Industrial Relations in 'Post-Communism': Workplace Co-operation in Hungary and Slovenia*

*Miroslav Stanojevic***

The paper is derived from a survey conducted in the second half of 1999. According to the data, two different types of industrial relations exist in Hungary and Slovenia. Both are strongly influenced by regulatory patterns formed within the two different 'communist' traditions. Hungarian industrial relations are unitary in nature. They are characterized by trade union integration in managerial structures. At workplace level, Slovenian trade unions are more worker-oriented. In accordance with this basic feature, the whole scene is more pluralistic and more conflicting. Processes of forming industrial relations structures in the two countries are divergent. The divergence is significant, in spite of early implementation of German model in both cases. In both 'transitional' societies the roles of capital and labor differentiate in accordance with the patterns, which are stronger than the imported intermediary institutions.

Dieser Artikel basiert auf einer Umfrage, die in der zweiten Hälfte des Jahres 1999 durchgeführt wurde. Die Erhebung ergab, dass in Ungarn und in Slowenien zwei verschiedene Arten industrieller Beziehungen existieren, die beide stark von Handlungsmustern reguliert werden, die aus den verschiedenen 'kommunistischen' Traditionen hervorgehen. Industrielle Beziehungen in Ungarn sind einheitlich. Charakteristisch ist die Integration von Gewerkschaften in Managementstrukturen. Auf der Arbeitsplatzebene sind die slowenischen Gewerkschaften stärker arbeiterorientiert. Demzufolge stellen sich die gesamten Beziehungen pluralistischer und konfliktträchtiger dar. Die Entstehungsprozesse der Strukturen industrieller Beziehungen divergieren in beiden Ländern. Die Divergenz ist signifikant, obwohl in beiden Fällen das deutsche Modell frühzeitig implementiert wurde. In beiden Transformationsgesellschaften unterscheiden sich die Rollen von Kapital und Arbeit im Zusammenhang mit diesen Mustern, die sich als stärker erweisen, als importierte 'zwischengeschaltete' Institutionen.

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** Miroslav Stanojevic, Associate Professor, University of Ljubljana;

Introduction

According to the basic conceptualization within the industrial relations tradition, it is possible to identify two broad approaches to industrial organizations: the unitary and the pluralistic (Fox, 1966). Difference between the two could be summarized in terms of recognition of stake-holders interests.

Within the unitary perspective different stake-holders in the organization are illegitimate; the organization is understood as a team 'unified by a common purpose' (Fox, 1966:2; 1985: 31), leading by a single authority (in authoritarian or paternalistic manner), and integrated by a common values. Within the pluralist perspective, where the stake-holders' interests are recognized, the organization is understood as 'a miniature democratic state' (Fox, 1966:2) consisting of 'a coalition of interest groups presided over by a top management' (Fox, 1985:26).

In terms of workplace relations, the unitary pattern fits in with co-operation, the pluralist includes conflict as well as co-operation. Co-operations appearing within the two patterns are of an essentially different kind: the unitary one is based on unrecognized and the pluralistic on recognized stake-holders interests. The first one is more traditional and the second one more modern.

A good examples of the co-operative variant of the modern pluralistic pattern could be find within the German industrial relations system. Being an important factor behind the economic prosperity enjoyed by Germany since the war (Jacobi, O. et al., 1998:190), the system has been copied in some post-communist CEE countries.

The system's central institution is the works council – a form of workers' collective interest representation, which is strongly sensitive to the interests of capital. Streeck explained the essence of the model using the metaphor of 'a mutual incorporation of capital and labor by which labor internalizes the interests of capital just as capital internalizes those of labor'. He contrasts defining features of the German model with the adversarial relations between management and workers' representatives, where workers' representatives - who do not internalize the interest of capital, try to influence manager decision-making (Streeck, W., 1992:163-164).

Streeck's conceptualization supports a differentiation between two types of industrial relations regulation within the pluralist pattern: 'adversarial relations' and 'mutual incorporation'.

On the basis of unitary and pluralistic views combined with Streeck's clarification, it is possible to identify three ideal types of industrial relations present in advanced societies: the unitary, the adversarial and the mutual incorporative. The second and the third type are the sub-types of the pluralist pattern.

According to the typology, the German works council is an institution, which concerts workers collective interests with those of capital within the pluralist pattern. Concertation is a form of interaction with capital, whose agents strongly respect (internalize) the basic interests of labor. In this sense, the works council is an intermediary (Muller-Jentsch, 1985) institution.

At the beginning of the 90's, the key features of the German model were used in forming new systems of industrial relations in Slovenia and Hungary. In both cases, the application of the German system promised the forming of highly co-operative industrial relations, which would assure better social integration within the two 'transitional' economies and, generally speaking, better performance of their economies.

In the second half of 1999, a survey about trade union operations at workplace level was conducted in Hungary and Slovenia. /1/ This survey enabled comparisons to be made of the extent of co-operation present in industrial relations in the two 'post-communist' societies.

After a brief overview of the two industrial relations backgrounds, I shall present the most important differences identified by the comparison. I shall then attempt to explain these differences. In the conclusion an evaluation of the extent of co-operation in industrial relations in Slovenia and Hungary will be offered, including an assessment of the effects of the German model in the two transitional environments.

The two industrial relations backgrounds

Historical background. Hungarian and Slovenian variations of 'post-communism' are derived from different types of communism (Feher, Heller and Markus, 1986:11-12). Hungarian 'communism' was formed within the borders of the soviet empire. Its basic feature was the command economy system (Pollert, 1999: 34-49). At company level the trade union was a link in the command economy chain (Feher, Heller, Markus, 1986; Pollert, 1999: 133).

Slovenian/Yugoslavian 'communism' was formed outside the empire's borders. In comparison to the Hungarian variant, it was more open and more market oriented. In the 50's the system of command economy was combined with **workers** councils and later dismantled and replaced by a system of 'self-management'. The system provided unusually high autonomy for companies within the former Yugoslavian 'real–socialistic' society (Mencinger, 1997: 214). At workplace level, the logic of self-management implied inclusion of elected workers representatives (works council members) into re-distributive social conflicts. These conflicts periodically manifested as (usually short) work-stoppages/strikes (Jovanov, N., 1979). Alongside the works councils, trade unions also existed at the company level. Within the dismantled command

economy, trade union functions were unclear and were additionally marginalized by the works councils 'from below'.

Table 1: Selected economic indicators for Hungary and Slovenia, 1990-1998

a.) GDP real growth rate (%)						
	1990	1994	1995	1996	1997	1998
Hungary	-3.5	2.9	1.5	1.3	4.6	5.1
Slovenia	-4.7	5.3	4.1	3.5	4.6	3.9
b.) GDP per capita (USD at exchange rate)						
	1990	1994	1995	1996	1997	1998
Hungary	3189	4046	4367	4433	4504	4694
Slovenia	8699	7233	9431	9481	9163	9847
c.) GDP per capita (USD at PPP)						
	1990	1994	1995	1996	1997	1998
Hungary	7610	8380	8890	9340	10010	10680
Slovenia	10660	11520	12390	13220	14150	14890
d.) Unemployment rate in % (ILO standards)						
	1990	1994	1995	1996	1997	1998
Hungary	-	10.7	10.2	9.9	8.7	7.8
Slovenia	-	9.0	7.4	7.3	7.4	7.9
e.) Average gross monthly wages (in DEM, average exchange rate HUF/DEM and SIT/DEM) and real growth of net wages (%)						
	1990	1994	1995	1996	1997	1998
Hungary	343.53 -3.7	512.13 7.2	442.85 -12.2	461.90 -5.0	531.85 4.9	554.76 3.6
Slovenia	1453.14 -26.5	1192.11 6.0	1354.89 4.7	1435.04 4.4	1565.90 2.9	1674.28 1.5

Sources: Countries in Transition 1999, Vienna: WIIW; Central European countries' employment and labour market review, European commission, Eurostat, No. 1, July 1999 (Table 1.d)

Economic development. After a deep recession at the beginning of the 90's, there was recovery in both countries, with GDP real growth rates being somewhat higher in Slovenia up to 1998 (Table 1, a). In 1998 Slovenian GDP per capita was 9,847 USD and 13,200 USD in purchasing power parity (PPP) respectively - a level close to some less developed EU member countries. Hungarian GDP per capita was significantly lower – 4,694 USD, and 9,300 USD in PPP (Table 1, b, c).

In 1998 the monthly gross nominal wages and salaries was 1,674.28 DEM in Slovenia. In the same year comparable wages were approximately one third in Hungary – 554.76 DM. When survey was carried out, pay growth was essentially faster in Hungary than in Slovenia.

In the second half of the 90's a system of social partnership was formed in Slovenia (Luksic, 1997). The system reduced pay growth, accommodating it to the needs of macro economic stability. In this system collective bargaining is centered at the multi-employer (sector and general) level. In Hungary, social partnership institutions were arranged earlier, but faced problems (Pollert, 1999: 164), dilemmas and a reduction in its functions (Hethy, 1999: 62) in the second half of the 90's. Payment regulation is centered at workplace level. The prevalent form is single-employer bargaining (Neumann, 1997:198)

There is greater foreign direct investment (FDI) in Hungary than in Slovenia. Total value of FDI was significantly higher in Hungary than in Slovenia in 1993 as well as in 1998 (Table 2).

Table 2: FDI in Hungary and Slovenia, 1993 and 1998

	Hungary	**Slovenia**
	1993	
Value (mill. USD)	5,585	954
Share in GDP (%)	14.5	7.5
Per capita (USD)	543	479
	1998	
Value (mill. USD)	18,255	2,863
Share in GDP (%)	38.5	14.7
Per capita (USD)	1,809	1,444

Source: Rojec, 2000,: **Hunya & Stankovsky 1999; WIIW 1999.**

Legislation on participation: In the early 90's laws on worker participation were passed in both countries. In Hungary new institutions were defined within a new labor code from 1992 (Toth, 1997:167). In Slovenia separate legislation

defined worker participation in 1993. Both laws replicate the German co-determination system. To start with Hungarian trade union confederations opposed the law, but later they accepted it. Slovenian trade unions supported the new legislation from the beginning. The new law was directly implemented in Hungary. In Slovenia the law was facultative, in the sense that its implementation was conditional on the collective initiative of employees.

Trade unions and employee representation at workplace level: Sharp ideological and political cleavages between trade unions caused dramatic fragmentation of the trade union movement in Hungary (Toth, 1999:19). The fragmentation in Slovenia has not been so intense, in spite of similar cleavages appearing at the beginning of the 90's. At the end of the 90's the general trade union density rate was 20% in Hungary (Robert, P. and Medgyesi, M. 1999) and 40% in Slovenia (Stanojevic, 2000). We can say that, within the last decade, Hungary was faced with radical and Slovenia with moderate de-unionization.

According to Toth, who writes that the new trade union organizations in Hungary 'had only limited success in penetrating workplaces and attracting membership' (1997:164), it is possible to say that one trade union organization usually appears at the workplace level in Hungary. Slovenian findings reveal a similar picture (Kavcic, 1996). Works councils are present in Hungarian as well as Slovenian companies (Toth, 1997; Kavcic,1996).

Comparison of the survey results

The samples

The survey from 1999 focused on trade union effectiveness at workplace level in Hungary and Slovenia. The respondents were local union leaders - presidents of company unions. The survey included 98 questions on the leaders' perception of workplace relations and some 'factual' questions, for instance about the economic situation in their companies, trade union density and demographic characteristics of the respondents.

The survey took place in the metalworking/engineering and food processing industries, representing two relatively large industrial sectors in both countries. According to data from 1997, the metalworking industry created 30.6% of total manufacturing production in Slovenia and 31.9% in Hungary, and the food industry 15.4% in Slovenia and 21.5% in Hungary (source: Countries in Transition 1999).

Fieldwork was conducted during the second half of 1999. Because of the high failure rate of mail surveys in Hungary, students from the Central European University in Budapest assisted with the survey. They collected 113 questionnaires from 120 companies selected proportionally according to the six geographical regions. The selected companies included 60 out of a total 340

unionised metalworking companies, and 60 out of 186 unionised food processing companies. In Slovenia the mailed surveys were more successful: 39 questionnaires were returned out of 62 unionised companies in food processing industry and 67 out of 173 unionised companies in the metalworking/engineering industry. In Slovenia 106 questionnaires were collected.

According to a part of collected factual data, it is possible to form a rough comparison of the companies included in the samples. In terms of FDI, our samples confirm the above-mentioned differences between the two transformational patterns. Within the Hungarian sample, almost every second privatized company is predominantly foreign owned. The share of these companies is almost four times higher in the Hungarian sample than in the Slovenian sample. Our samples suggest that foreign senior managers have a strong presence in Hungarian (foreign owned) companies in the metalworking and food processing industry. Within the corresponding Slovenian industries, the number of foreign senior managers is negligible.

Within the two samples the number of mainly state owned companies is significantly higher in Slovenia than in Hungary: a quarter of Slovenian companies were mainly state owned compared to one tenth in Hungary. The Slovenian sample suggests that employee ownership has spread to almost all Slovenian companies. In one third of 106 Slovenian companies, employees control more than 31% of shares. This type of ownership is significantly less widespread in Hungary.

Within the Hungarian sample, the portion of big companies with more than 500 employees is higher than in Slovenia. Within the last decade the portion of companies with less than 100 employees was lowering in Hungary and increasing in Slovenia.

One third of Hungarian companies are export oriented. The proportion of these companies is higher within Slovenian sample – one half of them are export oriented.

The respondents were asked to evaluate the successfulness of their companies. According to the responses, the proportions of successful and unsuccessful companies are similar in both cases: approximately one third of them are successful and one third unsuccessful in Hungary as well as in Slovenia. In this article I shall suppose that local union leaders are familiar with their company's performance. That is why I shall treat their evaluations as factual data.

Trade union leaders

We found some striking differences between Hungarian and Slovenian trade union leaders. Within the Hungarian sample, most of them were women; one half of all Hungarian respondents were older than 51 years; two thirds of them

had been at trade unions posts for more than 10 years. The majority of Hungarian respondents were holders of managerial/supervisory functions. Almost all of them declared themselves as leftists.

Slovenian trade union leaders are younger. Most of them have been elected in the post-communist era. Workers are strongly represented. In political terms they are moderate, center oriented persons.

Table 3: Trade union leaders

	Hungarians		**Slovenians**	
	%	N	%	N
Women	68.0	113	24.5	106
Older than 51 years	47.6	113	12.3	106
Occupation				
Manager *	67.7	106	5.8	105
Worker **	14.5		39	
Others			55.2	
Var 85: What is your occupation? 1. Personnel manager; 2. Other manager, 3. Technician, engineer; 4. Supervisor; 5. Skilled worker; 6. Unskilled worker	17.8			
Political views				
Left ***	80.4	102	28.5	98
Centre				
Right ****	17.4		64.3	
Var 86: How would you describe your political views? 1. Far left; 2. Left; 3. Centre. 4. Right. 5. Far right	2.2		7.1	
Union representative less than 10 years	36.3	112	80.0	106
Mean duration	16.58		6.62	

***Categories 1,2 and 4 are merged.**
**** Categories 5 and 6 are merged.**
*****Categories 1 and 2 are merged.**
******Categories 4 and 5 are merged.**

Trade union power

Strong, statistically significant differences appear in a comparison of trade union density. In Slovenian companies, usually more than half of the employees are unionized. In one third of Slovenian companies, trade unions cover more than 81% employees. In Hungarian companies, usually less than a half of employees are unionized.

Mobilization capacity (Offe, 1985) in Slovenian trade unions is essentially stronger. In a hypothetical situation of worsening working conditions, Slovenian leaders would be able to mobilize union members to go on strike. Hungarian leaders, faced with member passivity, would have serious problems in same situation.

According to the respondents, Slovenian workers are essentially more dissatisfied with pay and working conditions in their companies. Compared to Hungarian workers, they are also significantly more dissatisfied with their trade unions. Workers see their union as ineffective in representing their interests in half of Slovenian and one third of Hungarian companies.

Almost half of Slovenian leaders are of the opinion that their union **does not** possess real power at the workplace. Hungarians, as opposed to the uncertainty of their Slovenian counterparts, believe that theirs unions possess real power.

In terms of our analysis, we could assume that trade union density and mobilization capacity are the two key indicators of trade union power (Kelly, 1998; Offe, 1985; Tilly, 1978). The two different estimations of real union power are obviously incompatible with more objective evaluations of trade union power, derived from the two key indicators.

In spite of high trade union density and high mobilization capacity, a relevant group of Slovenian leaders think, that they (their union) have no real power.

Hungarian leaders perceive ‘real power’, in spite of comparatively low density rates and the significantly weaker mobilization capacity they possess at workplace level.

Both Hungarian and Slovenian trade unions exert very little influence on managerial strategic decision-making. Hungarian trade unions are consulted by managers more frequently than are Slovenian trade unions. Slovenian trade unions are involved in negotiation more than Hungarian trade unions, mostly about wages and social benefits for workers. The influence of the Hungarian trade union is higher in decisions dealing with health and safety.

Workplace relations

Within the five-year period (1995-1999), more strikes have appeared in Slovenian than in Hungarian companies. In Slovenia, workers have gone on strike in 17.0% of all cases. Strikes have appeared in 6.8% of Hungarian enterprises.

Table 4: Trade union power

	Hungarians			**Slovenians**		
	%	Mean	N	%	Mean	N
Trade union density: more than 51% employees	38.8		112	82.0		106
Mobilization capacity: able to mobilize members to strike Var 32: Could you mobilize union members to go on strike if working conditions become very bad? 1. Yes; 2. no	44.3		106	80.0		105
Workers are not satisfied with their wages* Var 40: Overall workers perceive their wages as fair. 1. Strongly disagree; 2. Disagree; 3. No view; 4. Agree; 5. Strongly agree	64.0	2.40	113	86.5	1.92	105
Union is ineffective in representing workers' interests** Var 15: Workers do not see union as effective in representing their interests. 1. Strongly disagree; 2. Disagree; 3. no view; 4. Agree; 5. Strongly agree	34.0	2.69	113	54.4	3.22	92
Evaluation of trade union power: my union has real power*** Var 44: My union does not possess real power in this workplace. 1. Strongly diagree; 2. Disagree; 3. No view; 4. Agree; 5. Strongly agree	76.7	2.12	113	50.0	2.89	106

***Categories 1 and 2 are merged.**
****Categories 4 and 5 are merged.**
*****Categories 1 and 2 are merged.**

The perception of strikes is significantly different. Slovenians are more militant - a half of Slovenian respondents and a quarter of Hungarian respondents had supported strikes.

When evaluating the main problems 'unions encounter in trying to implement union policies', Slovenian leaders express essentially higher levels of mutual consent than Hungarians. /2/ This manifestation of militant attitude is systematic and significantly higher among Slovenian respondents.

Four fifths (80.6%) of Hungarian respondents believe relationships between management and unions are co-operative at theirs workplaces. The same opinion is expressed by half (52.4%) of Slovenian respondents. For Slovenian trade union leaders, the opposition between trade unions and employer interests is out of the question. For Hungarians opposition is not so clear. This type of difference systematically appears in all cases when respondents were asked to express their understanding of differences between employer interests, on one hand, and union and workers' interests on the other. For instance, Slovenian respondents clearly express strong tensions between workers and managers at workplace level ('them-and-us' feeling). A similar stance is weakly expressed by Hungarian respondents.

Hungarian trade union leaders, in comparison with their Slovenian colleagues, express a significantly higher level of trust in management. Two thirds (70.8%) of them believe management of their companies 'to be a trustworthy partner'. According to Slovenian respondents, managers **are not** trustworthy partners in approximately the two third of Slovenian companies.

Finally, in the Slovenian sample we found a statistically significant bivariate association between the success of the company (three categories variable: 1. Better than average,2. About average, 3. Below average) and its internal co-operation (the relationship between union and management is co-operative, three categories variable: 1. Disagree, 2. No view, 3 Agree): Chi-Square = 14.35, DF=4, sign. = .007, Cramer's V = .26. Another statistically significant association in the Slovenian sample was between the success of the company (the three categories variable mentioned above) and a trustworthiness of the management (management is a trustworthy partner, three categories variable: 1. Disagree, 2. No view, 3. Agree): Chi-Square = 21.95, DF=4, sign.=.000, Cramer's V= .32. Within the Hungarian sample these two measures of association are insignificant.

All comparisons presented in tables 3, 4 and 5 yields statistically significant differences (T – test).

Table 5: Workplace relations

	Hungarians			Slovenians		
	%	Mean	N	%	Mean	N
Co-operative relationships between unions and managers* Var 33: Overall the relations between union and management is co-operative. 1. Strongly disagree; 2. Disagree; 3. No view; 4. Agree; 5. Strongly agree.	80.6	3.76	113	52.4	3.13	105
Strong 'them-and-us' feelings between workers and managers* Var 65: I feel a strong sense of 'them-and-us' between workers and managers at this workplace. 1. Strongly disagree; 2. Disagree; 3. No view; 4. Agree; 5. Strongly agree.	18.4	2.27	113	69.8	3.70	106
Management is a trustworthy Partner* Var 34: Management is a trustworthy partner. 1. Strongly disagree; 2. Disagree; 3. No view; 4. Agree; 5. Strongly agree.	70.9	3.58	113	39.1	2.98	106

***Categories 4 and 5 are merged.**

Discussion: causes of workers' militancy in Slovenian companies and non-militancy in Hungarian companies

Comparison of data collected by a survey from 1999 suggests that industrial relations are more co-operative in Hungary than in Slovenia. According to trade union leaders, the intensity of mutual trust at workplace level in Slovenian companies is strongly below the level of the trust between industrial relations players in Hungarian enterprises.

What is the source of identified differences? What causes them?

Tradition and co-operative behavior

At the level of objective data, we found striking differences between the profiles of Hungarian and those of Slovenian trade union leaders. The differences are too strong to be explained by deviation between the samples (for instance, the higher proportion of food industry companies from food industry within Hungarian sample, etc.).

In Hungary, trade union leaders tend to be strongly integrated within the company managerial structure. The integration of Slovenians trade union leaders in the structure is weaker (see Table 3).

Hungarian leaders are old leftists; new Slovenian leaders are politically more moderate, center oriented. At a more practical level, the pictures are inverted: in terms of everyday activity, Slovenians express high militancy and Hungarians accentuated a moderate stance (see Table 3, 4 and 5)?! We are faced with a double paradox: in Hungary we found old leftists/radicals, which are moderately oriented in their everyday activities, and in Slovenia we found the new, politically very moderate leaders, who are highly militant in everyday activities.

Why do militant leaders appear so systematically in Slovenian companies? Why is the militancy significantly lower in Hungary? At this point we are faced with structural differences. Slovenian industrial relations need militant, and Hungarian industrial relations more moderate leaders.

A part of an explanation of these differences could be found in two specific traditions. In the background of the Hungarian 'co-operative' and Slovenian 'adversarial' industrial relations, are different systems of 'real socialism'.

In the introduction, we mentioned that in the Slovenian/Yugoslavian type of 'real socialism' relatively autonomous workers collective activities were possible at workplace level. In a form of self-management, primarily through workers councils, workers were included in collective re-distributive conflicts at micro level; theirs interests were articulated 'from below'.

In Hungary, the command economy prevailed. The trade union was a link in the command economy chain. The unions were an inseparable part of the bureaucratic administrative mechanism. Within this system the autonomy in the process of workers interests articulation was impossible.

In the 'transitional' period, these two patterns have been combined with market (de)regulations. In such a new environment, the first induced 'adversarial', and the second 'co-operative' industrial relations.

Two modes of generating peace in organizations

We found that Slovenian and Hungarian trade union leaders have different positions within company organizational structures: Slovenian leaders are closer to the workers, Hungarian leaders are closer to management (see Table 3).

Their different positions within organizations imply differences in perceptions of internal organizational relations.

Slovenian new trade unionists are more sensitive to the 'them-and-us' relations expressed by workers (see Table 5). They are more sensitive to workers' dissatisfaction. The trade-unionist leaders express such a radical stance that the

expression of an essentially higher radical position and dissatisfaction among workers is simply not possible (see Table 4, dissatisfaction with wages).

Frege found, in an earlier survey, significant differences between workers and trade union leader perceptions of 'them-and-us' relations in Hungarian companies from clothing industry. Hungarian workers strongly expressed 'them-and-us' feelings but trade union leaders hardly noticed it (Frege, 1999).

The differences in perceptions we identified between Hungarian and Slovenian trade union leaders do not mean that we obtained a deformed image of Hungarian and more realistic picture of Slovenian industrial relations - far from it. Identified differences in perceptions indicate the two modes of the social construction of reality (Berger&Luckman, 1966): the 'co-operative' one in the Hungarian case and the 'adversarial' one in the Slovenian case.

Hungarian trade union leaders holding managerial positions, have an unclear perception / weak feeling for 'them-and-us' relations. If Hungarian workers have strong feeling for these relations, it means that perceptions of the two sides do not fit in with each other. Hungarian trade union leaders, on the one hand, and workers, on the other, speak different 'languages'. At the level of interest representation this difference implies that Hungarian trade union leaders are closed and/or highly selective when dealing with workers' interests. Insensibility to 'them-and-us' relations manifested by Hungarian trade union leaders indicates a **distance** between them and workers. **It is the distance between managers, who are trade union leaders, and ordinary workers.**

The distance is a factor contributing to industrial relations **pacification** in Hungary. It is a filter that effectively reduces manifest conflicts within companies.

The main problem of the filter is that it could induce passive employee 'co-operation' only. This filter selects and fragments workers interests. The result is passive, instrumentally oriented workers.

At the level of trade union activity, the distance is manifested as a (comparatively) lower trade union density and as a weak trade union mobilization capacity. Accordingly, Hungarian leaders revealed that 'passive, disinterested membership' and 'lack of committed union representatives' are the most important problems they are faced when 'trying to implement union policies'.

To summarize: The identified Hungarian pattern generates peaceful industrial relations.

The peacefulness is based on exclusion/pacification of workers' interests. More active inclusion of workers' interest within the organization is simply beyond the capacity of the mechanism.

The distance between trade union leaders and workers in Slovenian companies is essentially lower or non-existent. Because leaders are more located at operational, workers' positions, they clearly perceive 'them-and-us' relations in organizations. They speak the same 'language' as the workers. Because they are more open to the workers, they are able to function as articulators of workers' collective interests. Accordingly, they have no problems with reducing membership and mobilization capacity of the trade union organization.

The openness has an additional implication: because they are open to workers' interests/demands, they are militant and radical in everyday activities. It explains the higher rate of manifest conflicts in Slovenian companies. Within this mechanism, workers are in active exchange with their company. They are able to dictate terms of peace in the organization. A peace of this kind is not the result of pacification, but of inclusion of their interests in the organization. This mechanism enables workers active co-operation in their organization – the type of co-operation that is unreachable under pacification.

Trade union power

How to explain the paradox of the essentially higher 'power feeling' we indicated among Hungarian trade union leaders?

Hungarian leaders, being at some distance from the workers, are not exposed to strong worker dissatisfaction. Workers simply do not express it to them. On the other hand, we detected a significant growth in wages for 1999 in Hungary. Generally speaking, wages and salaries are at low levels in Hungary (compared to Slovenia). Within the growing Hungarian economy, small, but from the workers perspective significant improvements, are obviously reachable/possible. The combination of these two factors probably stimulates the feeling that Hungarian trade unions at workplace level have 'real power'.

Slovenian trade union leaders, being more open to the workers, are exposed to the systematic pressure of worker dissatisfaction; they are pressed from below. Simultaneously, they are 'trapped' in a 'social partnership' mechanism: the rate of wage growth is regulated at mezzo and macro level. It means, that room for negotiations at the workplace level is limited. Wages, which are essentially higher than in Hungary, are not easy to improve. The union leaders negotiate with managers, but real improvements in company wage agreements are rare. The membership, of course, judges them in accordance with results at this specific field. Because the effect of trade union action is significantly below the level of workers' aspirations, workers strongly criticize unions.

Being relatively unsuccessful in wage bargaining, and exposed to strong workers critique, Slovenian union leaders, contrary to theirs Hungarian colleagues, consistently conclude that they **do not have** real power in the workplace. The primary causes of that they do not see in passive membership and 'lack of committed union representatives', but in **legislation** – in normative

regulations. Quite precisely they see the problem in the system, which prevent them converting workers' pressure into the real wage growth.

Successful Slovenian companies are able to give better pay deals. In this sense, in the successful companies, there is room for negotiation and a possibility for trade unions to transfer workers' dissatisfaction into better pay. According to our data, within these companies, trade unions usually reach some improvements in single employer bargaining. Exactly within the same companies industrial relations are co-operative by rule. As I said before, there is a statistically significant connection between the success of the company and its internal co-operation in the Slovenian sample.

Within the Hungarian sample the connection is **insignificant**. According to Hungarian respondents, co-operation is equally distributed in all Hungarian companies, independently of their success. It means that co-operation is not understood as a type of relationship conditioned by the realization of workers' collective interests in an organization. In this discourse, co-operative relations are **pacified** relations. That is why the 'co-operation' is so unselectively distributed within the Hungarian sample.

Works councils in the 'transitional' environment

We identified the two types of industrial relations. In the first, 'Slovenian type', trade unions are **more open** to workers interests. In the second, 'Hungarian type', trade unions are **more closed** to their interests.

In the form of two similar laws on co-determination, the German model has been applied to these different patterns. Is it possible to say, that the model has stimulated high internal workplace co-operation when applied to the two patterns? Data collected by the survey, reveals that works councils are present in all Hungarian companies. This type of workers' representation does not exist in one fifth of Slovenian companies. The survey also 'suggests', that the trade unions and works councils in Hungarian companies are more united. Less united representation in Slovenian companies is combined with separate contacts with management. Cases without any contacts with management appear within the Slovenian sample. This practice is unknown in Hungarian companies.

Hungarian trade union confederations were initially opposed to the works council initiative, believing that the councils would reduce trade union influence. Later they accepted the initiative and supported legislation. The law was obligatory for all companies. In accordance with the law, managers - accompanied by trade unions - helped in the formation of works councils. Now all Hungarian companies have works councils. When asked 'who is the main workplace partner of management', the majority (65.6%) of Hungarian respondents answered that 'management deals with all of us together'. According to the possibilities offered by the questionnaire, it means that

Hungarians works councils are usually strongly unified with trade unions. We have already said that trade unions are represented by leaders who hold managerial posts. Strong integration of the leaders in the management structure implies the works councils are tactical extensions of managerial functions.

There is no sign that the implementation of works councils has changed the power distribution in Hungarian companies. The managerial position of trade union leaders, where integrated in the management structure before the implementation, has been stabilized, or even improved, by this implementation.

In Slovenia, the implementation of the 'German model' works council has been strongly supported by trade unions. In the background of this policy was the specific Slovenian/Yugoslavian tradition outlined in the introduction of this paper. At the end of the 80's and at the beginning of the 90's, when the old workers councils were loosing their power, trade unions took over the function of worker interests representation. Metaphorically speaking, they occupied the self-management pattern, which enabled inclusion of workers collective interests into the re-distributive conflicts within the companies. When the unions stabilized in their new role, they were faced (in 1993) with the Law on co-determination. They understood the 'German' works councils, offered by the law, as an additional chance to stabilize their own position and, more pragmatically, to secure more effective control over the privatization process. That is why Slovenian trade unions functioned as the key factor in the formation of works councils. /3/ Their high engagement was additionally stimulated by the **facultative** character of the law. /4/

In Slovenia, the new 'German model' works councils, being formed under trade unions initiatives/pressures, are the tactical extensions of these 'radical', more worker-oriented trade unions. Managers know this, and quite realistically understand the councils as an additional trade union body. For the works council, which was normatively constructed as an **intermediary** institution, it has been huge burden.

The intermediary approach, defined by law, in spite of strong trade union orientation, fixed the 'constructive partner role' for the works councils. They have made some 'partner contacts' with management in order to influence companies' policies. Simultaneously, this new 'contact' institution relieved trade unions of their intermediary duties. The works councils pushed trade unions into a 'pressure group' role, which is primarily focused on wage negotiations. As we explained before, the room for workplace bargaining is very narrow and restricted in Slovenia. The real bargaining happens at other, multi-employer levels. Within this system, the workplace trade unions are pushed into a corner. Being pressed by high worker aspirations, on the one hand, and their inability to realize these aspirations, on the other, they radicalize theirs stances. Frustration must be strong among them as well as among the workers they represent.

To summarize: It seems that the German model has also not induced a higher level of workplace co-operation in Slovenia. Causing the implementation of an additional institution specialized in more modest policies, it has even stimulated trade union radicalization at workplace level.

Conclusion: the evasive intermediary character of the representative institutions in post-communism

Two different types of industrial relations exist in Hungary and Slovenia. Both are strongly influenced by regulatory patterns formed within the two different 'communist' traditions.

Hungarian industrial relations are **unitary** in nature. They are characterized by trade union integration in managerial structures. The integration is clearly revealed by their non-selective co-operation with successful as well as unsuccessful managers. Within the Hungarian sample, there is no connection between a company's success and trade union – management co-operation. Hungarian trade unions simply do not condition their co-operative stance with their company's success.

The 'co-operative' workplace relations we identified in Hungarian companies stem from inherited pacification of collective workers interests. Hungarian workers are passive. Under the actual prosperity, manifested as significant improvement of (generally low) wages, the co-operation of instrumentally oriented employees is secured. Within this type of co-operation, the oppositional stance is absent as well as an intensive identification of employees with their firms.

At workplace level, Slovenian trade unions are more worker-oriented. In accordance with this basic feature, the whole scene is more pluralistic and more conflicting. From time to time workplace relations are overloaded by distrust and even hostility.

Slovenian trade unions do not co-operate with unsuccessful managers. The key condition of co-operation is company success. This stance explains the 'islands' of co-operation and high trust relations within the industrial relations system in Slovenia. The 'islands' are clearly limited to successful companies.

'The conditioned co-operation' in Slovenian and 'the unconditioned co-operation' in Hungarian companies are two essentially different phenomena. 'The conditioned co-operation' in Slovenia implies intensive inclusion and identification of employees with theirs successful companies, but is accompanied by a sharp, severe, open rejection of unsuccessful companies. In such circumstances the successful firms get additional impetus to be more successful, but unsuccessful companies are faced with internal conflicts, which worsen their position and block their 'restructuring processes'. It could be

understood as a factor, which relatively autonomously generates' state intervention – a relatively high level of state owned companies in Slovenia.

Generally speaking, the Slovenian system is characterized by extremes of high co-operation and high non-cooperation. Formation of these extremes is less possible in the environment of 'unconditioned co-operation' we identified in Hungarian companies.

In the introduction, we identified three types of industrial relations in advanced economies: the unitary one, and the two pluralistic - adversarial and incorporative.

Our analysis revealed similarities between Hungarian industrial relations and the unitary and the Slovenian system with the pluralistic, adversarial pattern. The two processes of industrial relations structuration are obviously **divergent**.

The divergence is significant, in spite of early implementation of German model in both cases. It appears that the implementation of the same 'German model' institutions have had opposite effects in the two environments. In Hungarian companies the works councils stimulated the integration of functions of capital, in Slovenian companies they stimulated trade union radicalization.

In both transitional societies the roles of capital and labor differentiate in accordance with the patterns, which are stronger then the imported intermediary institutions. The intermediary institutions are functionalized by these patterns. The old patterns convert new institutions into factors that stabilize them.

It seems that the 'transplantation' of the same model into the two transitional environments stimulates formation of a two essentially different industrial relations structures.

Notes:

/1/ The survey is part of wider project dealing with industrial relations in transitional societies. Authors of the questionnaire are Carola M. Frege (London School of Economics) and Marc Weinstein (University of Oregon). The field work was coordinated by Zoltán Ádám (Central European University) in Hungary, and Miroslav Stanojevic (University of Ljubljana) in Slovenia.

/2/ The differences are systematically significant. For instance, insufficient legal rights for unions is an important problem for two thirds (69.9%) of Hungarian and almost all (92.3%) Slovenian respondents. Lack of public support is accentuated by 68.0% Hungarian and 83.6% Slovenian trade union leaders, etc.

/3/ It means that in non-unionized Slovenian companies, works councils did not appear. The facultative character of the Slovenian law caused doubled workers representation in trade-unionized companies, simultaneously enabling (in practice rare) cases of companies without any form of workers representation.

/4/ Hungarian and Slovenian cases suggest that the mode of implementation of a foreign institution is also very important. The obligatory Hungarian mode probably would reduce the intensity of trade unions engagement in Slovenia. On the contrary, the facultative law probably would stimulate more independent initiatives in Hungarian companies.

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