

ENTERPRISE COUNCILS IN HUNGARY: TOOLS OF MANAGEMENT OR TOOLS OF WORKERS?

Csaba Makó

This essay is divided into the following sections:

- I. On institutional change in broad terms
- II. On new forms of management in a nutshell
- III. Workers and managers in the enterprise council: "partners" or "adversaries"?
- IV. Loopholes in legal regulations
- V. Inconsistencies of economic regulations: the possibility of a change in reverse

I. On institutional change in broad terms

In an era of organizational reforms we are often confronted with the following problem: why is it so difficult, if not impossible, to work out general models of organizational change? Before we turn to the first experiences with the introduction and the operation of new forms of corporate management, let me refer—in a somewhat sketchy way—to some simplistic ideas of organizational change which are often the source of high and unfounded expectations. If these expectations are not, or not fully, met disappointment and often total rejection of the original social, economic, or ideological goals may ensue.

The following quotations are illustrative of such euphoric expectations in the context of management reform.

“Nobody can deny that *the most spectacular event of the last few years in the area of reform of the economic system has been the introduction of new forms of management at the firm level.* In accordance with the instructions on the implementation of the law on state firms, issued at the end of 1984, several hundred state firms have adopted [following the data of early 1986] new forms of management.”¹

“ . . . the new enterprise councils change the boundaries of authority . . . which is *favorable to intrafirm interest relations and strengthens industrial democracy.*”²

“ . . . the introduction of new forms of management is a *qualitative change.* Now it is clear and unambiguous that operative economic decisions are the prerogative of the firm and are no business—except in special, extraordinary cases—of the ministries . . . *New property rights have been vested in the collective of the firm . . .* Thus the enterprises became battlefields for industrial democracy whose experiences may later be utilized *in the development of political democracy.*”³

“The new management organization is favorable to the maintenance and long-term enhancement of the firm’s assets. This strengthens ownership attitudes and behavior in the workers and revitalizes the old, forgotten slogan: “yours is the factory, it is for yourself that you build it.”⁴

All the above quotations are expressions of the opinion that the new forms of management are decisive for the implementation of the required changes in the economy. Some people hope that these new forms will radically change the relations among various interest groups, thus contributing towards a better performance of the enterprise; others stress their favorable impact on the workplace, and later on political democracy. But none of them takes account of the rich social experience accumulated during four decades of organizational and institutional changes under socialism, whose lesson may be summed up as follows: the leaders of society cannot mould personal relationships as they please, even in the case where the majority of those concerned are ready to follow their programs. The explanation of this limit lies in the fact that modern society is a very complicated system of human relations, and to change it in one or two points is not enough to ensure success. Successful social and economic innovations [e.g. the combination of private and collective farms in Hungarian agriculture] have always depended on

something beyond the good will of the participants. Such innovations also presuppose the individual and collective ability to turn participants into partners who regulate their relationship in a way which promotes initiative.

The success of the new forms of management depends basically on how the participants will regulate this partnership. If troubles arise in the process of their implementation, these are not necessarily the result of individual or collective ill-will, incompetence or lack of interest on the part of managers or of elected workers. High expectations relative to the new forms of management cannot come true if the managers and the representatives of the non-managerial workforce do not develop new ways of communicating. The professional, social and political skills, necessary to this purpose, may be acquired only through *investment in human relations*. From this perspective, the success of the new arrangements is a question of cooperation rather than of dominance.⁵

As many successful organizational changes testify, the various groups affected by the change are adversaries and allies at the same time, and the struggle between them does not rule out cooperation. Competition and cooperation are not mutually exclusive, but rather complementary modes of behavior. The success of the new forms of management depends to a large extent on whether it is possible to establish regulations favoring both competition and cooperation.

According to the most recently accepted view, not every conflict which accompanies change is in itself positive. It is necessary to make a distinction between destructive conflicts and constructive conflicts. The former perpetuate the existing organizational and social relations, and only the latter promote social-organizational innovation. Unfortunately we do not know exactly through what social and economic mechanisms constructive conflicts actually do regulate development and change. An important lesson of small ventures in innovation, undertaken in the early 'eighties, was that the conflicts emanating from organizational change initiate positive processes only if the mechanisms of social and economic regulation favor individual and collective initiative in the long run; otherwise any positive economic and social phenomena which may accompany the most diverse organizational changes—such as better performance, improved quality, individual and collective initiatives—remain isolated and soon expire. Although such constructive conflicts sometimes open up possibilities for organizational and social innovations, their impact on firm-level organization as a whole (and, within it, on the

structure of management) remains partial (residual), serving in the final analysis only to its preservation.⁶

In a time of institutional reforms, investments in skills that can be acquired through social experimentation gain in importance. Therefore we have to take into account the possibility that the risk of errors and collapses during the transition to new forms of management cannot be ruled out. The leadership has to tolerate organizational experiments even if the organizations go sometimes bankrupt. Abortive experiments also may be instrumental in providing better knowledge of the supportive as well as the obstructive components of the "tissue" of social relations, as regards organizational change. [E.g. foreign organizational techniques applied to the work process in the early 'seventies highlighted the difficulties of organizational change from human, technical and economic points of view.⁷ Experience gained through social-organizational experiments is an investment in better knowledge of the regulatory mechanisms of human relations, and as such is best thought of as a necessary cost of change.

II. On new forms of management in a nutshell⁸

The political decision to start the conversion to new forms of management on the level of the firm, plus the joint directive of the Council of Ministers and the Trade Union Center, initiated a process in which the methods of management will change in four manufacturing firms out of five. The explicitly declared objective of the party document and the government decree (which followed the former with a delay of more than half-a-year) was to change the relationships between the central economic organs [e.g. ministries] and the individual state firms, to improve the efficiency of central management and at the same time to enlarge the authority of the firm. In order to attain these goals, the rights over socialist property were redistributed between central organs and "competitive" firms. Employees now have institutionalized possibilities to act as owners.⁹

The new forms of management, established in state firms in the period from January 1985 till December 1986, are the following:

1. Enterprise Council

The Enterprise Council is the strategic decision-making unit in medium-size and large enterprises. It has dispositional rights over

the firm's property and employer rights over the chief executive office (CEO).

Operational decisions, necessary for the implementation of the firm's strategy, are the prerogative of the CEO.

The matters which the Enterprise Council has to decide are:

- to elect, to oversee and qualify, in short to act as employer against, the CEO. (The founder of the firm—the ministry—however, has the veto power in the appointment and the dismissal of the CEO.)
- to substantially modify the firm's organization; to decide about major splits and mergers.
- to modify the field of activity of the firm
- to approve the end-of-year balance report—to approve yearly and medium-term plans
- to approve the principles of income distribution
- major decisions concerning manpower [e.g. reemployment, training, lay-offs]
- major decisions concerning firm funds and physical assets
- to approve the firm's statute

The membership of the enterprise council consists of representatives of management and of the workers. Members without voting rights are the secretaries of the firm's communist party organizations, of the trade union, and of the youth organizations. The CEO is a member—but not president—of the council. More than half of the membership are the representatives of the workers. They are elected by a direct vote of the whole collective for a definite period—usually five years. The remaining members of the council are management representatives; two-thirds of them, the leaders of major independent organizational units [plants, factories], are *ex officio* members, the remaining third are men of the CEO. The council elects from among its own members a president and a deputy who act as employers of the CEO between the council meetings. The size of the council depends on local circumstances but—in order to remain operative—cannot exceed 50.

2. Elected leadership

This is a form practiced in smaller state and local council firms. The leadership exercises dispositional rights over the property and employer rights over the CEO, as the representative of the general

or electoral assembly of the whole collective. The *general assembly* is convened by the CEO and every employee of the firm takes part in it. A general assembly must be held at least once a year.

In the case of management by *assembly of delegates* the members of the latter, the delegates, are elected in assemblies held jointly or separately by the different organizational units. The delegates—like their counterpart, the enterprise council—report on their activity once a year (The secretaries of the communist party, of the union, and of the youth organization may take part as non-voting members in the assemblies of delegates. The assembly or the enterprise council may invite outside experts and ask their advice).

The members of the leadership are elected by the general assembly or the assembly of delegates for five years. Their number is established by the firm's statute, the president being the CEO *ex officio*. The powers of the elected leadership are more or less the same as those of the enterprise council.¹⁰

Among the three forms of collective leadership (enterprise council, assembly of delegates and general assembly), the most popular is the enterprise council. Eighty percent of the firms included in the program of the new forms of management, now have an enterprise council; 16% have an assembly of delegates, and 4% a general assembly.

III. Workers and managers in the enterprise council: “partners” or “adversaries”?

In this chapter I shall try to present some empirically identifiable tendencies, discernible in the constitution of enterprise councils. I have to stress that these are only tendencies, and not established social facts.

The expectations of the society's political leadership, concerning worker participation in the new forms of firm management, can best be documented by the following statement: “. . . we are convinced that, if we rely largely on *industrial workers* for the execution of these rights, things will—if we do it well—certainly improve, because the employees will assume greater responsibility and their attitude as owners will be strengthened”.¹¹

Industrial workers, however, did not make much use of the opportunities for participation, as our data on the composition of the enterprise councils testify. The experiences from the first year of the transition to the new forms of management are summed up in the table below.

Composition of enterprise councils

Responsibilities:		Occupational Skills:	
Managerial:	79%	Technical	52%
(among these			
high-level	49%	Economist	10%
medium-level	14%	Administrative	17%
low-level	16%)	Manual workers	21%
Non-managerial	21%	(among them:	
		foremen	72%)

Source: Bossanyi Katalin: *Demokratizálódó gazdaság-
Atallás a kollektív vezetésre az iparban /The
democratization of the economy - the new forms
of collective management in manufacturing/
Gazdaság, 1986. No. 2. p. 119.*

The data on the composition of enterprise councils show low worker participation and a dominance of the managerial element, mainly high-level. The distribution by occupational skills shows the preponderance of technical personnel, followed by administrative and manual workers. More than seventy percent of the latter are foremen, i.e. low level managers. "At the end of 1985 almost 60% of all enterprise councils' presidents were high-level managers of some kind, deputies of the CEO or plant managers."¹²

The arguments put forward to explain the low worker representation in collective leadership is the following (this list is by no means exhaustive):

- compared to other activities [e.g. working in the so-called second economy], taking part in the council as a volunteer, or at most earning the average hourly wage, "does not pay";
- managers and engineers have better, more adaptable skills necessary for participation, than do workers;
- the work of the enterprise council does not really ensure participation in decision-making. Worker participation has purely ideological-statistical importance;

- workers are interested only in decisions which have a direct effect on their own work situation. As long as there is no progress in this area, they are understandably distrustful of all forms of participation on a higher level than that of their own shop (plant).

The above reasons for staying away from the enterprise councils [this list could be continued] suggest that the structure of the decision-making bodies did not change radically under the new forms of management. All this notwithstanding, it would be worth reflecting upon some observable tendencies [and to monitor them in future research], tendencies which may have been neglected in the past.

Workers' presence in the enterprise councils will appear more pronounced than their share indicated by the statistics, if we take into account the special way in which this new institution was developed and introduced:

1. Although the actual introduction of new forms of management was a trade union task, workers [and even concerned managers] were not *properly informed about the purpose and the substance of the new arrangements*.

There was not enough time for workers delegated to enterprise councils to get acquainted with, to discuss, or qualify, *let alone to modify*, before the elections, the principles governing the new management forms. Therefore the majority of employees could not assess or decide how the new managerial forms would influence their individual and collective situation. Without this, however, it could not be expected that the workers would identify with the new organization of management.

2. At the end of the first year of the transition period, the unions complained about poor preparation. A union-sponsored study on the first year's experience with enterprise councils speaks of *insufficient preparedness of worker delegates*: "The activity of the enterprise councils concentrates, first of all, on long-term strategy and control over its implementation. We have to admit that these tasks require from nonprofessional members of the council skills and knowledge hitherto unavailable."¹³

3. Those who initiated the new forms of firm management did not make use of the vast knowledge about worker participation [most of it gained through empirical sociological research] which had been accumulated by social science. The most important lesson that can be drawn from this is that workers' attitude towards participation cannot be positive unless proper material incentives and a true partnership are established. In the period of the introduction of the

new institution of enterprise councils, these problems could not be solved satisfactorily. Moreover, the new forum is merely *expressing opinions*, which is *much less than true participation*. Neither must we overlook the fact that participation in management involves considerable opportunity cost for the workers because it requires additional effort without pay (only "managerial" members of the enterprise council receive their "ordinary" wage for the time spent in the council).¹⁴

4. The experience with *labor-managed firms* in a capitalist setting shows that less attention is often given to the social premises of effective worker participation than to other, e.g. legal or financial problems. The result is that the level of worker participation in labor-managed firms is not higher than in owner-managed ones.

The most important social ("infrastructural") mechanisms, necessary for the success of worker participation, are the following:¹⁵

- setting up consultative groups which aid workers in acquiring the necessary planning, management etc. knowledge, and evaluating their performance;
- summing up local experiences and circulating them nation-wide;
- preparing the managers for a continuing "co-existence" with worker participation, and making the workers acquainted with the methods of managerial work;
- teaching the young in school the basics of organizational science, the requirements of collective work, and how to perform a public role;
- introducing a labor policy that favors systems of incentives and promotions, which are based on mutual recognition of competition and co-operation.

5. Excessively hierarchical and bureaucratic firm organizations hinder the formation of *communicative skills*, necessary for efficient participation. They can, following their inner logic, put up easily with lack of individual and collective worker initiative. The rigid distinction of "managerial" and "non-managerial" roles *produces an affirmative culture* at shopfloor level. The essence of this culture consists in that the manager-worker relationship, as laid down in organizational rules and norms, is not the negotiated outcome of the competing goals and aspirations of the two partners. Under these circumstances, it is management's prerogative to determine the forms of interaction. Organizations set up in this way cannot tolerate criticism, and are unable to stimulate a real dialogue between the superiors and their subordinates.¹⁶

If we take into consideration all the above-mentioned factors, we cannot label the actual worker participation as particularly low. In analyzing the share of the different strata of the workforce in the enterprise councils it is better to start from social-organizational preconditions of participation than from purely ideological-statistical considerations. From this perspective the new enterprise councils do not seem to be mere "excrescences" of former boards of directors; this is in fact the first time that workers and shopfloor managers [foremen, their natural allies] appear in a decision-making body. The development and later disappearance of the coalition of workers and lower management is the result of changing opportunities for the articulation of group interests on plant and firm level.¹⁷ In the case of autonomous work teams [VGMK], the shopfloor management is usually conscious of the benefits of its alliance with workers in key positions: work done on schedule and without quality problems, low worker turnover, etc. At the same time the relatively high wages of this group of workers, as compared to those of the foremen, lead to tensions. For some shopfloor managers the existence of autonomous work teams only means extra work and no advantage. All these problems influence the future of the alliance between workers and the shopfloor management.¹⁸ Foremen and supervisors who are sent by workers into the enterprise council, can, if they unite with worker representatives (who statistically are a minority there), have a very important role in the new managerial body.¹⁹ They can draw the attention of high and middle level management—the representatives of the various departments—to the complexities of the production process, and thus to the importance of workers' knowledge and initiative. The autonomous community of the shopfloor is a living reality, often indifferent to the subtleties of technology, work process or management strategies. Top management by itself is unable to recognize and to make use of the collective knowledge and experience of the workshop, and the many norms and prescriptions regulating it. The presence of shopfloor managers and workers in the enterprise councils is an opportunity for the top management to discover the "hidden community" of the shopfloor. Today, the possibility to take advantage of this discovery is barred by several circumstances, a few of which I shall enumerate in the following section.

IV. Loopholes in legal regulation

According to the new law on enterprises, the enterprise council has the right to *elect, appreciate, qualify and dismiss the CEO*. If,

however, the collective body chooses to dismiss a CEO elected for a five year term, it cannot decide on its own. Before voting on dismissal (e.g. in the course of disciplinary procedure instituted against the members of the CEO) it has to consult the founding body (in the case of a state firm, this would be the ministry). In addition, it must consult the personnel departments of the party and the union. Thus the elements of the previous practice of CEO nomination and qualification are preserved. This could facilitate the return to the old system. A further complication arises from the fact that no CEO can be elected without the prior consent of its founder, but there is no legal stipulation of specific conditions in which the consent could be denied.

The right of the founder to exert legal supervision over the enterprise contributes to the continuation of pre-existing regulative practices. Firms do not have general recourse to judicial aid in case of ministerial abuse.

It is rather unclear who is responsible for eventual wrong decisions of the enterprise council [the council or the CEO?]. What is to be done if a firm's difficulties are caused by a CEO strictly obeying a wrong decision of the enterprise council or of the founder? The responsibility of the council members is even more unclear than that of the CEO. Without some kind of profit sharing arrangement, the personal involvement of the council members cannot be secured. The idea that wages also depend on the firm's profit, and that this circumstance may moderate the council's decisions, is illusory. With the present confusing system of various taxes, exemptions, and subsidies, there is almost no direct correlation between profits and personal incomes. At the same time, we have to admit that the above-mentioned inconsistencies in the legal regulations result directly from the inconsistencies in the economic regulations.

V. Inconsistencies between economic regulations: the possibility of a change in reverse

One of the most serious deficiencies of the new forms of management [including enterprise councils] is the lack of long-range material incentives for participants. Both the managerial and non-managerial class of the members of the enterprise councils are interested (as they have always been in the past) only in instantaneous gains.²⁰

From the viewpoint of the enterprise councils, the main problem in the complex area of economic regulation is the lack of a true

profit motive. Although Hungarian firms during the last two decades have lived in a profit-oriented environment, the true mechanisms of the profit motive and its consequences were largely suppressed.²¹

1. The *level of realized profits* is independent of the competitiveness and innovative content of the products. It depends rather on many kinds of *preferences accorded by the central authorities*, especially to firms in strong bargaining positions.²²
2. The rate-of-return criteria do not assure a rational combination of production factors. These are replaced by a kind of "*manual*" regulation, i.e. in that the central economic organs themselves decide [using several indices] on investment projects.
3. The aim of economic regulation is not to enhance, but to *constrain* firm activity.

If there is no real change in firm's autonomy in the near future, it is not only that the hopes, economic and social, attached to enterprise councils, will be dashed. The principal danger of this approach in the long run is that the social partners cooperating within the firms will lose their optimism as to the possibility of a change for the better. As a consequence, the readiness of different groups—within the firm or in the relation between the firm and the central organs—to communicate, and to respect each other's values and interests, will diminish. Parallel to this narrowing of the range of activity of the firm, ambivalent and passive behavior will spread through the circles of both managers and subordinates.

I have ventured this short exposition of the problems related to the new forms of management, in full awareness of the fact that it is always easier to criticize existing schemes than to propose new ones. Unfortunately, thus far we possess important and convincing scientific data only about participation on the level of a work group, but not on the level of a big, complex organization. The progress of research on participation is hindered by recent contradictory experiences which show that the original organizational hierarchy is reproduced even in those cases where the activities of the enterprise are formally under worker and employee control.²³ However, the persistence of these and similar problems does not call into question the fact that relative progress can be achieved, if only by workers' acquiring management skills—something which was unimaginable under the traditional system.

FOOTNOTES

1. Peto Márton: "A vállalati tanácsok és az igazgatók" [Enterprise councils and the CEO] *Társadalmi Szemle* 1986. No. 8-9. p. 74.

2. Pullai Miklós—Vissi Ferenc: "Munka közben. Feladatok és gondok a gazdaságirányítás gyakorlati fejlesztésében" [In medias res. The problems of practical development of macroeconomic management] *Társadalmi Szemle* 1984. No. 7-8. p. 37.

3. Buza Márton—Vanicsek Zoltánné: Demokrácia és az új vállalatvezetési formák [Democracy and the new forms of firm management] *Szakszervezeti Szemle* 1985. No. 11. p. 3-4.

4. Havasi Ferenc: "A gazdaságirányítás továbbfejlesztése. Előadoi beszéd az MSZMP KB 1984 április 17-i ülésén" [Developing the system of economic management. Speech delivered at the 17 April 1984. session of the Central Committee of the HSWP (Hungarian Socialist Workers Party)] *Társadalmi Szemle* 1984. No. 5. p. 24.

5. It is impossible to develop new forms of communication in a "zero-sum game" model of human relations, where one side's gain is automatically the other's loss.

6. Makó Csaba: "A szervezeti innováció lehetőségei és korlátai a munkafolyamatban" [The possibilities and constraints of organizational innovation within the work process] *Valóság* 1985. No. 5.

7. Makó Csaba—Simonyi Ágnes: "A taylorizmus hazai alkalmazásának kérdőjelei" [Can Taylorism be applied in a Hungarian environment?] *Közgazdasági Szemle* 1985. No. 7-8. pp. 846-855.

8. In my presentation of the experience acquired with the collective forms of firm management I have relied mainly on Adler Judit—Garzo Lilla: *Az új vállalati irányításra történő átírt megjelenése a sajtóban* [The press on the introduction of the new forms of firm management] Hungarian Academy of Sciences, Institute of Sociology 1986. Febr. Manuscript.

9. A Magyar Népköztársaság Elnöki Tanácsának 1984. évi 22. számú törvényerejű rendelete az állami vállalatokról szóló 1977. évi VI. törvény módosításáról [The 1984/22 degree of the Presidential Council of the Hungarian People's Republic: An amendment of the 1977/VI. law on the state enterprise] *Magyar Közlöny* 1984. No. 46.

10. *Introduction of the new management forms in the state enterprises*. Published by the Secretariate of the Ministry of Finance, Hungary, Budapest, February 1985 p. 5-12.

11. Havasi Ferenc: "A gazdaságirányítás továbbfejlesztése" [Developing the system of economic management] *Közgazdasági Szemle* 1984. No. 7-8. p. 776.

12. Héthy Lajos: *Újvállalati irányítási formák—lehetőségek és korlátok* [New forms of firm-level management—possibilities and constraints] Munkaügyi Kutatóintézet, Budapest, July 1980. [Manuscript].

13. Nyikos László: "Az új vállalatvezetési formák és a szakszervezetek" [New forms of firm-level management and trade unions] *Társadalmi Szemle* 1986. No. 3. p. 42.

14. Héthy Lajos—Makó Csaba: "Munkások, érdekek, érdekegyeztetés" [Workers, interests, interest reconciliation] *Gondolat*, Budapest, 1979 pp. 327-337. Nagy Katalin—Simonyi Ágnes: "Munka, munkafeltételek és a döntésekben való részvétel" [Work, working conditions and participation in decisions] *Társadalomkutatás* 1987. No. 1.

15. J.R. Blasi—W.F. Whyte: "Worker Ownership and Public Policy." *Policy Studies Journal* 1981. No. 10. pp. 331-333.

16. J.W. Murphy: "Organizational Issues in Worker Ownership: Problems of Organizational Order in Worker Control of Production in Plants Dropped as Obsolete." *American Journal of Economics and Sociology*, Vol. 43, No. 3. July 1984.

17. The coalition between workers and shopfloor management is not a new phenomenon on the industrial relations' scene in Hungary. See more on this in: Varga László: "Pató Pálok vagy sztachanovisták?" [Idlers or Stachanovists?] *Magvető*, Budapest, 1984.

18. Neumann László: *A művezetők szerepe a vállalati gazdasági munkaközösségekben. Az Országos Vezetőképző Központ megbízása alapján készített tanulmány* [Foreman in autonomous work groups. Study sponsored by the National School of Managers] Budapest 1986.

19. According to a recent study on the representation of worker interests [initiated by the Japanese trade union Denko Roven], the majority of Hungarian workers in the electrical and electronics industries held that their interests in areas like working conditions, safety, organization of the work process, manpower planning, redeployment etc. are best defended by shop-floor management. Trade union representation is efficient only in social matters [housing, holidays]. [Makó Csaba: *A szakszervezetek tevékenységének néhány jelentősége a nyolcvanas években* (The characteristics of union activity in the 'eighties. Szakszervezetek Elmeleti Kutatóintézete, Budapest, January, 1987. Manuscript]

20. At the last congress of the HSWP the president of the Hungarian Chamber of Commerce said that the main cause of the *short-sightedness* of our managers is—besides the five year term of the tenure of their posts—" . . . (the feeling) that macroeconomics strategy cannot be relied upon as a long-term given." Beck Tamás: "A vállalati önállóság—a vállalat oldaláról" [Firm autonomy—from a firm's perspective] *Pártélet*. 1985. No. 5. pp. 71-72.

21. Anatal László: "Tulajdon érdekünk" [Vagyonérdekeltség] [Our most precious assets] *Heti Világgazdaság*. 12. 07. 1986. p. 50.

22. At this point I would like to reflect on some apprehensions concerning the possibility of the rise of corporatism, or more exactly of corporative syndicalism, in the new enterprise councils. Corporative syndicates were originally alliances of a firm's management and employees against other,

competing firms. The essence of the potential corporatism in the case of enterprise councils is totally different: the alliance of workers and managers here is favored by the unpredictability of economic and other regulators.

23. Ch. Heckscher: "Worker Participation and Management Control." *Journal of Social Reconstruction*. 1980. Vol. 1. No. 1. pp. 77-102. F. Engelstad: *Participatory Democracy and Power Inequalities. Case Study*. Institute for Social Research. Oslo. 1981.

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I. On institutional change in broad terms

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