1. Introduction

Our problems associated with change in the economic and political structures of Hungarian society allow the conclusion that the creating — via transformation, foundation, reorganization — political parties is in itself insufficient for building the civil society as a social condition for a much desired revitalization of the economy. National and international experiences warn us that management of work-place conflicts with long-term efficiency is inconceivable without the transparency and controllability of relationship between interdependent social actors of the economic life. "... labour problems become not just unrest, and not just private affairs, but rather they escalate into pervasive confrontations, generally violent, which threaten democratic political structure itself" (Inkeles, 1990, p. 7). Stability and renewal of the macro- and microprocesses in the economy presuppose cooperation between the social actors of the economy.

In this paper I naturally cannot attempt an analysis either of the macro- and local-level regulators of economic activity and the social structure or of the relationships between them. I shall try to point up the role of "social embeddedness" influencing the economic behaviour and, following the sequence of agenda items, the set of social and organizational conditions bearing on the relationships between partners objectively interdependent in work.

A legal, economic and politological review of questions concerning social partnership, tripartism, etc., which are less known in Hungary, is extremely important, and brooks no further delay, in dealing with labour relations.

Particularly in view of the fact that "... for a long time the government had no labour policy at all, which is (perhaps) in the
making now. The instruments used by the government in wage policy over the past 20 years (primarily wage regulation) virtually had no priority goals to pursue... Previously employment policy was clearly aimed to overcome labour shortage, or it has remained mainly an "unemployment policy" down to our days... Today the government has no clear concept how to develop employment conditions"² (Héthy-Cshai, 1989, p. 78). As I basically share this assessment of the activity of the labour administration, it is easy to realize the importance of clarifying the problems concerning the structure and functions of the network of institutions called upon to manage workplace-related conflicts.

In this analysis I try to present some types of social relations influencing the economic behaviour of the actors in the work-organization and their possible consequences on the emerging new Industrial Relations System (I.R.S.) in Hungary. In doing so I should like to stress not only that the behaviour of the actors of the labour process conditioned by the social context, but also that their patterns of behaviour cannot be forecast on the ground of their belonging to this or that social or occupational category which they have accepted. Their actions can only be understood and shaped or "embedded" in the concrete and constantly changing system of social relations³ (Granovetter, 1985).

2. Labour Relations System: Concepts and Categories

In the democratic market economy countries the Industrial Relations System (I.R.S.), or the Labour Relations System (L.R.S.), which offers a broader perspective for analysis, serves to express the relationships between the actors participating in the daily life of the workplace. Participation thus expressed a form of behaviour displayed by an actor in a situation of an organization through which he cooperates and controls the solution of his problem regarded as important to his interests¹ (Martin, 1981). As traditionally understood, the I.R.S. is a set of rules and regulations governing the level of work communities. Accordingly, adoption, control and modification of such rules and regulations are an object of the I.R.S.. As is stated in a manual published over 30 years ago, the I.R.S. represents, on the one hand, the actors of the economic life and the ideologies relating to their actions and, on the other, the regulations which "govern" the behaviour of the actors of the workplace
communities (Dunlop, 1958 p. 7). Under this approach, the actors of I.R.S. are employers, employees, or private agencies set up by agreements between them, and organizations or representatives of the government. The regulation of relationships between the social partners does not apply to changes in the organization of technologies, manpower and skills since under traditional approach, they are not factors of I.R.S. like sharing of power in society and the market. Development of techniques (technologies) and determination of production strategy are management prerogatives, so their shaping and influencing are not an object of I.R.S.

On this view, the activities of the social actors of the economy are aimed solely at subsequent treatment of the implications of change in techniques (technologies), organization and market. The following chart is well illustrative of the traditional approach to I.R.S.

Until the mid-1980's, analyses of the operation of I.R.S. were concerned almost exclusively with the functioning of the official or formal structures determining the relationships between the actors of the economy (labour process). Here belong also works dealing with the theory and methods of collective bargaining, the modelling of the power and tactical components of negotiating procedures, ways and tools of planning the outcome of different types of bargaining, etc. (Bacharach-Lawler, 1981). Competence to address these problems efficiently, or acquisition of "bargaining skill", arbitration techniques are of particular importance for Hungarian experts concerned with the emerging new institution of the Industrial Relations System. In relation of that, I would like to stress the necessity and particular importance of the international comparison of collective bargaining systems in selected countries. The knowledge of the different national practice would help the legal, administrative and fiscal build of the new Industrial Relations Systems in Central and Eastern Europe. However, acquisition and utilization of indispensable skills are far from sufficient for the management of workplace conflicts efficient from the viewpoint of the partners' long-term interests as well. This calls for an approach under which I.R.S. is conceived of as an open and changing system, one that comes as near as possible the actual "social embeddedness" of behaviour at the workplace.

A better understanding of “embeddedness” in social relations of actions as the workplace or of economic behaviour in general presupposes clarification of the social substance of the institution itself. The term institution has rather different meanings, so its use is a source of misunderstanding and confusion.
Its sociological meaning as distinct from everyday usage is not confined to official structure and organizations, but includes the regulators of human relations in other spheres of life as well. "Institution" is therefore a generic term of social configurations which implies that individual or collective actions governed by the market or representative organizations (e.g., employer’s organizations, trade unions) are but one of the possible factors orienting economic ac-

tion. These forms of behaviour are closely linked to the social fabric of norm, values and patterns of behaviour emerging from or declining in the extremely rich and dynamically changing social relations of the labour process. Thus the I.R.S. as a social institution is not identical with the legal and political regulation of relationships between, employers and the State, as it embraces both the visible and invisible forms of employment and wage regulations as well as of social control over employment conditions. It means also that I.R.S. cannot be equated with the body of formal rules and regulations adopted and controlled for good and all8 (Hyman, 1975, p. 31), because it is capable of giving expression, partial and temporary, to norms and patterns of behaviour emerging, changing and disappearing in the “collective practice” of human cooperation. In the next section I will discuss the behaviour-conditioning role and dynamism of the work-place social relations prevailing in the enterprise sphere and exercising a long-term influence on relationships between the social partners of the labour process.

3. An underestimated dimension of I.R.S.: “Actors” and “Social Spaces” at Firm level

The appearance and spread of the concept of “social spaces” in sociology can be explained by the failure of categories like system, subsystem, stratum, level, etc., to reflect the variegated and dynamic characteristics of social relations shaping economic behaviour. More recently, as against the behaviour of economic actors long regarded as atomistic, or undersocialized, the concept of oversocialized behaviour has been used by economists to denote the social conditioning of economic behaviour observed in the modern market economies. Oversocialized behaviour in the labour market means that the representative of each segment of the market has a different character9 (Piore, 1975). Taking example from another domain, it means that the outcome of economic phenomena like competition is largely conditional on the social environment, or “social capsule” in which the phenomenon works10 (Etzioni, 1988). Consequently we need concepts, linked more perceptibly to daily experiences rather than invoking abstract morals or conventions, by which to explain the emergence, persistence or disappearance of various forms of behaviour. The concept of social space appears capable of grasping the elements of multidimensional processes and their interrelationships.
It has proved to be useful in, e.g., describing the dominant mechanisms and realignment of relationships determining the substance of employment and labour utilization practices (Mako-Symonyi, 1989).

The individual and mainly collective actions of the I.R.S.'s "actors" are influenced at long term by the positions the actors occupy in the "educative-qualificational space" (espace educative) created by the historical, ideological and economic background of a given country. What we have here are positions symbolizing that body of knowledge and record of achievements which play an important role in determining the identity of social actors on the one hand and in evolving the culture of labour on the other. Typical national patterns varying by country tend to exert a long-term effect on the relationships between the parties to labour conflicts and thereby on the management of social strains concomitant with economic restructuring. I shall try to illustrate these somewhat abstract statements with examples from international comparative studies, carried out by industrial sociologists. Thus, for instance, the existence or absence of a cooperative spirit characteristic of employment relations and those of labour utilisation is inseparable from the cosmopolitan vs. local (particular) character of skills and experience used in enterprise practice. The former will be illustrated with labour and skill utilisation at enterprise in the Federal Republic of Germany and the latter with that at French and Hungarian enterprise (Maurice-Sellier-Silvestre, 1986).

3.1. Enterprise Practice of Skill Utilisation: the German and the French Case

In the labour and skill utilization practice of FRG enterprises the "qualificational space" as compared with the "organizational space" is particularly important for securing cooperation between the social partners. For this to be understood it is necessary to keep track of how skill and experiences are organized and utilized. Most workers at German enterprises have at least one skilled worker's diploma, and the system of training at technical colleges as well as that of management training also rely on the skills acquired within the framework of vocational training in respect to both technical skills and practical skill in organization. The educational institutions run by churches and trade unions follow this same principle as the enterprise and state institutions of training do. Possession of a cer-
tificate of practical experience or vocational training is an important prerequisite for admission to colleges outside the university sector. As regards the structure of skills, it must be emphasized that in professional secondary and higher education special attention is devoted, in addition to the necessary technical knowledge, to preparation of students for the solution of so-called logistical problems connected with the planning and organization of production. Aptitude for direction and organization is an essential component of skill used on various levels and in different fields of labour utilization at enterprises.

Another distinctive feature of the system of labour and skill utilization at German enterprises is that subordinates and superiors working at different levels and in different areas of the enterprise organization are also linked together by common norms and values evolving through participation in similar professional experience. Cooperation is reinforced by skill and experience which, playing a central role in the system of promotion as they increase, improve the chances of mobility and advancement. It is not accidental that during an international survey made in the mid-1980s at the initiative of the Japanese trade union Denki Roren in the electric and electronic industries we disclosed a high level of German worker's identification with their occupations. This is also indicative of the fact that organizational "pressures" play a relatively smaller role in cooperation among workers, engineers and managers at German enterprises. The values and ideologies symbolized by the "qualificational space" (espace qualificationelle) created by collective professional experience cannot be replaced by anything else in evolving patterns of cooperation prevailing and making their effects felt at long term in the relationships between the social actors. It is easy to see that the abundance of labour possessing "cosmopolitan" skills based on wide-ranging theoretical and practical knowledge has facilitated, in the practice of German enterprises, cooperative and local solutions for workplace conflicts accompanying technical and organizational change.

As regards the practice of French enterprises, it should be stated in the first place that there is no close link between enterprise and state systems of training and between syllabuses. The State satisfies enterprise demands for qualified labour by operating special technical colleges and institutes, yet these are not only unable to meet quantitative enterprise demands for qualified labour, but provide one-sided technical-theoretical training. En-
terprises are therefore constrained to organize “inhouse” training. Of course, their training programmes primarily reflect the short-term interests of employers, since the emphasis is laid on training in skills that can be used directly and be acquired at the least cost. The operation of such a training system is inseparable from the special structure of labour and skill utilization in which the different jobs are clearly defined, with the quantity and type of skills required, and change from one job to another is tantamount to modification of the position occupied in the enterprise system of promotion and status. The practice thus established of labour utilization is embodied in the “segmentalized” and “hierarchical” system of different types of skills. Under such a system of labour and skill utilization, skill than can be made good use of in a certain enterprise, plant or workshop are hard to transfer and hence the functional (internal) mobility of labour is at a low rate. The practice of labour and skill utilization at French enterprises impedes not only the inter-enterprise mobility or regrouping of labour, but also the spread of cooperative patterns of behaviour within the enterprise, because the cohesive force of norms and values generated by common professional experiences is weak.

The centralized and overhierarchical decision making system — i.e. the morphology of the “organizational space” — generally characterizing French large enterprises tends to increase difficulties in cooperation between representatives of different occupational or job groups. The identity of people active in the enterprise organization is based on local utilisation of skills developed and utilizable in various areas of the organization (workshop, plant, department, division, etc.) rather than results from the utilization of “cosmopolitan” knowledge and skills breaking through organizational frameworks, boundaries of jobs.

In a brief summary of national differences in the organization of labour and skill utilization and, in this context, in the employment and labour utilization practice, it may be stated that the outstanding role of the wealth of theoretical and practical organizational knowledge is a characteristic feature of German enterprises, where the qualificational space is more important than the organizational space in labour utilisation. By contrast, in the practice of French enterprises, a smaller part is played by collective professional experience and the resultant integrative ideologies, with elements of the “organizational space” being more determinant in the firm’s manpower policy.
The relationships between actors in the I.R.S. are basically shaped, perhaps in a way comparable only to property relations, by the methods of labour and skill utilization that influence the substance of employment relations at long term. Thus the aspirations and strategies of the partners to I.R.S. cannot be mechanically deduced from the obvious and well defined national changes the relations among employers, employees, government and their organizations.

3.2. Some Characteristics of Labour and Skill Utilisation in the Hungarian Firms

The characteristics of the labour and skill utilisation practice at Hungarian firms can best be likened to the French pattern of labour utilization. This statement may be sound like a surprise, for the German management techniques and traditions had been popular before World War Two and still very attractive for the Hungarian managers. Employment relations at our large enterprises are characterized by a preponderant role of “segmented” utilization of labour and experience and, in this context, by the “organizational spaces”. This means in concrete terms that representatives of workers, technical and administrative employees and managers, who are interdependent in the enterprise organization, are more separated than linked by the types of skills they possess. Studies in Hungarian industrial and labour sociology have also revealed the significance of workshop-specific — or in other term “local-knowledge” — skills in maintaining the continuity of work. As in the practice of French firms, the upgrading of local and particular elements of skills possessed by labour impedes the latter’s regrouping and flexible utilisation. Moreover, the “segmentation” of skills and experience may enhance aspirations to maintain the rigid boundaries between occupation and jobs in the relationship between the partners to I.R.S. Similar actions by employers and employees tend to increase conflicts generated by technical and organizational change.

Securing the aptitudes and abilities required for the realization of such aspirations is inconceivable without constant bargaining and accommodation of interests conducive to change in the boundaries between and the substance of, occupational and job categories.

I wish to illustrate the Hungarian practice of labour and skill utilisation with findings of a Hungarian-Japanese research project completed in the late 80’s. According to the survey made at electric power plants in 1988, Ja-
Japanese enterprise managers started their managerial careers as subordinate (rank and file) employees almost without exception (98%), preparing themselves for managerial work by climbing the internal job ladder from worker through technical and administrative employee to production, maintenance, development, administration, etc. In their case, accumulation of knowledge and experience is equal to wider prospects for promotion and more pay. On the other hand, at the Hungarian firms covered by the survey, 7.5% of lower-level and 16.3% of middle- and top-level managers started their careers in management posts. The lack of common experience and professional norms concerning superiors and subordinates is counterbalanced to some extent by the fact that nearly three-fourths of lower-level managers and one-fourth of middle- and top-level managers were formerly employed as workers at the enterprise (Pünkösti, 1988). Training and further training at enterprise — "in house training" — do not lower the degree of separation or isolation of the different occupational and job categories in the case of Hungarian firms. The majority (half to two-thirds) of technical employees and managers have continued studies after receiving their first school certificate.

By contrast, 91% of workers and 98% of administrative employees do not aspire to higher qualification after receiving their first school certificate. The Japanese enterprise practice is characterized by a high ratio of members of each occupational or job group participating in further training. Increase of knowledge based on promotion through the internal job ladder as well as general and regular participation in further training result in an extremely important function of the "qualificational space" shaping values, norms and patterns of behaviour. On the other hand, the "organizational space" is much stronger in the Hungarian management's methods of labour and skill utilisation, for the attraction force of participation in training and further training varies by jobs: a worker finds it "remunerative" to increase his skill if he quits the category of worker, administrative employees or subordinate. The segmentation of skills is perpetuated by the close link between the positions occupied in the hierarchies of pay (wage) and organizational hierarchy. The wages of rank and file workers (employees) and superiors are more balanced in the incentive system of Japanese enterprises. These statements are corroborated by the findings of a survey of Japanese and Hungarian power plants: Japanese wage structure shows an "egg-shape" versus the "pyramid form" of Hungarian wages at power plants.

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A detailed study of the relationship between jobs and wages reveals that 71 and 92% respectively, of workers and administrative employees at Hungarian enterprises belong to the lower wage bracket, whereas the larger part of managerial earning falls in the upper bracket. Middle- and top-level managers earn on average two and a half times more than workers, three times more than administrative employees, two times more than technical employees, and nearly one and a half times more than lower-level managers. As mentioned earlier, staff earnings at Japanese enterprises are more balanced: 37% of Japanese earning against 66% of Hungarian earnings is in the lower bracket.

Administrative employees are the lowest paid group in both countries. A large part (54%) of the Japanese workforce against barely one-third (32%) of the Hungarian belong to the middle bracket. It must be pointed out on this score that half of workers and nearly two thirds of technical employees at the Japanese power plants belong to this bracket.

Less than one-third (28.4%) of workers, and about two thirds of engineers at Hungarian enterprises belong to the middle bracket. The highest earnings are, “of course”, to be found among middle- and top-level managers at both Japanese and Hungarian power plants, yet with essential variations: 31% of Hungarian middle- and top-level managers against 7.9% of the Japanese are in the upper bracket representing the highest earnings.
To sum up the findings of wage comparison, "...our statement that Japanese earnings are more balanced than their Hungarian counterparts and that the earnings of people in managerial and non-managerial posts show greater differences in Hungary appears to be well-founded (Mako-Novoszath, 1989, p. 18).

As regards the difference in the methods of labour and skill utilisation between Hungarian and Japanese power plants, the common professional-practical experience of workers, engineers and managers as well as its effect of strengthening cooperation are largely missing at the Hungarian enterprises. An increased role in the relationships between managers, subordinates and workers in different areas of production played, not by the "qualificational space", but by such dimensions of the "organizational space" as a hierarchical-centralized system of skills and experience, specialized and individualized patterns of tasks and jobs, etc. Within the I.R.S., all this is manifest in actions by representatives of different occupational and job categories, in the propensity of interests for particularization, and in a separate treatment of inputs and distribution. Collective solidarity-like actions are conceivable even under the social conditions, as outlined, for labour and skill utilization, but they call for a comprehensive and regular mobilization of possibilities inherent in the labour relations system.

4. Industrial Relations in a Wider Perspective

By this comparative analysis of the relationships between the social spaces and their actors in the enterprise sphere I have wished to demonstrate that the adaptability of the system of enterprise organizations cannot be improved by an institutional change, as viewed narrowly, of the Industrial Relations System. The social partners cannot hope to tackle with success the problems attendant upon change in techniques, work organization and the market unless their efforts to shape techniques, work organization and the structure of power sharing characteristic of society as a whole form an integral part of labour relations. If one knows the factors regulatory of individual and collective actions, it is readily apparent that a special role in shaping the pattern of relationships between employers, employees and the State is played by enterprise management methods and educational system since their characteristics are determinative of the ways of acquiring knowledge and skills. For
example, trade unions cannot be expected to adopt an attitude supportive of technical and organizational change as demanded by the product market except when enterprise and state employment policies rely heavily on general education and further training and seek to maintain the stability of employment.

This is the only way of creating the conditions, in terms of individual aptitude and skill, for regrouping the workforce as required for practising occupations or attending to jobs emerging or filling needs unsatisfied by displaced ones. In the practice of labour utilisation based on the “one task - one job - one grade” approach, adaptation to a turbulent market environment can be secured by cyclical recourse to lay-offs and hiring.

The rigidity of this system of labour and skill utilization can be relaxed by the use of labour and skill procured from external labour markets. The constant presence of people temporarily or permanently absent from the labour market, that is a relatively high jobless rate, is a usual concomitant of the employment policies pursued.

In the experience of competitive enterprises paying high wages, the abundance of labour “over-skilled” and hence relatively easy to regroup strengthens rather than weakens, despite popular belief to the contrary, the positions of enterprises and, through them, trade unions (Sorge-Streeck, 1987), for the abundance of “over-skilled” labour serves to promote the spread of labour and skill utilisation methods which facilitate adaptation to change in technologies, product markets and work organization.

Summing up the processes discussed I should like to emphasize again that the system of mass production serving to satisfy demand in standardized and stable product markets on a lasting basis was largely characterized by specialized and individualized skill utilisation. It was justified to separate the management of conflicts regularly emerging in the relationships between employers and employees as well as their organizations and the government from managerial activity relating to marketing, product development, and finances. In our days, however, the stability of such elementary interests of employees as employment security and income relations is dependent on changes in product and financial markets. It is therefore desirable to go beyond the scope of “job unionism”, which concentrates on wages and working conditions, and of a one sided distribution-centered approach in the domain of employee’s representation.
Replacement of the distributive trade union strategy by integrative endeavours may, of course, overextend the framework of the current trade union and political structures in “mutation” in Hungary. The crisis of the trade union solutions in the regulation of workplace conflicts is signalled by, among others the declining membership, the emergence of worker’s councils, which “…come into being precisely at a time when parliamentarism, parties and trade unions alike prove themselves incapable of performing their traditional functions.

By contrast, the immanent contradiction of workers’ councils lies precisely in the fact that while they crop up like mushrooms practically from nowhere in a revolutionary situation, they seek to bring about a complex political and an economic system which are qualitatively different from all such previous systems”22 (Varga, 1989, p. 22).

In the near future, the different sectors of the Hungarian economy will be faced with increasing competition on the world market and in relation of that an initiative restructuring process. Stability can be expected to be a feature of an I.R.S. in which the strategies of both employers and employees will focus on increasing the skill of labour and enhancing the flexible utilization thereof. The coordination of economic and political interests which will stimulate this type of cooperation may prove capable of maintaining a relatively high level of employment or in other words, “non-exclusiveness” of the labour market. This would be one possible strategy for the social partners of the Industrial Relations System.

The international experience gained from the development of Industrial Relations System, only trade unions which cooperated with employers in the process of the industrial restructuring were able to renew themselves and retain their influence on their members. Participation in the economic restructuring added a special “institutional” dynamism to trade unions23 (Streeck, 1987). The perspective interests of both employers and employees dictate the need for sustained investment in training as well as in organizational and technical innovations.

Unfortunately, this kind of “high road” strategy of the Industrial Relations System development lacks the massive support in the present Hungary. The competing “new” and “reformed”, “restructured” unions are in a severe competition, the employers exploit this situation — together with the government — following their short term interests. The radical changes in the property structure probably will clear and shape the current “diffused” arena of I.R.S.
NOTES


13. The term “logistics” less common in Hungarian social science, was originally used by representatives of military science in connection with supplying of troops, providing maintenance, transportation, etc. From the mid-1970’s, with the rapid spread of microelectronic innovations, it has been used with increasing frequency in research on organization, sociology of work and ergonomics.


16 By way of illustration I wish to note that, for instance, the plant organization and wage systems of RABA Factory at Győr were devised in the spirit of the German REFA system during the 1940’s. During the 1980’s, the one well known Hungarian consultation company developed a cooperation with the German REFA consultation company for the purpose of training, and diffusion of these organizational techniques.


19 This pattern of labour and skill utilization is far from being characteristic of Hungarian industrial practice alone. The architects of economic policy tried, luckily with little success, to suppress the role of the “occupational-qualificational space” and to upgrade that of the “organizational space” in cooperative farms as well: “...less than one-fourth of the president elected during the period 1973-78, marked by a voluntarist economic policy, were local people, since overestimation of machines and sizes and, with it by implication, underestimation of the human factor were practically raised to the rank of politics. After 1978 politics returned to near-reality and after a long time, local presidents grew in number, with “home-bred” leaders”. (Pünkosti, A., (1988) Kivalasztottak, Budapest: Árkadia pp. 37-38.


