

**11th CONFERENCE OF THE INTERNATIONAL ASSOCIATION
FOR THE ECONOMICS OF PARTICIPATION (IAFEP)**

'PARTICIPATION WORLD-WIDE'

**Katholieke Universiteit Brussel – K.U.B.
(Catholic University of Brussels)
Brussels
4-6 July 2002**

**PRODUCTION COALITIONS IN SLOVENIAN COMPANIES:
EMPLOYEE PARTICIPATION IN NON-PARTICIPATIVE
ORGANIZATIONS?**

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Paper prepared for the 11th Conference of the International Association for the Economics of Participation: 'Participation World-Wide', Brussels, 4-6 July 2002

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 specialise for diversified quality production (Streeck, 1992; Regini, 1995). A key condition for that specialisation is a 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 Slovenian 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 is the type of production which enabled the relative success? Was the production supported by developed participative**

structures?

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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 (Arzensek, 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 former developed representative participation has survived in the 90’s. The **confirmation of both hypotheses would mean that – during the ‘transitional’ decade – Slovenian organisations were transformed into highly participative/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

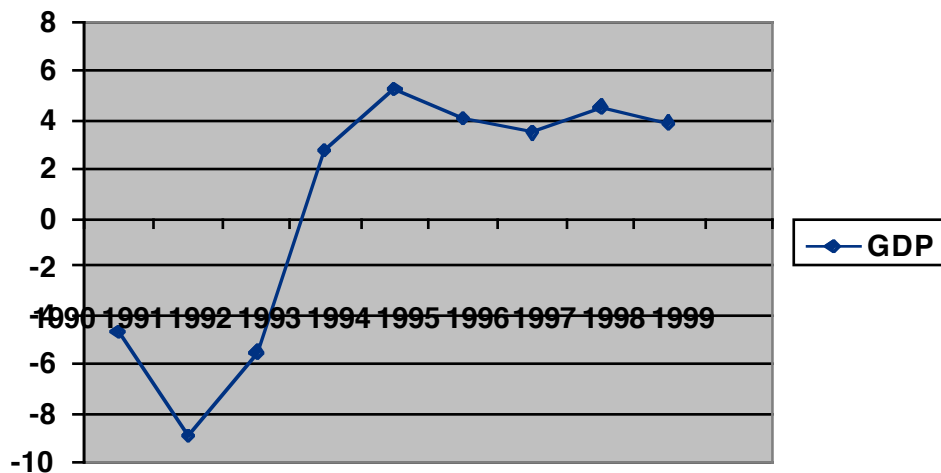
relations pattern. If the verification denies one or both hypotheses, there should be some other patterns which serve as a background for the success, including those theoretically unexpected.

Most of the following diagnosis is based on comparative data derived from the national surveys conducted within Cranfield Network for HRM (Cranet-E). The Slovene survey was conducted in 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.

Figure 1. Real Growth Rates of GDP

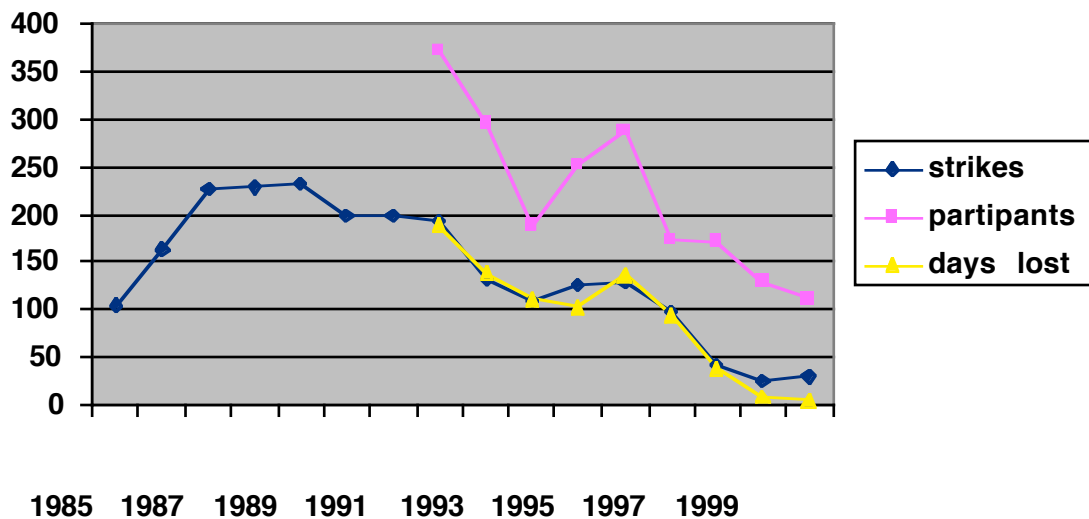


Source: WIIW 1999: 48-65.

The workers strike activity escalated simultaneously with the deepening

of the depression. The highest concentration of strikes was in labour intensive sectors of the economy (Stanojevic and Vrhovc, 2001: 33).

Figure 2. The Strike Wave 1985-1994



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. In that year the strike frequency was still high; workers' participation in strikes and days lost in strikes (per 1000 employees) were definitely highest in the 90's.

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 majority 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 initiated.

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 inherited, i. e. 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) (%)

	1990	1994	1995	1996	1997	1
Slovenia	1453.14	1192.11	1354.89	1435.04	1565.90	1
Hungary	343.53	512.13	442.85	461.90	531.85	5
Czech R.	294.18	388.39	441.25	535.77	585.12	6

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 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. According to the Eurostat data, about 50% of the European employed population is included in that type of employment (European social statistics LF survey results 1999, Eurostat 3). In Slovenia, the figure is substantially higher. Approximately 70% of the total employed population is engaged in that most secure form of employment (Ignjatovic and Kramberger, 2000: 454). Other data, being consistent with these findings, reveal a comparatively weak labour force fluctuation and the corresponding companies’ closing vis-à-vis labour market (see Table 2). It appears that Slovene full-time employees tend to be ‘job-owners’ more 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 essentially 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 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 are internally flexible and participative oriented. 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?**

2 Internal Organisational Structure of Slovenian 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 Formally Briefed About Strategy, Finance and Organization of Work in EU, ‘Transitional’ Countries and Slovenia (in %)

	Strat egy	Fina ncial Def in	Orga nizat ion						
	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 EU and 'transitional' countries formally brief manual workers about strategy and financial issues. In Slovene companies workers are not even formally consulted. In Slovene companies workers are excluded from this field of decision-making.

Compared to workers from EU and 'transitional' countries, Slovene workers are essentially less included in decision-making about the organization of work. In EU and 'transitional' countries, workers are formally briefed about the issue in almost two thirds of companies. In Slovenia, only in one third of the companies manual workers are involved in decision-making about organization of work.

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

That 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 essentially less than their counterparts from EU and ‘transitional’

countries. The appraisal system, controlled by Slovene managers more than elsewhere, in the majority of Slovene organisations (76,1%) is used to determine performance-related pay, 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 the managerial power, there is a possibility that a relatively developed financial participation exists in Slovene companies.

This form of participation should be strongly developed in Slovene organizations. As it was mentioned above, the privatisation promoted workers into the 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 **undeveloped**, too. Employee share options are used as an incentive scheme similarly as in other ‘transitional’ countries and less than in companies from the EU. Profit sharing is exclusively oriented to the managers.

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

	EU	'Trans itiona l'	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 undeveloped in these companies. Compared to the old **dual pattern**, the expected essential changes have not appeared 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.

i. 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 a half of employees are trade union members. The portion of the 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 %)

	Less than 50%	More than 51%
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 portion 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 portion of companies where trade union influence decreased has been higher.

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

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

	Yes
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 difference appears 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 into strategic decision-making. In accordance with that feature, the representative participation in Yugoslav organisations used to be comparatively strongly developed.

The central 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 the aim.

During the 'transition' from 'non-market' to 'market' system, former primarily socially oriented companies were radically re-centred. The profit was promoted into 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 more cooperative manner, but their power is essentially 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 essentially lower compared to 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 inherited, 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, the 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 (Arzensek, 1984: 82).

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 oppositionally oriented 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.**

The evidence suggests that the developed collective representation survived in Slovenian companies. But within this continuity one sharp discontinuity appeared. The basic attitude of the representative bodies has changed significantly. The nature of the representation changed. Compared to the former representation, the new one is oppositional and correspondingly more adversarial than before. It means that 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 participative **is not confirmed**.

The findings reveal that within Slovene ‘post-communist’ companies direct participation is still undeveloped 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 regulation of the Slovene external labour market is ‘**rigid**’, too.

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

3 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 market. The majority of Slovenian organisations are systematically exposed to the high demands forming within these two inconsistent, mutually conflicting environments. Being exposed to the relatively high standards defined at labour market (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 pressures and secured by 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 the 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 **portion** of the employees included in some of these working practices (see Table 9).

Table 9. Proportion of Employees in Shift and Part-time Work (in %)

			EU	'Transitional' countries	Slo ven ia
Shift work **	1-5%	N	1054	75	31
		%	19.2	15.3	16.
	6-20%	N	954	94	33
		%	17.4	19.2	17.
	More than 20%	N	1876	198	97
		%	34.1	40.5	51.
Part-time work* *	1- 5%	N	3123	289	10 7
		%	56.0	55.8	52.
	6-20%	N	1086	131	72
		%	19.5	25.3	35.
	More than 20%	N	326	55	22
		%	5.8	10.6	10.

Table 9 shows that a much higher portion of employees is included in shift work in Slovene organisations than in companies from the EU and 'transitional' countries. Part-time 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-
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communist' organisations. They show, firstly, that comparatively large groups of permanently employed workforce is overload with work, and, secondly, the load is heavier than in other countries transferred to part-time workers (marginal groups of younger workers). Combined with data showing non-participative, traditional 'co-ordinating' routines, the high frequency of shift and part-time work suggests that employees in Slovenian organisations are part of the regimes in which they work much more than they used to.

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 compensations. 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 company is a strong internal opposition. As it was shown, in Slovene companies trade union influence increases; trade union density is still atypically high. 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. According to the survival of the numerous labour intensive companies in the 90's and the trade union density figures being still 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 that aim.

The **surviving coalition** was based on the exchange between the managers on the one hand, and employees with their 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 – if they wanted to be successful in implementation of the urgently needed work intensification – had to search consent and wide support among the workforce. That is why they decided to respect the labour market ‘rigidities’. Simply, it was a rational, the cheapest choice for them. In order to reach the consent in organisation, they guaranteed job security and stable, regular wages defined in collective agreements to the workers. The fulfilment 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** participates in the fight for companies' survival. Not only they supported the work intensification regimes but they 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 through 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 basically non-participative Slovene organisations during the last decade.**

4 Conclusion: Strengths and Limitations of the Surviving Coalition

During the 90's Slovenia was in the group of the most successful transformational societies. According to the evidence, in the background of that success, theoretically, quite an unpromising combination of the two rigidities prevailed.

Because of the specific tradition followed by the pressure of the mass discontent 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 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 into the combination of the 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. Because 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. Being based on the exchange of extreme amount of work for fixed payment and job security, it is a highly fragile structure. When 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 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 into definite dependent positioning in the international division of labour.

The second possibility is based on the internal flexibilisation on the one hand, and the continuation 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 organisations are participative. The surviving coalitions stem from the self-management tradition, but **they are not participative structures**. In addition, there are another two, 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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