

# Production coalitions in Slovenian companies:Employee participation in non-participative organizations?\*

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*According to the theory, a combination of the highly regulated external labour market and the internal rigidity would induce organisational inefficiency. Evidence suggests that theoretically unexpected results of that combination prevailed in Slovenia. Under the pressure of the competition on the international markets, Slovene companies, being trapped in the combination of the two rigidities, were determined to compete on the basis of work intensification. The surviving coalition, based on the exchange between the managers (demanding work intensification) on the one hand, and trade unions (defending employees' wage and job stability) on the other, was formed. Within the logic of the exchange, trade unions actively participated in the fight for companies' survival. As a specific entrepreneurial utilisation of the internal oppositional power, the inclusion of such trade unions enabled non-conflicting work intensification and survival of numerous, usually comparatively technologically less developed Slovene organisations.*

*Nach der Theorie schafft die Kombination eines regulierten externen Arbeitsmarktes mit einer internen Unnachgiebigkeit eine organisationelle Ineffizienz. Es gibt Anzeichen, dass theoretisch unerwartete Ergebnisse in Slovenien vorherrschen. Unter dem Druck des Wettbewerbes auf internationalen Märkten waren slowenische Firmen gezwungen, auf der Basis der Arbeitsintensivierung zu konkurrieren. Eine Koalition, basierend auf dem Austausch zwischen Managern und Gewerkschaften wurde geformt. Innerhalb des Austausches beteiligten die Gewerkschaften sich aktiv am Kampf um das Überleben der Unternehmen. Als eine spezifische unternehmerische Nutzung der internen Oppositionsmacht ermöglichte die Einbindung dieser Gewerkschaften eine konfliktfreie Arbeitsintensivierung und das Überleben von zahlreichen, technisch nicht entwickelten slowenischen Unternehmungen.*

*Key words:* Slovenia / employees / trade union / international market

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## 1. Introduction: Rigidity and organisational efficiency

Under the pressure of a 'rigid' labour market regulation (high wages and weak numerical flexibility) firms could reach sufficient market efficiency if they specialised in diversified quality production (Streeck, 1992; Regini, 1995). A key condition for that specialisation is high flexibility of their internal structures, including a developed employee participation in managerial decision-making. Functionally flexible workforce, secured by external labour market 'rigidities', produces high quality products/services. This pattern was fundamental for the German economic success after the Second World War (Streeck, 1988; 1992).

Within the context of high labour market flexibility (low wages and intensive numerical flexibility), companies could reach sufficient efficiency if they focus on the pure price competition. In that case the competitiveness is based on rigid (Taylorian and Fordian) internal structures (Streeck, 1988; 1992; Blyton and Turnbull, 1998).

Theoretically speaking, the combinations of external and internal rigidity, as well as that of external and internal flexibility, are un-productive. Under the pressures of these combinations the organisations are determined to be anomic and non-competitive (Blyton and Turnbull, 1998).

In this paper I will try to identify the Slovene combination of the external and internal structures. According to the macro indicators from the 90's, Slovenia is categorised as a successful transitional society. Is it possible to say that a specific combination of external and internal structures could explain the successfulness of the Slovene transition up to now? What type of production enabled the relative success? Was the production supported by developed participative structures?

In the first part of the paper I will focus on the diagnosis of the Slovene external labour market. Having been exposed to gradual changes of the former Yugoslav system, where labour market was highly regulated (according to some authors it did not even exist), the actual Slovene labour market should still be highly regulated. This is my first hypothesis.

In the second part of the paper I will evaluate the situation of employee participation in Slovene companies. If the first hypothesis is confirmed, then the Slovene economic success should be the result (in terms of the theory mentioned above) of a high internal organisational flexibility and corresponding developed employee participation in the managerial decision-making process.

According to the self-management tradition, intensive employee participation in Slovene companies is possible. Contemporary surveys (Arzenšek, 1984; Rus, 1986) revealed that the former self-management was characterised by an unevenly developed dual participative pattern: a comparatively undeveloped

direct participation (understood as in the EPOC project; see: Regalia, 1996; Sisson and Storey, 2000) on the one hand, and a comparatively developed representative participation on the other. It is possible that under the pressures of competition the former dual pattern has been changed into a new, more homogenous participative structure. Considering the background, I assume: firstly, that direct participation within Slovene 'post-communist' companies has reached the development level of the participation in companies from developed European countries; and, secondly, that the developed representative participation survived in the 90's. The confirmation of both hypotheses would mean that – during the 'transitional' decade – Slovenian organisations were transformed into highly participative and functionally flexible organisations.

If the evidence confirms the hypothesis about the external labour market 'rigidity' on the one hand, and the internal participative/flexible nature of Slovene organisations on the other, then the Slovene success up to now has been based on a combination similar to the German industrial relations pattern. If the verification denies one or both hypotheses, there should be some other patterns which serve as a background for the success, including those theoretically unexpected.

Most of the following diagnosis is based on comparative data derived from the national surveys conducted from 1999 to 2001 within the Cranfield Network for HRM (Cranet-E). Data for the EU cover all EU member states. Transitional countries are represented by Bulgaria, the Czech Republic and Estonia, because only in these three transitional countries (in addition to Slovenia) was data collected within the same 1999-2001 period. The Slovene survey was conducted at the beginning of 2001. Like other national surveys, it included organisations with 200 and more employees. The Slovene sample covered 204 cases (out of the total 533 companies with 200 and more employees). The respondents were personnel/ HR managers. All unquoted data in this paper are from the Cranet-E surveys.

## **2. Slovenian labour market: Re-institutionalisation of the 'Rigidity'**

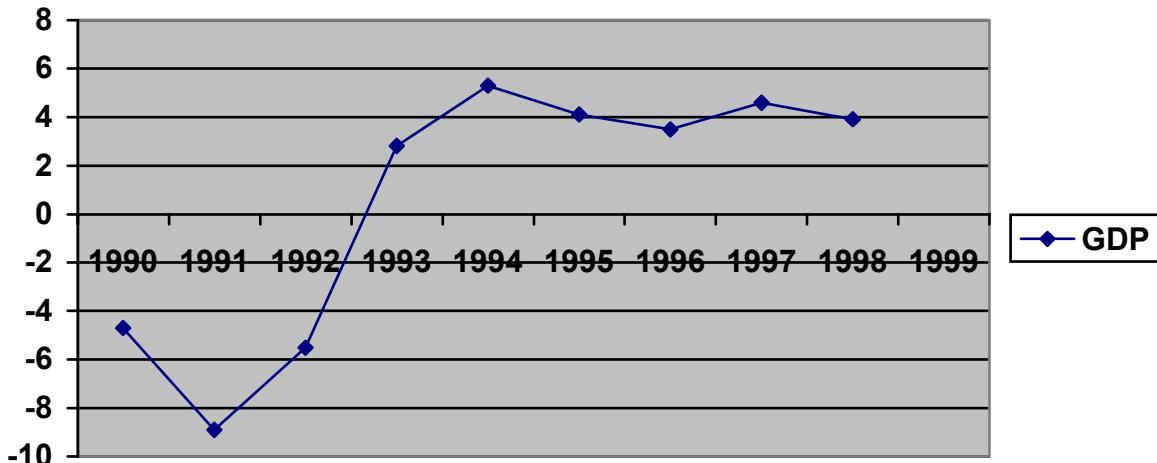
The Slovene departure from the old and the forming of the new system, similar to other transitional societies, was marked by a strong transformational depression. The workers' strikes escalated simultaneously with the deepening of the depression. The highest concentration of strikes was in labour intensive sectors of the economy (Stanojevic/Vrhovec, 2001: 33).

In comparative terms, these processes were quite atypical. In harsh economic climate the workers' radicalism is likely to decrease whereas the willingness to concede usually increases (Hyman, 2001: 29). Slovenian workers reacted to the depression in a rather militant way: they massively went on strike.

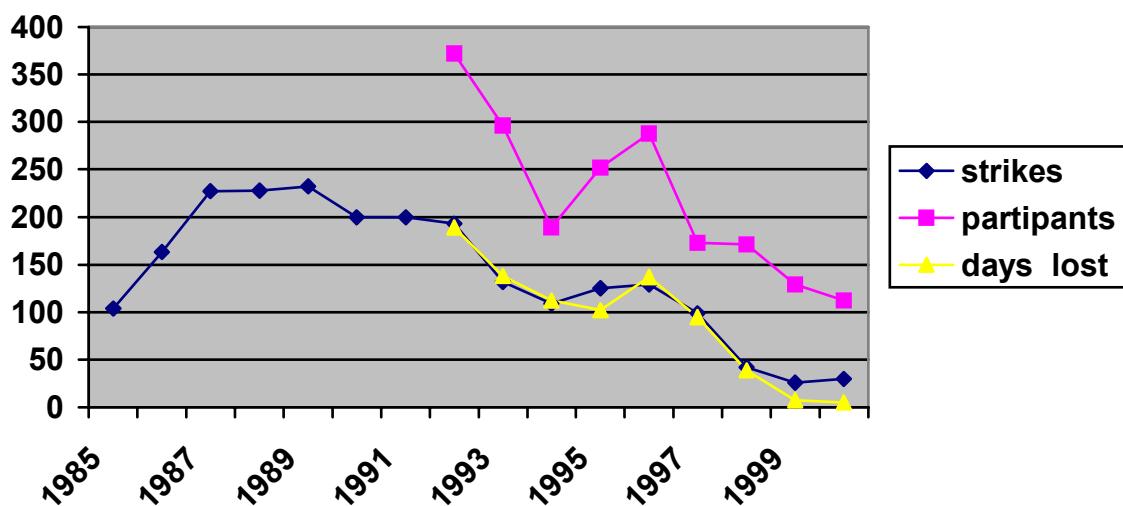
In ‘post-communist’ Slovenia the strike wave reached its peak in 1992. That year, the strike frequency as well as workers’ participation in strikes and days lost in strikes (per 1000 employees) were definitely higher than ever.

*Figure 1. Real Growth Rates of GDP*

Source: WIIW 1999: 48-65.



*Figure 2. The Strike Wave 1985-1994*



In that critical year, when the transformational depression hit the bottom and the strike wave reached its highest point, the Law on Privatisation was adopted. The law defined the internal buyout as the key mode of privatisation in Slovenia. The resulting employee ownership spread unevenly throughout the economy, reaching the highest concentration in labour intensive, strike-prone sectors. The actual and latent strikers became important co-owners and even major owners of the companies. The immediate result of that intervention was the calming down of the workers’ dissatisfaction and the corresponding decline of the strike wave. In the following years, the Law on Participation was adopted (1993) and the Social and Economic Council was set up (1994). Before these interventions, at the beginning of the transition period, the centralised collective bargaining

system was introduced by the federal 1989 labour relations legislation (The Law on Basic Rights of Employment Relationships, amended in 1990 and 1991). According to this legislation, the dominant bargaining level was fixed at the republic/national level. These main pieces of labour legislation provided a legal basis for relatively high job security and relatively generous passive employment policies' measures during the last decade in Slovenia.<sup>1</sup>

It appears that a powerful disintegrating potential of the workers' discontent from the early period of the Slovene transition induced specific re-institutionalisation of the Slovene industrial relations system. More than in other transformational societies, in Slovenia it had to focus on the re-integration of workers' interest into the new 'post-communist' social order. The resulting system clearly respected workers' interests.

First, in the last decade relatively high wages were an accentuated Slovene peculiarity. At the beginning of the 90's high wages were influenced by a relatively high development level, and later by the economic growth. Both were the necessary but not sufficient conditions for high wages in the 90's. The additional key condition was the centralised, 'rigid' collective bargaining system. It enabled efficient translation of workers' demands into relatively high wages in the 90's.

*Table 1. Average Gross Monthly Wages in Slovenia and Two Transitional Societies, 1990-1998 (in DEM, average exchange rates) (%)*

	<b>1990</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
Slovenia	1453.14	1192.11	1354.89	1435.04	1565.90	1674.28
Hungary	343.53	512.13	442.85	461.90	531.85	554.46
Czech R.	294.18	388.39	441.25	535.77	585.12	637.64

Second, during the last decade a relatively high job security has been preserved for the majority of the Slovenian employed workforce. This stability has been combined with markedly soft policies dealing with the redundant workforce.

In 'communism' a high job security was the leading motive for employees (Arzensek, 1984) and the basis of the 'great coalition' between workers and the political elite (Zupanov, 1983). The labour force surveys from the late 90's show that the portion of Slovenian employees in open-ended contracts was still high. Approximately 70% of the total employed population is engaged in that most secure form of employment (Ignjatovic/Kramberger, 2000: 454).

<sup>1</sup> In mid 2002 the new Labour Code, which has been in the discussion since 1997, was finally adopted. This important part of the harmonisation process to the EU legislation already triggered some changes towards the flexibility of labour relations. According to the main characteristic of the Slovenian transition until now the changes probably will not be very radical.

According to the Eurostat data, the European employed population is less intensively included in that type of employment (European social statistics LF survey results 1999, Eurostat 3). Other data, being consistent with these findings, reveal a comparatively weak labour force fluctuation and the corresponding companies' vis-à-vis labour market (see Table 2). It appears that Slovene full-time employees tend to be more 'job-owners' than their counterparts in the other compared countries.

*Table 2. Increased/Decreased/Unchanged Numbers of Employees in the Excess of 5%*

		EU	Transitional countries	Slovenia
Increased	N	266	94	4
	%	10.5	27.2	4.2
Unchanged	N	2073	149	84
	%	81.8	43.2	88.4
Decreased	N	147	96	7
	%	5.8	27.8	7.4

Downsizing in Slovene companies additionally reveals identified, quite unusual sensitivity for workers' interest. In spite of the transformational depression and other problems, the reconstruction of the companies implied remarkably softer policies from those in other countries (see Table 3).

*Table 3. Methods for Reducing the Number of Employees*

Yes		EU	Transitional Countries	Slovenia
Early retirement	N	2234	150	96
	%	37.1	27.0	49.0
Voluntary redundancies	N	2055	102	86
	%	34.1	18.3	44.1
Compulsory redundancies	N	1854	278	29
	%	30.8	50.0	15.1
Redeployment	N	2026	268	128
	%	33.6	48.2	65.0
Outplacement	N	862	93	41
	%	14.3	16.7	21.2
No renewal of fixed term/temporary contracts	N	2012	245	83
	%	33.4	44.1	42.1
Outsourcing	N	1134	120	73
	%	18.8	21.6	37.8

To resume: The evidence confirms the first hypothesis concerning the labour market 'rigidity' in Slovenia. The data reveal that at the end of the first 'post-communist' decade, the Slovene labour market is still highly regulated – a

‘rigid’ one. In comparative terms, wages as well as job security are relatively high. Because of that, within the Slovene system the external numerical flexibility is hindered more than in EU and transitional countries.

In the introduction it was assumed that within the labour market ‘rigidity’ organisations could survive if they were internally flexible and participative. According to the success of the Slovene economy, it was presumed that Slovene organisations are highly participative/flexible. Are the internal structures of Slovenian organisations participative?

### 3. Internal Organisational Structure of Slovene Companies

#### (i) Participation?

In comparative terms the influence of different categories of employees on decision-making about strategy, finance and organization of work is atypical in Slovene companies. The most striking differences appear between workers' influence on decision-making in companies from different countries.

*Table 4. Employee Categories Briefed About Strategy, Finance and Organization of Work in EU, Transitional Countries and Slovenia (in %)*

	Strategy			Financial Performance			Organization of work		
	EU	TC	SI	EU	TC	SI	EU	TC	SI
Management	93.8	89.4	92.7	92.0	90.1	88.8	83.3	79.5	89.8
Professional	57.0	53.2	45.9	70.0	57.9	42.4	75.1	74.3	67.8
Clerical	40.2	31.3	4.9	59.0	41.5	14.6	73.2	66.2	39.0
Manual	29.9	21.0	2.4	45.2	24.1	5.9	63.5	65.6	31.7

Companies from the EU and transitional countries brief manual workers on strategy and financial issues. In Slovene companies workers are not consulted; they are excluded from this field of decision-making.

Compared to workers from EU and transitional countries, Slovene workers are considerably less included in decision-making about the organization of work. In EU and transitional countries, workers are briefed on the issue/topic in almost two thirds of companies. In Slovenia, only one third of the companies involve manual workers in decision-making about work organization.

The involvement in decision-making about the organization of work is an important element of direct participation (Regalia, 1996), and indicates its existence. In Slovenia, workers are included in decision-making about the organization of work in few of the companies. This clearly shows that in the majority of Slovene companies direct participation is underdeveloped.

This finding is consistent with some other Cranet-E data suggesting that the old bureaucratic 'coordinating routines' have survived in the majority of the Slovene organisations.

Within Slovene organisations the appraisal system is highly centralised.

*Table 5. If you have an appraisal system, do any of the following formally contribute to the appraisal process?*

Yes		EU	Transitional countries	Slovenia
Immediate superior	N	4519	373	172
	%	75.1	67.1	83.9
Next level superior	N	2367	202	135
	%	39.3	36.3	65.9
The employee	N	3424	161	17
	%	56.9	29.0	8.3
Subordinates	N	527	52	5
	%	8.8	9.4	2.4

Slovene employees formally contribute to the appraisal process considerably less than their counterparts from EU and transitional countries. The appraisal system, controlled by Slovene managers more than elsewhere is used to determine performance-related pay in the majority of Slovene organisations (76,1%), i. e. substantially more than in organizations from EU and transitional countries. In the former only 39.2% and in the latter 46.4% of all organisations used the appraisal system to determine performance related pay.

The data presented in Table 4 show that participation in decision-making about strategy, finance and organization of work is extremely weak in Slovene organizations. The data indicate that decision power is highly centralised in Slovene companies. Identified highly centralised appraisal and pay systems confirm that the concentration of power in the hands of Slovene managers is higher than in companies from other compared countries.

In spite of the employees' exclusion from managerial decision-making and the correspondingly high concentration of managerial power, there is a possibility that relatively developed financial participation exists in Slovene companies.

This form of participation should be strongly developed in Slovene organizations. As mentioned above, the privatisation promoted workers to becoming co-owners of the companies; in labour intensive sectors they even were majority owners of numerous companies.

The Cranet-E data undoubtedly reveal that financial participation in Slovene companies is also underdeveloped. Employee share- options are used as an incentive scheme similar to that in other transitional countries but less than in

companies in the EU. Profit sharing is exclusively oriented towards the managers.

*Table 6. Do you offer any of the following schemes?*

		EU	Transitional countries	Slovenia
Employee share options	Management	N 1136	51	14
		% 18.9	9.2	6.8
	Professional	N 678	29	8
		% 11.3	5.2	3.9
	Clerical	N 592	23	8
		% 9.8	4.1	3.9
	Manual	N 482	19	8
		% 8.0	3.4	3.9
Profit sharing	Management	N 1711	153	54
		% 28.4	27.5	26.3
	Professional	N 1299	89	20
		% 21.6	16.0	9.8
	Clerical	N 1124	64	15
		% 18.7	11.5	7.3
	Manual	N 948	49	15
		% 15.7	8.8	7.3

To resume: In the majority of Slovene companies, manual workers are not involved in decision-making about the organisation of work. This finding reveals that direct participation is underdeveloped in these companies. Compared to the old dual pattern, the expected essential changes have not been noticed at that level within the last decade. The hypothesis about the intensive development of direct participation in Slovene 'post-communist' companies is not confirmed.

A wider implication of that finding, confirmed by other data, is the survival of the rigid 'co-ordinating routines' within most of the Slovene 'post-communist' companies.

## **(ii) Employees' Collective Representation: Co-operation and/or Conflict?**

It was mentioned that representative (indirect) participation was strongly developed in the former self-management system. Has it survived in the Slovene 'post-communism'?

In comparative terms, trade union density rates are unusually high in Slovenian companies. In three quarters of the Slovene companies, more than half of the employees are trade union members. The percentage of companies with high trade union density is much lower in EU and transitional countries.

*Table 7. Proportion of Organisations from EU, Transitional Countries and Slovenia with Less Than 50%, and More Than 51% of Employees who are Members of a Trade Union (in %)*

	<b>Less than 50%</b>	<b>More than 51%</b>
EU	45.4	39.7
Transitional countries	56.0	31.2
Slovenia	23.3	74.2

This Slovenian peculiarity is highlighted even more by data relating to changes in the influence of trade unions in organisations. Within the last three years the percentage of Slovene organisations where trade union influence increased was higher than that where the influence decreased. The comparison of relevant data again shows that Slovene organisations are atypical. In EU and transitional countries the percentage of companies where trade union influence decreased has been higher.

In Slovenia as in the EU, works councils or joint consultative committees are present in three quarters of companies.

*Table 8. Works Councils or Joint Consultative Committees in Companies from EU, Transitional Countries and Slovenia (in %)*

	<b>Yes</b>
EU	73.5
Transitional countries	24.2
Slovenia	76.7

In all countries, the management uses collective representative bodies as 'communication channels' to pass information to employees. Compared to other countries the increase of that mode of communication was highest in Slovenia during the last three years.

Similar differences appear in the use of these channels to pass information from employees to management. The Slovene case is again exceptional. It increased in one third and decreased in one tenth of Slovene organisations during the last three years. In organisations from other countries, the trends are again in striking contrast to the Slovenian practice.

The comparisons show that employees' collective representation is strongly developed in Slovene companies. Is it possible to say that the strong collective representation is equal to developed representative participation? Are these strong representative bodies more co-operative or more adversarial in relation to managerial structures?

Workers' councils were common in all companies in the Yugoslav self-management system. Within the system they were included in strategic decision-making. In accordance with that feature, the representative

participation in Yugoslav organisations used to be comparatively strongly developed.

*Table 9. Change in communication between employees and management through trade unions/works councils in the past three years*

			EU	Transitional countries	Slovenia
From employees to management	Increased	N	1044	59	66
		%	18.4	12.1	34.2
	Decreased	N	621	72	19
		%	10.9	14.8	9.8
From management to Employees	Increased	N	1365	63	57
		%	24.3	13.8	29.8
	Decreased	N	350	43	12
		%	6.2	9.4	6.3

The main aim of Yugoslav self-management organisations was, in spite of the system's relatively strong market orientation, the employees' social welfare (Zupanov, 1983: 1989). Workers' councils secured the fulfilment of this aim.

During the transition from 'non-market' to 'market' system, former primarily socially oriented companies were radically restructured. Profit-making became the exclusive primary aim of every organisation.

This basic change caused radical demarcation between the company's managerial and social functions. In accordance with the new priority of the managerial functions, managers got the power, which they had not had before. On the other hand, the marginalisation of workers' councils was initiated. The councils were excluded from strategic decision-making. They were losing the power they had before.

Within that demarcation process a dual employees' institutional representation appeared. Parallel to workers' councils, which were excluded from strategic decision-making and renamed into works councils, trade unions started to grow.

Generally speaking, this dual representation enabled formation of the two opposite industrial relations trajectories. The first was co-operative works councils and the other more adversarial (trade unions).

According to Marsden, works councils imply power, if employees use them in a more cooperative manner, but their power is considerably lower when these institutions are used in a more militant, conflicting way (Marsden, 1999: 263). Slovene workers had a problem with one really specific experience. The power derived from cooperative use of new works councils was noticeably lower than that which used to be derived from cooperative use of former workers councils.

Works councils as the only type of workers representation were not able to escape subordination to the , traditional, rigid managerial structures.

This background explains general re-orientation of the employees from councils to trade unions. During the early transition from workers to works councils, competition between trade unions occurred. They started to play the oppositional role within the companies. In these competing oppositional forces employees recognised a new, alternative representation, which was about to substitute the lost workers councils' power. As a result, trade unions spontaneously transformed into the employees' central representative bodies within Slovene organisations.

Compared to former workers councils the 'post-communist' trade unions are more oppositional and more adversarial representative bodies. The trade union presidents (shop stewards) are potential strike organizers. In 1999, when asked if they could mobilise union members to go on strike in case the working conditions became very bad, four fifths (80%) confirmed that they would be able to do that (Stanojevic, 2001:4009).

Compared to that militancy, former workers councils were cooperative, non-militant representative bodies. According to contemporary researches, in case of hypothetically worsening working conditions only one fifth (22%) of the councillors would be in the group of strike organizers; 37% would join the strike. Others (41%) would not go on strike (Arzenšek, 1984: 82).<sup>2</sup>

To resume: The radically changed organisational aims implied exclusion of the workers councils, i. e. the old traditionally powerful employee representative bodies, from the strategic decision-making process. This change was followed by the employees' growing support to the more oppositional trade unions. The oppositional power appeared as a functional substitute to the lost workers councils' influence. Trade unions were transformed into the central workers representation in Slovene companies.

The cooperativeness of old representative bodies, being based on inclusion into the strategic decision-making, was substituted by the oppositional, more adversarial representation, based on the exclusion from the strategic decision-making. The relationships between employees and employers were structured as an adversarial 'them and us' pattern.

Evidence suggests that the developed collective representation survived in Slovenian companies. But within this continuity one sharp discontinuity surfaced. The basic attitude as well as the nature of the representative bodies have changed significantly. Compared to the former representation, the new one is oppositional and correspondingly more adversarial than before. It means that

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<sup>2</sup> The situation of current works councils in Slovenia is described more precisely in the article published in JEEMS (6)4 (see: Stanojevic, 2001).

cooperativeness, which is immanent in a participative institution, is not the primary feature of these new bodies. That finding is incongruent with the initial hypothesis about representative participation in the Slovene 'post-communist' organizations. The presumption about the survival of the former developed representative participation is not confirmed.

The findings reveal that within Slovene 'post-communist' companies direct participation is as underdeveloped as it used to be in 'communism', and that simultaneously formerly developed representative participation has changed significantly. It appears that the resulting Slovene 'post-communist' internal structures are not participative. The structures are rigid.

In the first part of the paper, it was shown that the Slovene external labour market is highly regulated – a 'rigid' one, too.

According to the theory, the result of that dual rigidity should be organisational inefficiency.

#### **4. The Surviving Coalition**

The environment of Slovene organisations has two basic components. The first one consists of extreme competitive pressures at international markets. The other is tightly institutionally regulated labour markets. The majority of Slovenian organisations are systematically exposed to the high demands formed within these two inconsistent, mutually conflicting environments. Being exposed to the relatively high standards defined at labour markets (the labour market 'rigidity'), they have to keep sufficient competitiveness on international markets. It was a huge task for most Slovene companies. In view of the rigidity of their internal structures, a deregulated labour market would suit them more. Being technologically and organisationally less developed, Slovene organisations are determined to compete on low-wage basis and high numerical workforce flexibility.

It was this solution that Slovene companies were not able to use in the 90's. Pushed by trade unions pressure and secured by a centralised collective bargaining system, the wages were fixed at a relatively high level. High job security, being the result of wider exchanges mentioned above, was untouchable. Almost all exporters, i. e. the majority of Slovenian companies, were trapped in the combination of the external and internal rigidity. During the last decade the majority of labour intensive organisations, in spite of theoretically expected inefficiency, has shown surprising surviving capability in the highly competitive international environment. In spite of the internal and the external rigidity combination, they were sufficiently competitive!

What was the main source of that unusual success in the 90's? These organisations had only one, very narrow exit. Under the pressure of labour market 'rigidity' the only source of survival was systematic additional work

input. The organisations had to focus on work intensification. It seems that Slovene management, being exposed to the competitive pressures, widely implemented approaches and techniques securing immediate work intensification.

The Cranet-E data suggest that some forms of work and employment, which indicate work intensification, are strongly and even extremely present within the Slovene companies. During the last three years weekend work and shift work increased in one quarter (24.7%), and overtime in one third (34.3%) of Slovenian organisations. All these increases are similar to the increases in companies from the EU. The differences are in the proportion of the employees included in some of these working practices (see Table 9).

*Table 10. Proportion of Employees in Shift and Fixed-term Work (in %)*

			EU	Transitional countries	Slovenia
Shift work	1-5%	N	1054	75	31
		%	19.2	15.3	16.4
	6-20%	N	954	94	33
		%	17.4	19.2	17.5
	More than 20%	N	1876	198	97
		%	34.1	40.5	51.3
Fixed-term work	1- 5%	N	3123	289	107
		%	56.0	55.8	52.5
	6-20%	N	1086	131	72
		%	19.5	25.3	35.3
	More than 20%	N	326	55	22
		%	5.8	10.6	10.8

Table 9 shows that a much higher proportion of employees is included in shift work in Slovene organisations than in companies in the EU and transitional countries. Fixed-term work is also more used in Slovene organisations than in their counterparts in EU and 'transitional' countries. These data reveal strong work intensification in Slovene 'post-communist' organisations. They show, firstly, that comparatively large groups of permanently employed workforce are overloaded with work, and, secondly, the load is heavier than that which is transferred to fixed-term workers (marginal groups of younger workers) in other countries. Combined with data showing non-participative, traditional 'co-ordinating' routines, the high frequency of shift and fixed-term work suggests that employees in Slovenian organisations are part of the regimes in which they work much more than they used to be.

At a glance, this explanation is not consistent with strong trade unions within companies. Powerful, oppositional trade unions generally oppose to work intensification and usually demand de-intensification and/or suitable

compensation. How is it possible that the Slovene, highly trade unionised workforce, together with trade unions, accepted the work intensification? The willingness of the employees to work hard in the context of escalating crisis and competition is not a Slovene peculiarity. Because of the pressures within the labour market on the one hand, and the willingness to help the survival of their organisations on the other, the employees are more disciplined and ready to accept hard work (Streeck, 1984: 297).

The peculiarity of Slovene companies is a strong internal opposition. As it was shown, in Slovene companies trade union density is still atypically high and its influence is increasing. Despite these 'deviations', Slovenian workers work hard. In view of the utilisation of the shift work they work even harder than their counterparts in other countries.

Slovene trade unions obviously did not oppose to the intensification of work in the 90's. If they had done that, they would have assumed the role of the force working against the company's survival. In that case they would have openly confronted the management and would have lost significant workers' support. In relation to the survival of the numerous labour intensive companies in the 90's and the trade union density figures still being exceptionally high, they chose another, more constructive approach. They supported work intensification. By supporting it, they became part of specific productive coalitions. The aim of the coalitions was the survival of the companies. Trade unions invested their authority in view of that aim.

The surviving coalition was based on the exchange between the managers on the one hand, and employees with theirs trade unions on the other. The key demand of the employees and trade unions was employment stability. The employers' key demand was work intensification.

Dealing with highly unionised workforce within the companies, the managers – in order to be successful in implementation of the urgently needed work intensification – had to seek consent and a lot of support from the workforce. That is why they decided to respect the labour market 'rigidities'. It was a rational, cheap choice for them. In order to reach the agreement in organisation, they guaranteed job security and stable, regular wages defined in collective agreements to the workers. The fulfillment of these basic workers' demands initiated the formation of the coalition.

In exchange for the wage and job stability, employees were ready to respect the new, more demanding and more rigid work regime. By respecting it, they legitimised the traditional managerial structures. On the background of the exchange the managerial authority stabilised.

Within the logic of the exchange, trade unions actively participated in the fight for companies' survival. Not only did they support the work intensification regimes, they also included their own mechanism in those regimes: the

mobilisation capacity of trade unions transformed into an entrepreneurial resource. The result was additional work input of a special kind. Within organisations with weak internal representative structures this input was out of reach.

It appears that the strong internal opposition, stemming from the former self-management representative body, was the key strategic resource of Slovene companies. The resource was activated by the 'surviving coalitions'. Being widely used in the competitive struggles, this type of work mobilisation secured the companies' survival in the highly competitive international environment. It was the main function of the employee 'participation' in the majority of basically non-participative Slovene organisations during the last decade.

## **5. Conclusion: Strengths and Limitations of the Surviving Coalition**

During the 90's Slovenia was in the group of the most successful transformation societies. Evidence shows that, theoretically an unpromising combination of the two rigidities prevailed on the background of that success. Due to the specific tradition followed by the pressure of mass discontentment of the social groups, which were directly exposed to the threatening deprivation in the late 80's and early 90's, re-institutionalisation of the Slovene industrial relations system accentuated reintegration of these social groups into the new 'post-communist' social order. The labour market 'rigidity' was a key mechanism of that reintegration.

In the 90's, the inherited handed down rigid internal structures of Slovene companies were preserved and even stabilised. In the majority of Slovene companies direct participation is as undeveloped as it was before. The former developed representative participation was reconstructed into the more adversarial direction. The former self-management organisations were transformed in non-participative 'post-communist' companies. During the last decade, the combination of these two rigidities represented the accentuated peculiarity of the Slovene industrial relations system.

Under the pressure of the competition on the international markets, Slovene companies, being trapped in the combination of these two rigidities, were determined to compete on the basis of work intensification. The surviving coalition was formed. As a specific entrepreneurial utilisation of the internal oppositional power, it enabled non-conflicting work intensification and survival of numerous, usually comparatively technologically less developed Slovene organisations.

The coalition has two limitations.

Firstly, this type of competitiveness has unfavourable developmental implications. It stems from a low-skill, low-wage, low-productivity background.

As a result of that, the successfulness of the survival coalitions simultaneously produced unfavourable positioning of important parts of the Slovene economy in the international division of labour. From the developmental point of view, it is a trap of a peripheral, dependent 'development'.

Secondly, the coalition is an un-stable and provisional social relation. Based on the exchange of extreme hard work for fixed payment and job security, it is a highly fragile structure. If a small, short-term competitive advantage generated by the work intensification vanishes, the disintegration of the coalition and the company starts. The cultural and social norms, combined by physiological limits, prevent additional work intensification. Employees are overworked. The room of manoeuvre for the companies disappears.

It seems that the survival based on the work intensification reached its limits at the end of the last decade. There is no more room for that type of survival. A further use of that mechanism implies a crisis.

There are two additional possibilities. Both are connected to the reconstruction of the combined rigidity. The first is based on deconstruction of the labour market 'rigidities'. According to the technological lag and the relevant internal rigidities, this option leads to definite dependent positioning in the international division of labour.

The second possibility is based on the internal flexibility on the one hand, and the basic continuation (including modest accommodations) of the external labour market 'rigidities' on the other. There are at least three key conditions for that possibility. The first condition is the abandonment of the illusion that Slovene companies are mostly participative organisations. The surviving coalitions stem from the self-management tradition, but they are not participative structures. In addition, there are two other, more demanding conditions. A radical technological renewal of the companies and the formation of a new homogenous participative structure, which is congruent with the technological renewal.

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