

Organizational Innovation, and Social Relatives of the Labour Process

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Workers' Attitudes to Changes - Some Observations

In the process, likely to be long drawn out, of recovery from the plight of the Hungarian economy, guidance over political and economic leadership can rely less and less on such "obvious" sources of growth as lasting restrictions on consumption by the population or use of external resources.

The advocates of courses of action to overcome the economic difficulties agree on the need to improve the adaptability and capacity for renewal of our economic organizations and institutions, or else, they claim, we shall be unable to make use of the autonomous factors of economic growth, to be more efficient in "tapping" the human resources available. It is a matter of surprise, however, that in voicing the need for economic change we should be devoting so little attention to the labour process as the centre of use-value production. This is virtually the explanation for the simplified pattern of attitude which leading officials display in interpreting forms of action that endorse or reject their endeavours. If we content ourselves with explanations for forms of behaviour that are reflected in qualifying labels like innovative or conservative, reformist or anti-reformist, dynamic or passive, we shall have foreclosed not only avenue to familiarity with social relations conditioning human action, but also the possibility of shaping the pattern of those relations. This is, of course, not a new phenomenon, or an approach characteristic solely of a thinking of political and economic leadership in the Hungarian society.

In assessing worker's protests against various types of change, such as mechanization or rationalization of production, there appeared a simplified treatment of human behaviour as early as the beginning of the XIXth century. The forms of struggle against mechanization are varied, showing diverse patterns of worker's involvement¹, with the core of resistance constituted by highly qualified workers most exposed to the threat of mechanization, while other segments of workers for whom machines offer not only job opportunities, but also career prospects, do not participate in protests, with, e.g., "... women practically not to be found among the Luddists".² Workers did not resort to smashing machinery unless it posed an objective threat to their jobs, i.e. employment security. In other cases they not only accepted mechanization, but at times supported it even at the expense of solidarity with other segments of workforce.

Resistance or indifference to change cannot be dismissed with the summary judgement that people are stranger to the new, preferring the accustomed, or, briefly put, are conservative. The components are complex of forms of behaviour that appear to be hidebound on the surface. Mechanization or rationalization, often attendant upon change in production patterns and upon new-product innovations, tends to cause, not infrequently, sudden deterioration in the position of workers formerly possessing a high degree of ability to affirm their interests.³ Those affected do not reconcile themselves to loss of advantages enjoyed in the labour process and to

¹Perrot, M. (1978), 'Les ouvrières et les machines en France dans la première moitié du XIXe siècle', *Recherche*, 32-33, September

²Brance, P. (1975), 'A New Perspective on Woman's Work: A Comparative Typology', *Journal of Social History*, 9, p. 2160.

³Simonyi, A. (1978), 'A központból a periferiára', (*From the Centre to the Periphery*), Valóság, No. 1.

deterioration in their economic and social positions already gained. Increased resistance to change can be expected to come particularly from those segments of workers that have been successful in making use of their objective possibilities for action within the labour process to organize their individual or collective interests. So the point is that the different segments of workers and managers are far from united in engineering or hindering change. The set of social relations conditioning efforts to maintain or to change the status quo may be outlined in light of the features characterizing the operation of work organization.

Social Conditions for and Consequences of Conservatism in the Labour Process

Workers active in different types of work organization may be likened to sociologists controlling hypotheses and having preconceived ideas about aspects of work that are of importance to their individual or collective interests, about relationships between efforts of labour and earnings, about "remunerative" levels of labour discipline and quality, etc. The hypotheses, not necessarily verbalized, about these factors or their interrelationships are controlled in communities organized during common work. This is the way of acquiring the social ability to organize one's interests, which is also a precondition for shaping social relations within the labour process.

Our knowledge of inequalities in possibilities for action resulting from the set-up and operation of work-organization is much less than that we have of the substance and structure of interests relations. Workers are enabled to deal with the extremely intricate "social fabric" of the labour process by the ability they can acquire in possession of the objective possibilities for action to affirm their interests. Favourable opportunities for acquisition of the social ability to affirm one's interests arise in work organizations where workers can see day by day that common action is the only way solving their individual problems effectively. (The aptitude developed in the labour process to "manipulate" social relations is not independent of the efficiency of socialization in other spheres of social activity, but exerts an indirect effect, compared with the role of the position occupied in the work organization, on the form of behaviour displayed at the workplace. That effect, however, is not indirect in situations where even the minimum compromise on interests required for maintaining the continuity of work is lacking.)

The following will be emphasized in this context:

- 1: The considerable disparities in the set-up and operation of work organizations generate inequalities not only in objective possibilities for action, but also in participation in the collective "game" to secure those possibilities.⁴
- 2: The objective possibilities for action and the disparities evolving through the effort to secure them produce the "centre" - "periphery" phenomenon in respect to abilities to affirm interests and to the labour process. Such stratification of manpower basically determines ways and means to manage and resolve work related conflicts. It helps to grasp and to interpret the social forces that work towards renewal or maintenance of the status quo.⁵

The main features of belonging to the centre is that its member's activity and role in the labour process are decisive to the maintenance of managerial power. They owe their strong position vis-a-vis managers and other segments of workers not only to their exceptional skills and performance records, but to their significant influence on job allocation and awards for performance. Membership in the centre is naturally not confined to workers with exceptional aptitudes in the labour process. The weight of membership in socio-political organization is not

⁴Simonyi, A. (1978), '*A központból a periferiára*', (From the Centre to the Periphery), Valóság, No. 1.

⁵Of course, the centre-periphery categories indicate larger segments of manpower stratification which are also not homogeneous, and the social and economic substance of relations between them is similarly subject to change. If this is ignored at later stages of analytical work, we cannot but rest content with getting a rough and static picture of manpower stratification.

negligible either.⁶ Also known are worker's collectives external to work-places, such as those organized in residential areas or on an ethnical basis, which similarly hold very strong bargaining positions vis-a-vis other groups of workers and management.⁷

The periphery is constituted by workers exerting a minimum effect on the quantity and the quality of products; their jobs can be learnt with ease, workers can readily be acclimatized to work tasks and hence are easy to dispense with. There is little likelihood that they will develop a collective strategy for effective action against management. While their role is not directly determinant in the maintenance of managerial power, the making of the "collective worker" indispensable for the operation of the work organization is inconceivable without their indirect contribution.⁸

The representatives of management make conscious efforts to reach mutual compromise on interests with members of the centre, they are at times willing to allow significant concessions, naturally to the detriment of those on the periphery.⁹ Through agreement with members of the centre management entertains hopes to win thereby the support of the periphery too. This is also greatly facilitated by the social fact that the behaviour of the centre is a "social model" for the latter to follow in several aspects. Of course, given that members of the centre exercise a notable part of managerial functions in the labour process, the question is not one of management according to them unilateral, undeserved advantages.¹⁰ These are the so-called self-managing workers whose activity serves to weaken hierarchical conflicts characterizing the management-labour relationship, absorbing as they do a large part of such conflicts by performing, through their outstanding role in the work organization and implementation, the function of managing workers on the periphery as well. On the other hand, the weight of the centre in the organization of production is reduced by the fact that, among the behavioural motives of top managers, advantages more easily obtainable through different benefits (e.g. prices, market policy) exercises at times a greater influence in respect to effective organization of work.¹¹

All this is coupled with the well-known economic shortage phenomena (e.g. non respect of cooperative agreement, lack of continuous supply of raw materials and spare parts etc.) and the unclarified role of staff (technical and administrative employees) within the overbureaucratized structure of the enterprise¹², which cause workers, including in particular those in the centre, to

⁶Hethy, L.-Mako, Cs. (1989), *Patterns of Worker's Behaviour and the Business Enterprise*, Budapest: Institute of Sociology HAS - Institute of Labour ABMH

⁷Turner, H.A.-Clack, G.-Roberts, G. (1967), *Labour Relations in the UK Motor Industry*, London: Allen and Unwin; Berki, S. (1981), *A munkások és az automatizáció*, (Workers and Automation), Budapest: Karl Marx University of Economics

⁸Of the marxist thinkers, Gramsci called attention emphatically to this phenomenon in underlining the difficulty of capitalist enterprise management in securing "a permanent workforce, a continually coordinated complex, for the human complex of any given enterprise (the collective worker) is itself a machine which cannot be refitted with too great frequency and be renovated by component parts without considerable loss". (Gramsci, A. (1970), *Filozofiai irások*, (Amerikanizmus és Fordizmus), Budapest: Kossuth Könyvkiadó, p.316.; The weight and role of those on the periphery are greatly increased or further reduced by the "outside" status of workers, e.g. their position on the labour market external to the enterprise, in addition to the need to bring about the so-called collective worker.

⁹Farkas, Z. (1981), *A munkások termetesi magatartása és az üzemi érdekérvényesítési viszonyai*, Production Behaviour of Workers and the Interest Relations in the Plant), Miskolc: Unpublished Research Report

¹⁰Lado, M.-Toth, F. (1983), *A munkafordítások elismerése - a nem fizetett munka. A teljesítménynövekedés feltételei a munkaszervezetben*, (Recognition of Output, Non paid Efforts. Conditions for Increase of Performance in the Work Organization), Budapest: Institute of Labour ABMH

¹¹Laky, T. (1982), *Erdekvizonyok a vállalati döntésekben*, (Interest Relations and the Enterprise Decision Making System), Budapest: Közgazdasági és Jogi Könyvkiadó

¹²This holds not only for the characteristics of economic development in Hungary. Experts of developing countries refer to similar problems as attendant phenomena of the

play a disproportionately great role in the organization of production with a view to maintaining the continuity thereof.¹³ The foregoing helps us to realize the important role played by the members of the centre in solving conflicts at the workplace. Any change, whether technological or socio-organizational in nature, which is likely to weaken their bargaining position, tends to generate resistance among them. Since not only workers, but also managers concluding mutually advantageous agreements with them see their positions and prospects worsened, members of the centre find natural allies in them in maintaining the constancy of social relations characterizing the operation of particular place of work as those relations represent forms, "remunerative" for them, of resolving social conflicts emerging during working activities.¹⁴

A guarantee for the further progress towards renewal in the spirit of this analysis may be provided by alternative forms of work organization which offer a gleam of hope for the homogenization or, more accurately, "upward levelling up" of possibilities for action. Such forms may also help some of those currently on the periphery in acquiring abilities to participate as "collective player" in actually shaping, i.e. renewing, social relations. It should also be kept in mind, however, that people who become "players", or agents of change in social relations may easily turn advocates of conservatism, the popets of their own creation.

Lack of officially recognized possibilities for them does not mean at all that members of the periphery are unable to engage in creative activities. Such people are to be found even at the most rationalized places of mass production, the best known forms of their activism being work on the side, doing odd jobs, etc. during working hours, which symbolize not only their discontent of possibilities for minor innovations, devising special tools or tricks that make the doing of work much easier.¹⁵ Whether people keep them for themselves or make them available to their group alone or present their "hidden skills" as official innovation to facilitate the work of larger collectives (e.g. QC, TCS movements) is quite a different matter, of course.

Participation in the "collective game" may enable workers to acquire the ability to "pass through" the boundaries between the centre and the periphery, even though such stratification of manpower, constantly reproducing itself in time and space, cannot be eliminated.

Germes of Socio-organizational Renewal in the Labour Process

The social substance of innovation in the labour process is constituted by human renewal. Its realization needs socio-organizational relations which, in our present-day work organizations, are coping with lack of action, i.e. leaving wider scope of action also for those on the periphery. Moreover, in work organizations that only allow more room of action, but are also less susceptible of monopolization and hence showing a trend to greater homogeneity it is possible to reach a higher level of the collective "game", without which the actual transformation of our social relations is inconceivable.¹⁶

introduction of technology imported. (Massaid, H.-A.(1983) *Transfert de technologie et organisation du processus de travail dans l'entreprise nationale algerienne: la rationalite technique face a la logique sociale*, Doctorat de 3e Cycle, Paris: Universite de Paris VII.,Groupe de Sociologie du Travail

¹³For a fuller discussion, see Lukacs, J.(1983), *A muszakiak lehetseges szerepe az innovacios folyamatban*, (Possible Role of the Technical Employees in the Innovative Process within the Firm), Budapest: Institute of Sociology HAS

¹⁴This is the main explanation for the phenomenon, surprising at first sight, that the restriction of performance, for instance, is a product, not of a strategy of certain groups of workers for autonomous action, but of a (usually tacit) agreement between certain segments of workers and managers.

¹⁵Similar experience is reported in analyses of the relationship between work performance and professional qualification by Dubois,P.(1982), *La creativite ouvriere*, Paris: Culture Technique, No.8.; Manwaring,T.-Wood,S.(1983), *The Ghost in the Machine: Tacit Skills in the Labour Process*, London: London School of Economics

¹⁶It will be noted in this context that the centre and the periphery are also naturally heterogeneous. Thus, for instance a part of members of the periphery accommodated in worker's hostels want to change their situation and are able to do so. It is they who have

The undertakings which emerged in the early 1980's raised hopes in the advocates of social and economic reforms that constructive forms of conflict management in the relationship between the social partners of the labour process would strengthen and pread under their impact.

Next I will review the initial experiences gained during the period of time, relatively short for scientific analysis, since the introduction of the new legal regulation¹⁷ dealing with the role - renewing or conserving possibilities for action and thereby the social or community relations governing the work performance - of internal subcontracting and business partnership out of firm as well as, in a brief reference, of small cooperatives among the various forms of undertaking.¹⁸ Specifically, I am seeking an answer to the question of whether the centre-periphery relationship as expressed in the work performances will continue to exist and strengthen as a form of manpower segmentation or one may expect the evolution of processes likely to result in the former's weakening. For an answer, it is indispensable to present, as a first step, the socio-organizational features of the various forms of undertaking.

The experience offered so far by internal subcontracting (VGMK, the Hungarian acronym) shows that differences between segments of workers tend to increase rather than diminish in the wake of its emergence. Following the adoption of legislation laying down the conditions for the formation of VGMKs, the members of the centre, discussed earlier in this paper, were relatively quick to realize the possibilities open to them for evolving new forms of undertaking.¹⁹ They set up comparatively small units, normally of 8 to 10 members, mainly in the fields of maintenance work and other servicing activities. The structure of work tasks characteristic of these activities is such that they can also be performed on the regular working time. Thus, for instance, only one or two managers know whether the pieces of work to be done in maintenance section need team work off regular working time or not, and it is impossible to assign a supervisor to every member of a VGMK.

Of course, members of the periphery are also present in VGMKs, but the substance and efficiency of their participation are far smaller than those of workers with central positions. First, they were relatively slow in responding to the challenge, i.e. setting up their own internal subcontracting unit in their off regular working time. Second, they did so at places of work (geared to, e.g. mass production section) where VGMK jobs cannot be done on regular working time. In their case the central intention that new undertakings should be "initiated from bottom" had the opposite effect in practice. As those concerned said on this score, "We were called in the Headquarter by 8 a.m., they (managers) had us sign the papers, which were numbered afterwards". In VGMKs formed of members of the periphery, workers do work on rest days or stay on at the enterprise beyond the required hours. Considering that, unlike jobs done in partnerships of workers belonging to the center, tools and materials cannot be prepared on the regular working time, the workforce here can be expected to become more and more exhausted physically as well as mentally. The peripheral VGMKs are also characterized by the

already taken the first step in assessing their own conditions of work and life and exploring possible alternatives, taking into account not only the size of earnings and the conditions prevailing in the worker's hostels, but also the conditions of travel and family problems.

¹⁷In my analysis I have drawn heavily on the study by Berki, S.(1983), '*Az új vállalkozási formák mukodesenek nehany tarsadalmi jellegzetessege*', (Some Social Characteristics of the New Form of Undertakings), Budapest: Institute of Sociology HAS.

¹⁸GMMK and VGMK members account for the overwhelming majority (87%) of workers engaged in all forms of small undertaking. Moreover, it is these forms of organization whose operation meets most criteria of undertaking. (Laki, T.(1984), '*Mitoszok es valóság*', (Kisvállalkozások Magyarországon), (Myths and Reality, Small Undertakings in Hungary), Valóság, No.1.

¹⁹The fact that VGMK members come mostly from those of the centre is corroborated by reports and accounts dealing with aspects of composition. In the first years of formation of VGMKs and inquiry by people's inspectors about internal subcontractings in Hajdu County, for instance, stated this: "...18% of VGMK members have higher education degree and 26% secondary schooling, while 87 % of manual workers are skilled ones.", Nepszabadság, 12 December, 1982.

fact that work done in the form of internal subcontracting continues to be performed under the direction of the same supervisor as in the work organization of the regular work.

The efficiency of participation in VGMKs shows notable differences, meaning that official authorization to set up internal subcontracting unit after the regular working time - instead overtime - has brought no change in the favourable position enjoyed by members of the centre in the labour process except in the forms and instruments of bargaining with management. At present, the time needed by, and the hourly wage(rate) paid for, VGMK jobs are subjects of bargaining with management, where VGMK members are able to achieve effort-earning ratios favourable to their interests, just as in the traditional work organization... This explains why VGMK members of the centre are able to increase not only their earnings, as members of the periphery are, but also the efficiency of such increase and serves to reinforce their favourable position.²⁰

There occur radical shifts in the structure of activities in business partnership external to firm(GMK, the Hungarian acronym), which are legally independent economic actor on the market. In this kind of economic units, there are much less articulated division of labour. The well-known principle of "one task-one job-one classification", one of the taylorist, fordist-type production system, gives place to a versatile, or "polyvalent" utilization of manpower.²¹ Every member does a share of job accepted by a GMK, whose members occasionally make even individual material sacrifices to learn as many jobs as they can. This not only makes them capable of gaining an overall view of the labour process, but the practice of making use of manpower in many ways also changes the content of the "subordinate-superior" relationship. The enjoyment of equal rights and the possession of equal financial possibilities in the organization, preparation and work performance as well as in the distribution of earning weaken and transcend the hierarchical pattern of social relations constituting the social substance of the "superior-subordinate" relationship. The work group leader, the so-called common representative, is leader in administrative matters only, otherwise holding the same position as the rest of GMK members. Such practice of manpower utilization virtually points to a homogenization of possibilities for action through the variability and widening scope of partial jobs. It enables GMK members without exception to be involved in the collective "game" concerning performance of work. The individualist model of behaviour expressed in the "my job - your job" approach in the labour process is replaced by the principle of "one for all - all for one", which is called upon to win acceptance for the objective need for collective responsibility and risk-taking. The structural basis of this consists in the fact that the consequences of bad quality, overspending or inobservance of time-limits raises direct dangers, regardless of the personal fault or inaptitude of any member, for the existence of the GMK and through it for the personal livelihood of all members. Of all forms of organizational modernization, the GMK's set up and operation can best be likened to those of the so called autonomous work groups or small entrepreneurs.²² This makes it easy to see that the

²⁰In assessing, from the viewpoint of the participant's position in the labour process, the motives of work in VGMKs, the content of work tasks and the nature of direction a few words should also be said of those for whom this form of undertaking is not attractive. Indifference is observed on the part of those members of the centre who are not in dire need of more money as they earn high income and are also aware of the harmful effects of extra work on health or social relations. Some of them adopt a "wait-en-see" attitude and consider the pros and cons of joining an extra-entreprise business partnership or another form of small undertaking. Some members of the periphery are prevented by their narrow room for action from participating in any form of VGMK, the retarding factors including lack of minimum skill required for VGMK jobs, considerable time of travel or other handicaps like rearing a child alone.

²¹For more detail on the various forms and effects of versatile manpower use, see Bernier, C. (1982), *La Polyvalence des Emplois (Nouvelles tendances de l'organisation du travail)*, Montreal: Institut Recherche Appliquée sur le Travail, Bulletin, no. 22., October

²²Davis, L.K.-Cherns, A.B. (Eds.) (1975), *The Quality of Working Life*, Vol. I.-II., New York: Free Press; Butera, F. (1980), *Innovation in Work Organization: New Models or New Principles? Legislation or Experimentation?*, Human Futures, Summer; Dubois, P.-Durand, C. (1983), *Les Politiques patronales d'innovation*, Critique de l'Economie Politique, Avril-September

motivation of participation in GMKs is, contrary to public belief, not so much and not only the possibility to earn extra income as rather the transformation of the nature of the earlier activity, because GMK members enjoyed an exceptionally good financial situation at their previous places of work as well, i.e. most of them came from among those belonging to the centre. Social renewal is signaled by work done in a "new way" in GMKs, not only in the form of homogenization of possibilities for action, but also through the appearance of "higher moral standard". A member of a GMK made up exclusively of females said this of a near-euphoric joy of work: "Since work was done in all rooms of an apartment, I once happened to be showing the way to clients as a traffic cop giving directions on a stand outside does. It was a great experience, and I felt very much at ease. It was bloody good, much fun doing it." GMK members raise higher requirements upon themselves, too, as is well illustrated by, e.g., the selective admission of applicants. As one of them put it on this score, "...we refused to admit those who were known to be pushing for money by all means, i.e. to do just anything to get money. Not that we spurn money or don't want to earn more, but do so only by maintaining the professional level. Nor did we admit people known to have their family lives or situation at the workplace unsettled, to keep telling lies at home, for instance."

Finally, let me make some brief remarks about the nature and social characteristics of work at industrial small cooperatives. Work at them is akin content to GMK work, the main difference being observed in the composition of members, which appears to reflect a form of action for those on the periphery, apart from a few members of the centre.²³ This is indicated by such motives for application for membership as discontent with workplace management, endeavour to improve the material situation or to change the way of life, desire to have constant work done in tranquillity and on one shift.

The work at small cooperatives is likewise characterized by manifold workforce utilization, with everyone doing everything and with only jobs requiring special skills done by the same persons. The absence of steady jobs and the practice of using the workforce in many ways are propitious to a strengthening of community norms and help them exercise a positive effect on the individual. In a small town on North-East Transdanubia, for instance, a small cooperative has recruited the one-time unskilled workers of the state or council-run building industry, including quite a few former alcoholics and other deviants. No drinking, no stealing and no lying at the workplace have become community norms at the small cooperative during its one and a half years of cooperation. In that community, habitual drunkards have given up drinking, carrying tapering-off tablets their packets.²⁴

Instead of summing up the new trends noticeable in the labour process, I shall try to underline the social features of change relevant to workers and managers. From the possibility for formal, i.e. legally guaranteed, participation in various types of small undertaking it does not follow at all that everyone has equal opportunities of participation. In existing experience, no radical change can be registered in the social structure of manpower employed at economic organizations. The emergence of small undertakings tends to consolidate the situation of those in a central position. It should be noted, however, that there have appeared some "cracks" in the wall of manpower stratification by the centre-periphery relationship, meaning that a part of those on the periphery may have a real chance to enter the centre during their working lives. Movements in the opposite direction - slip from the centre to the periphery or, what is worse, to the periphery of the periphery - can also be imagined.²⁵ Thus, under the impact of undertaking

²³By this cautious formulation I wish to indicate that we have systematized knowledge of the social conditions for and consequences of work in small cooperatives. The tendencies outlined here are supported by unsystematized bodies of information otherwise available.

²⁴The positive tendencies experienced in the social relations of undertakings bring favourable influence to bear on economic performance as well. The small cooperative mentioned of the building industry, for instance, has a more efficient performance record than other industrial organizations engaged in similar activities. The value of production without material input per each forint (the Hungarian money) paid in wages is about one and a half times the cooperative average and about two times that of state enterprises. (EVM Építésgazdasági és Szervezési Intézet, 1982. évi jelentése, Budapest, March 1982.)

²⁵If unequal opportunities for admission to VGMKs are examined by geographical areas ("spaces"), workers in the Hungarian capital (Budapest) have three times as many opportunities

started in the early 1980's, one should expect the presence not of a single tendency, positive or negative, but the parallel existence of several preexistent social processes intensified by economic movements and thereby becoming more pronounced. On the one hand, possibilities for action in the new forms of undertaking become homogeneous, increasing the number of workers consciously involved in shaping the pattern of social relations. By contrast, the forms of undertaking (VGMKs) developed in the essentially unchanged organizational and operational structures of economic organizations (enterprises) tend to reinforce the existing inequalities of possibilities for action. This process could be greatly slackened by comprehensive organizational reforms affecting the organization and operation of our enterprises as a whole rather than certain sectors thereof. I must add that the presence of internal subcontracting may even prove to be an instrument of upholding conservative social relations undesirable for a global modernization of the enterprise organization, for it tends to release social effect known from the practice of contractual employment, ridding management of almost all of the human problems involved in the direction of production, first and foremost of the exercise of function like organization of work and disciplining which incur the "highest costs" psychic as well as social.

than workers in Szabolcs County have, but a small measures of levelling up can be observed in the countryside. (Berki, S. (1984), *Gondolatok a VGMK tarsadalmi szereperol*, (Thoughts about the Social Function of the VGMK), (Manuscript), Budapest: Institute of Sociology HAS