is in part the result of tighter discipline:

*'At the end of every season, we look for the "weak spots": if they are sick too often, they play tricks, then we get rid of them. We can fire on disciplinary grounds – there have been a few cases – for failure at work. All managers try to have less of these troubles and good workers instead' (Interview with shop chief, winter 2005).*

The concomitant is reduced worker task discretion, illustrated in many of Maria's accounts of interventions in the work of individuals.

Thus, restructuring has entailed fundamental reorganisation of the production process. Tightly-coordinated shop management is now directly involved in production when they previously sat in their offices expecting workers to deliver the plan. Previously stable work groups and the worker's collective have been dissolved. Worker task discretion has been eroded. The changes have brought resentment and some resistance.

## ***Resistance***

Two young technologists from the sewing and preparation shops respectively volunteered accounts highlighting constructive collaboration with superiors leading to incremental innovation and cost-saving solutions, with different but significant conclusions. Their accounts refer to a lack of reward for innovation and the intensification of work respectively. Anna from the sewing shop re-frames the management efficiency discourse with a vital appendix:

*'An example of small innovation: there are models with edging strips both on top and inside – you need a switch there and there. It is possible to apply two at the same time, combining two operations into one. We take the decision ourselves and agree with the foreign [owners]: "Can we do it? This way is faster". They are satisfied with the results . . . we get no rewards'.*

Olena underlines the 'foreigners' approachability, the logic guiding their interactions and the results:

*'The foreigners treat personnel well. If I have an issue I can go and ask them. Technological problems are discussed collectively; we share views. Yet I can never say that something cannot be done: everything is possible if you try hard enough. For problems either I or the shop chief will approach Italians: not with a question though, but with a solution. They say what model has to be done urgently and I try to keep up with the pace'.*

Line managers' accounts show that they share many of the workers' concerns with work intensification and the wider changes.

Anna (age 30, apparel manufacturing process planner) complains that her wage compares poorly with her duties as a technologist and assistant to the shop manager. She has chosen to join management because 'working at the machines is dull'. She therefore considers herself more of a worker: *'My desk is in the shop . . . I do have an office but with the amount of work I can hardly sit there. I work here more than at home'.*



Olena (age 25, industrial processing of computerised design) oversees preparation, including the electronic embroidering machines. She is under great pressure to feed work to other shops: *'The production office checks on us every day: they ask when we send models to the sewing . . . in the other shops they also ask.'* Co-ordination takes place from above and from other shops. She observes that: *'The workload here is higher than at home. After work I am exhausted physically and psychologically'*.

Unlike Anna she likes the job but has no interest in the collective: *'I like this type of work and dealing with people – [but] I do not get involved in workers' business'*. She points to the inconvenience of changed working hours (*'It was 8:30, now we start at 7:00 and I have to take my kid to the kindergarten'*). Equally, summer holidays *'depend on the shop workload'*.

Alla (sewing shop brigade leader) has thirty years seniority at the factory, twelve as brigade leader. Her approach is recognisably 'soviet':

*'In the USSR the brigade leader had it easier.....Before, we ran one article for two-three years: it was easier'*.

As a soviet-style workers' leader she still feels it is also her duty to speak for her workers: *'I defend our [workers]: they are my people'*. To avoid workers being penalised for under-fulfilment she can write that 'the worker is familiarising herself with the process', whereby workers automatically get 100% pay. Unlike Maria, she finds it difficult to accept the harsh personal and class confrontations that are merging and her paternalism helps smooth the process of adoption of the new practices. She looks back to a better time, observing that entertainment was part of everyday life because work was much lighter: *'In the USSR after work we would go to the cinema or similar: life was easier . . . tasks were always the same: we could work and have a chat at the same time'*.

The managers' accounts show their own resentment and the ways that they seek to soften the issues which reflects and conditions resistance from workers. Maria admits, like other managerial respondents, that the new generation of women workers does not easily accept the new workshop regime: *'Youth is not interested in work . . . only a handful is'*. And while training and career prospects might be offered, *'girls do not want to climb the career ladder'*.

Nadya, at the enterprise for thirty six years as a seamstress (*'I was on the honour roll and was awarded a medal for seniority in 1992'*) is one of a group widely seen as resisting the new workshop order. Her account chimes with other similar responses:

*'I had no work and the brigade leader told me to go help with packaging but over there they said they did not need anyone: I stood up and said: you cannot send me around as if I was a young girl. . . . They replied:" if you do not like it, you can go home". They justified themselves by saying that the Italians ask a lot of them.'*

Nadya had found the union more effective under the soviet system:

*'Before the union was better. Nevertheless there was a time when they lowered our wages but norms stayed put. We all agreed to go to the trade union central committee. We went to the office and complained that first it was 80 [soviet roubles], then 70, then again 60. We asked them to come over and sort it out. They rebuked us that we should not go during working time. After that they immediately raised our wages to 150'.*

Currently, Nadya's continuous pressure on Tanya and the director about wages (*'I have been asking the enterprise more than once to raise wages'*) and working conditions (*'We went to Tanya asking the trade union to act on poor ventilation'*) indicates both that extra-union collective organisation exists and that the union is being asked to engage with their concerns.

Both individual and collective resistance exist. Younger workers show little interest in the labour collective. One commented: *'Here everyone stands up for herself'* because *'there are managers that set targets unfairly and we have to argue with them'* (respondents 4 and 5, *ibid.*). High turnover (25% annually according to Tanya) is combined with individual bargaining, indiscipline and other forms of resistance. Nadya, a veteran worker (see below) with an unusual militant background reports a strike: *'Once we went on strike, at the beginning of 1999. We did not get into the shops but stood by the doors asking that conditions be improved and wages be raised'*, and further informal actions occurred on wages and working conditions. Workers petitioned the authorities when they experienced serious problems with the working environment. Rita, from the light industry union headquarters, recalls that: *'A crisis broke out when ninety workers filed a complaint this summer about bad*

*working conditions. . . . [The owner] had opened a workshop in a basement without ventilation' (Winter 2005/2006).*

## **Conclusion**

It may appear that 'path dependence' arguments have considerable force in relation to the union. Employment relations show formal continuity: managers use their discretionary powers to reward loyalty and repress dissent; collective bargaining is absent and both union and workers depend on management's good will for concessions; welfare is jointly run by management with a collaborative union and is used to appease the workforce. Yet the context has changed in ways that shift the union's significance. There have been fundamental upheavals in the nature of work itself and in workplace social relations. Traditional informal relations operate only in limited and substantially distorted forms, reducing workers' scope for bargaining and the union's possibilities for mediating. As workers are strongly aware, their autonomy has been radically curtailed as managerial discretion has been widened. Work intensification was evident. All of these changes give rise to an unsatisfied demand for effective representation from workers. Moreover, the institutional situation within the workplace has shifted. The labour collective has been essentially dissolved as a reality since its members were initially removed, turnover creates a constantly-shifting workforce and stable work groups within the collective have been largely abolished. Younger workers are less attached to the collective than their older counterparts. Thus, the union, historically both a complementary actor and itself one of the manifestations of the labour collective, is no longer supported by it.

The union is distinguished from its soviet predecessor because it originated in a perceived need for independent representation, but the micro-environment has created growing ambiguity as it has been driven to detach itself from workers' views and interests by a perceived need to survive. It currently has no substantial independence in its welfare, bargaining and legal watchdog functions. In the welfare case, the owner sustains this as a means of attracting and retaining employees since many other employers have abolished it, using the union as an organisational partner. Similarly, in the 'bargaining' arena, the union makes requests but takes no action when these are refused. Simultaneously, the union's traditional legal watchdog function is eroded by successive waves of government de-regulation and had to be substituted for by workers in our case. Workers have taken action

directly, by-passing the union: labour turnover, appeals to external authorities and 'indiscipline' are all apparent. The *status quo* is not accepted by them and the union's legitimacy as representative body and as part of the *status quo ante* is called into question since it is disconnected from workers' resistance. The union is therefore increasingly faced with the strategic dilemma of whether it takes opportunities to regain legitimacy with workers or reverts to collaboration. In common with Western Europe, the transformation of work has weakened unions at workplace level but in our FSU case, union strategic options are in comparison severely limited (Doellgast, Batt and Sørensen (2009)).

Some implications are apparent for theories of institutional change. First, changes in the workplace and their overall impact on manager-worker relations can be identified as endogenous causes of a systemic hybridization process. This supports calls for a move away from dichotomous frameworks such as 'market/non-market coordination' (see Peck and Theodore 2007: 752). Second, in relation to institutionalist thinking, it is clear that stylised, imported versions of union functions and significance may not be applied in the Former Soviet Union. To the extent that the union espouses collaboration serving the state and employers' interests rather than those of its putative constituency, its role as a highly dependent institutional actor contradicts notions adopted by default from other contexts, that is it has a radically different set of functions and meanings attached to it from those attached to it in the West which can only be understood by coming to grips with the wider environment.

In other words, the analysis of workplace social relations provides for shifting the focus from institutions and continuity to actors' strategies and change. It simultaneously allows for qualifying the former and reconnecting the two introducing the possibility of cumulative processual institutional change: the union continues acting in the service of managerial strategies, while workers 'continue' resisting intensification. As both operate under the very different circumstances established by the new production regime this implies increasing separation and the emergence of conflict.

Third, we offer a conceptualisation of the enterprise union as a *suspended institution*. It is 'suspended' because its principal support, a necessary condition of its survival, is from above. Stripped of the complementary support of the labour collective and disconnected from worker resistance to the new production regime, it has little or no support from its putative

constituency. Its position is suspended in a second, historical, sense, in that it is essentially vestigial, owing its existence to the reaffirmation of a previous tradition without having set in train any measures to reform itself. While some unions in the Former Soviet Union have taken steps to overcome this situation, many have not (Croucher, 2004) and it may therefore be that this conceptualisation has wider applicability in the region. More widely, global restructuring weakens collective institutions, simultaneously raising the importance of social contexts for workplace rule formation and possibly increasing the incidence of suspended unions. It is evident that only thick descriptions of socially contextualised workplace level situations can adequately depict their nature in different national environments.

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