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Graham Hollinshead and Mairi Maclean

Transition and Organizational Dissonance in Serbia

Abstract

This study discerns and analyses contradictory narrative voices within a local enterprise in the troubled Balkan region, recently acquired by a multinational enterprise. We employ case study research methods informed by semi-structured interviews with management and worker representatives to expose underlying and conflicting rationalities relating to the upgrading of technological and work systems, as a management-led response to growing market pressures. Recognition of the post-socialist enterprise as a site of political contestation and social fragmentation serves to frustrate broader aspirations of policy-makers towards early transitional closure, and limits the potential applicability of linear Western conceptions of organizational change to transitional realities. The Serbian case presents an extreme variant of other, post-socialist contexts, institutionally volatile and politically charged. In an increasingly unbounded, indeterministic world, however, it emerges as potentially archetypal, thus enhancing our understanding of organizations and their management in the new global era.

Keywords Serbia, post-socialist transition, micro-politics, dissonance, modernization and anti-modernization.

Introduction

An international academic conference convened at the Technical University of Chemnitz in the former East Germany in 2003 was provocatively titled 'The End of Transformation?'. That leading researchers in the field should assemble to deliberate this theme some 15 years after the collapse of the Berlin wall suggested that transformation had reached an advanced stage, that it could even possess terminal qualities. Indeed, as the most economically advanced post-socialist nations have achieved full membership of the European Union, it is tempting for the Western observer to surmise that the rehabilitation of the former Eastern bloc nations as functioning democracies and liberal markets is achievable and foreseeable. Yet scholars of transition in Eastern Europe have recognized that the region, despite its shared recent legacy of communism, may scarcely be regarded as monolithic (Turnock, 1997). Fissures between and within nation states can be observed in various spheres of human endeavour, including the economic, socio-political and cultural.

This study is set in the volatile transformational circumstances that confront the former Yugoslavian Republic of Serbia. According to Vujadinović (2004: 4), the country stands at a critical crossroads, 'either to turn towards a future, modern, state in Europe, or to be pushed backwards and to become an ever more traditionalist, xenophobic, isolated and prospectless entity'. Although, from a Western perspective, the rehabilitation of Serbia into international political and economic structures is pressing, not least to bolster regional security, a linear passage to a Westernized

version of a modern economy is not apparent. In the immediate post-war era a perplexing national profile has been presented to the outside world, with sporadic reform initiatives beset by returning spectres from the recent past. Following the fall of the Milošević government in 2000, democratic parties have failed to present a unified front, and to breach the previous political tendencies towards authoritarianism and ethno-nationalism. The assassination of pro-European and liberal market orientated Prime Minister Zoran Djindjić in 2003 triggered political destabilisation, permitting the resurgence of the extreme right. Political instability at governmental level has been associated with a climate of evanescence in respect of broader institutional arrangements. This has been particularly evident in the police and judiciary, whilst according to Vujadinović (ibid: 18), 'Elements of repatriarchalisation, retraditionalisation and clericalisation are found in the media, education, culture and family life, in the public discourse of political and intellectual elites, and in the religious elites of the Orthodox Church'.

Underlying faltering progress towards economic, political and social reform is a deeper question of cultural identity. Zweynert and Goldschmidt (2005) characterize Serbia as a strongly holistic society, part of a cluster of countries that are particularly influenced by the Russian Orthodox Church, including Russia, Belarus, Bulgaria, Moldavia, the Ukraine and Romania. According to the these authors, such societies possess three critical tendencies: (1) Belief in an orthodox religion or political ideology, claiming absolute and eternal truth for all kinds of action and thought; (2) Little or no functional differentiation between spheres of society, especially between economy and polity; and (3) Dominance of personal relations between relatively small personal networks, with a large gap between internal and external morals. Despite the highly stereotypical orientation of this typology, it suggests embedded forms of rationality not easily amenable to capitalist logic, in which individual actions should not violate general moral precepts, imposed by a superior authority. Accordingly, in such societies, 'strangeness' will be attributed to alien logics, associated with extended (Western) societies, which acknowledge multiple interpretations of social reality, differentiate between political and economic social spheres, and engender depersonalized relations. In Serbia, the values of collectivism and egalitarianism remain strong (Pejovich, 2004). Amongst the poorly educated, older and less urbanized elements of the population, anti-free-market orientation is a powerful syndrome, accompanying ethno-nationalism and xenophobia.

Immaturity of the body politic in general has stifled the development of institutional pluralism. Hollinshead (2006) notes that in the field of higher education, senior academic appointments have continued to be made by the state, while continuity of employment depends upon tenuous patterns of patronage. A similar picture emerges in respect of the Serbian privatization agency, where senior officials and their policies have been the subject of rapid transmutation. Amongst the populace at large, the psychic aftermath of war has been defined as 'value confusion and disorientation', associated with 'social, cultural and spiritual destruction' (ibid: 17-18). Undoubtedly, the major factor prompting widespread feelings of fear and anxiety has been the sustained pauperization of the Serbian community, which experiences approximately 30 per cent unemployment, and where average wages are marginally above subsistence levels (Popadić, 2000). The dismantling of a well-established social benefits system provided by the Tito administration, under which material and non-material needs (including health and leisure time, the ability to travel) were

guaranteed by the state, has promoted feelings of insecurity and isolation (Jovanović & Nedović, 1998). Deterioration of living standards has occurred most acutely in recent years, since under Miloševic enterprises were kept open, often with passive workforces, as a means of maintaining social peace and support for the regime (Unison, 2002-2005).

The most pressing challenge confronting Serbian workers is the programme of privatization, enacted through a series of laws since the late 1980s (Hadžić, 2002). Since 2001, radical restructuring of ownership has occurred, a programme of 'shock therapy' transferring state and socially-owned enterprises employing 150,000 workers into private, including foreign, hands (Ristić, 2004). Of greatest interest to foreign buyers have been steel works, cement, breweries, tobacco and petrol stations. The privatization of the oil industry is currently underway. As patterns of ownership become more diffuse, and foreign interests gain a foothold in the economy, Serbian workers are exposed for the first time to the ravaging effects of capitalist modernization programmes that have affected their global counterparts. However, the combined effects of political oppression and years of international isolation have created a climate of impotence at the level of the workplace. In cases of privatization, worker representatives have been resigned to taking rearguard action, negotiating severance packages for those affected only retrospectively (Unison, 2002-2005). Stanojević (2003) asserts that Serbian trade unionism is a special case, even amongst its former Yugoslav counterparts, being severely disadvantaged by outright government rejection of market-orientated reforms in the late 1980s and 1990s, and the use of nationalism as an instrument of aggressive labour pacification. Compared with Slovenia, where a broader political agenda of gradual market reforms offered 'voice' to labour in the form of social dialogue, in Serbia, an anti-democratic trajectory offered only 'exit' for workers and the deconstruction of collective identity. Accordingly, in the face of new management practices imported from the West, Serbian workers remain disorganized, marginalized and beyond the regulative ambit of formal institutions.

Theorizing dissonance in transition

For academics and policy-makers it has been tempting to interpret transition in a rationalistic fashion. An emphasis placed by policy economists upon macro-level reform, and by institutional theorists upon paradigmatic change amongst populations of organizations, has tended to promote unilinear, unidimensional thinking (Clark & Soulsby, 1999). Such a perspective, which tends to be adopted by Western interests and observers, presents transitional economies as fallow ground for social scientific postulation, or even political and economic engineering (Stiglitz, 2002). Yet beneath the purview of such analysts is the actual experience of profound organizational change for indigenous actors, which may be marked by uncertainty and contestation of territory. Verdery (1996: 10) in her study of post-socialist Romania, unearths deeply-rooted antipathy towards 'triumphalist' assumptions that free-market democracies are the inevitable outcome in the former communist bloc, the engineering of free markets carrying with it 'violence, chaos and despair' . A 'bottom up' view of transition (Clark & Soulsby, 1999), therefore, serves to augment and deepen macro-level perspectives by invoking the vitality of human agency, and by recognizing the socially constructed, highly politicized nature of organizational change. Micro-level focus is consistent with a 'path dependent' perspective on

transition, which embeds organization change within prevailing cultural and institutional circumstances, acknowledging the 'pull' of history as a powerful conditioning factor in organizational transmutation. As Kelemen and Kostera (2002: 4) observe, 'Economic reform must first and foremost subscribe to, and be commensurate with local societal and cultural values'. They argue that actors should make sense of transition by juxtaposing ideas from the past and present, and by drawing upon Western and local knowledge resources. Whilst Western ideas for reform tend to be derived from a technical form of rationality, comprehending the local dynamic of transition demands consideration of informal and actual behaviour of actors, imbued with non-rational undertones (Bacharach et al., 1996).

Recent departures in transitional theory, whilst recognizing the explanatory value of historical and cultural path dependency, have depicted institutional change in essentially dualistic terms, juxtaposing endogenous and exogenous factors of influence. Transition may be characterized as a process of institutional transplantation from abroad, mingling 'with the soil of the prevailing informal constraints of human behaviour and thought' (Zweynert and Goldschmidt, 2005: 2). Exogenous influences invariably emanate from Western extended societies, in which there has been institutional separation between political and economic spheres, and in which democracy and the exchange economy are examples of spontaneous, self-organizing systems. The recognition that rationalistic logics impacting upon transitional economies are culturally rooted is important. As Meštrović (1994: 151) insists, democracy and the free market are not 'free floating ahistorical abstractions' but are embedded in a particular culture. Harking back to Western Enlightenment philosophers, Meštrović associates rationality with utopian notions of the triumph of civilisation over the 'habits of the heart' as an essential ingredient of culture. De Tocqueville (1845: 146) distinguishes between 'good' and 'bad' habits of the heart in America, negative habits being construed by Meštrović to include authoritarianism, intolerance, anti-Semitism, bigotry, provincialism, envy, the search for scapegoats, and an institutionalized cult of hatred. Western notions of rationalism are therefore associated with modernist principles, which hold that the intellect transcends 'passion and faith', and which embody the virtues of tolerance and universal human rights. This said, notions of rationalism and modernism are themselves subject to transmutation in the modern era. Defining the onset of 'liquid modernity', Baumont (2000) points to greater agility, yet deceptiveness, in the power of capital as a facet of post-modernism. Engaging in discourse that will have particular resonance in the former Yugoslavia, he heralds the end of the era of mutual engagement between 'supervisors and supervised, capital and labour, leaders and their followers, armies at war' (2000: 11). He states: 'The prime technique of power is now escape, slippage, elision and avoidance, the effective rejection of any territorial confinement with its cumbersome corollaries of order-building, order maintenance and the consequences of it all as well as the necessity to bear their costs' (ibid.). Now 'extraterritoriality' has become a transcendent organizational principle, a compression has occurred in time and space (Harvey, 1989), in which physical distance between human interactions is rendered superfluous by electronic technologies. Verdery (1996) asserts that different temporal orders had served to profoundly separate, in a cultural sense, capitalist and socialist systems, the latter having placed no premium on increasing turnover time and capital circulation. As the temporal orders of West and East coagulate, the exhortation from Western agencies that East European society and organization should 'speed up' has a particularly jarring transitional effect (ibid: 37).

The exposure of Eastern managers to new, market-orientated rationalities from the West has prompted them to rethink their roles and repertoires. Kostera (1995), whilst identifying a shift from 'political' to 'economic' orientation on the part of Polish managers, suggests the co-existence of differing managerial rationalities and identities within an ambivalent real business world, requiring entrepreneurial as well as politically astute behaviours with an eye to preserving the status quo. Thus, mirroring Western stereotypes, 'market tigers' (ibid: 686) stressed the imperative of 'customer focus' as 'normal' business activity, whilst the survival strategy of others, as a legacy of socialistic orientation, demanded that close attention be paid to the management of political relationships within and outside the enterprise. Another grouping, in opportunistic and 'Janus' type fashion, used old norms and values in a way calculated to bring about economic success. Kostera and Wicha (1995) define the managerial role in theatrical terms, with individuals separating their 'real selves' from the repertoire they may be obliged to enact as 'Westernized' managers, reminiscent of the way managers enacted imposed scenarios under socialism. Such observations inevitably taint notions of 'management knowledge transfer' from West to East, as both Western and Eastern knowledge orthodoxies may be depicted in enacted and **dramaturgical** terms. As Kelemen and Kostera state (ibid: 9), 'management recipe books' are based on 'representations' which convey to the reader the espoused, idealized version of management. Czarniawska (2001) characterizes such knowledge as abstract and rhetorical, using stylized narrative and formal rationality as organizing devices. Consequently, new management ideas from the West need to be renegotiated in the post-socialist context, particularly when existing values come into conflict with new ones (Dobosz & Jankowicz, 2002). Thus, a diffused interplay is to be expected between rationalistic forces and embedded cultural sentiment, with market-orientated, post-socialist managerial groups most receptive to managerial discourses espoused by professional bodies, consultancy agencies and such like.

Drawing upon the work of DiMaggio and Powell (1991) and Wilson (1992), Clark and Soulsby (1999: 38) state that, 'At any one time, certain structures (e.g. divisionalised), systems (e.g. total quality management), technical methods (e.g. just in time) and schemes (e.g. performance related pay) take on institutional force and become models, or patterns, for types of organization seeking both technical efficiency and institutional legitimacy'. Western rationality as diffused in the East has therefore represented an important normative factor in the environment of organizations in transition, legitimating and sanctioning managerial conduct. New enterprise managers find the need to engage in 'strategic flexibility' as an expedient capability to manage capricious settings (Uhlenbruck et. al., 2003; Evans, 1991). Senior and middle managers in reforming enterprises are frequently the social actors responsible for implementing the 'praxis' of rationalism at organizational level, a critical activity being to reconfigure multiple resources and systems to exploit new technologies (Siggelkow, 2001).

Generating narratives at the enterprise level

Turning our attention more fully to the enterprise as the critical regenerative cell in transitional society, close observation reveals it as the potential site for powerful, contradictory ideological forces. As Clark and Soulsby (1998) argue, in the communist era, enterprises were strongly embedded in their social contexts,

particularly in the immediate locality. Employees and managers in state-owned enterprises enjoyed holistic relations with actors in surrounding social structures, and economic action was imbued with a pervasive social justification (Granovetter, 1985). The psychological legacy of state socialism, from the point of view of workers, has been orientated towards embracing enterprise managers, and surrounding communities, into a form of social nexus. A sense of community served to obfuscate familiar barriers in the West both within enterprises, and between enterprises and the wider society. Now, as strategic flexibility is demanded as a critical managerial resource (Uhlenbruck et al., 2003), the model of the enterprise as a socio-economic nexus is subject to fragmentation, as managers become instigators of a transcending market-driven logic. Accordingly, it is our assertion that theories and methods designed to explain transition need to account for the expression of dissonant logics at enterprise level. The hearing of pluralistic 'voices' in post-socialist enterprises remains faint from the West, yet such expression could well become more enduring as managerial practices associated with the radical reform of employment practices in the West are transposed to the East. Thus, the post-socialist workplace may be one of cultural contestation between embedded path-dependent tendencies, primarily on the part of more conservatively orientated workers, and modernist, rationalist influences exerted by managerial agents. Such tension could be expected to be most acute where holistically minded workers are exposed to modernist managerial tendencies.

The growing body of literature on micro-politics has taken issue with the notion of organizational change as a rational process. As Watson (1982: 270) states, 'the definitions of situations which people develop, and the actions which relate to these are informed by real and material difference of interest and experience between groups'. Organizational structuring and restructuring, reflecting inequities in society at large, create 'winners' and 'losers' (Pfeffer, 1978), imbuing change with 'disquieting' factors such as 'conflict and irrationality' (Watson, 1982: 260). A micro-political view of organizations, therefore, suggests that transformations may be triggered by exchange processes between internal actors and groupings, as well as by macro-environmental changes (Bacharach et al., 1996).

Accordingly, organizational life is characterized by the interplay of logics of action between interest groups, and the use of tactics and strategies to negotiate alignment of these logics (Bacharach & Mundell, 1993). As Western-inspired management principles infuse post-socialist organizations, micro-political awareness provides a useful counterbalance to the unilinear notion that organizational change may be engineered in an incontrovertible fashion. The co-existence of dissonant logics within single enterprises implies that particular organizational developments, for example the introduction of new technology, can be 'infused with objectives' (McLoughlin & Badham, 2005) according to the embedded, relational position of the organizational participant. Following Dawson and Buchanan (2005), 'interpretative flexibility' is permissible on the part of various actors to formulate their own narratives relating to critical organizational developments within an ongoing political process. Thus, divergent stakeholders in organizational transition are engaged in theory construction, contributing to multiple interpretations and versions of events.

Our fieldwork is designed to elicit conflicting narratives expressed by management and worker representatives in a Serbian case organization. Following Putman et al.

(1996: 386-7), we adopt a relatively loose definition of narratives, which may be represented as:

> the vehicles through which organizational values and beliefs are produced, reproduced and transformed. They shape organizational meanings through functioning as retrospective sense making, serving as premises of arguments and persuasive appeals, acting as implicit mechanisms of social control, and constituting frames of reference for interpreting organizational actions.

As a relatively new departure, access was gained to worker representatives at shop-floor level. Thus, it was possible to elicit interpretation of a series of organizational events following the introduction of new technology that contradicted the managerial version of events.

The research process

This study follows case study methodology informed by semi-structured interviews with both (new) management and worker representatives (Eisenhardt, 1989; Yin, 2003). The site for our study is the oldest brewery in the Balkans, established in 1722 and situated in the industrial town of Pančevo, close to Belgrade. This enterprise was of particular interest as the Pančevo brewery (PB) boasts a rich history, being strongly embedded in its community. It is one of the few Serbian enterprises to attract foreign direct investment (FDI), despite the efforts of the privatization agency. Indeed, the brewing sector in general has attracted interest from Europe's major groups, predominantly because per capita consumption in Serbia remains low compared to its neighbours, offering scope for expansion. Over the past five years the majority of Serbia's breweries, previously state- or socially owned, have been acquired by major international players, including Interbrew, Carlsberg and Heineken.

The organizational exploration occurs at a specific temporal point, eighteen months after the announcement of a joint venture between PB and the Turkish-owned multinational, Efes, permitting retrospective, yet fresh, observation on critical organizational and technological changes by key stakeholders immediately following the takeover. Fieldwork was carried out by one of the authors of this paper, assisted by a Serbian academic colleague in negotiating access to the organization and in undertaking translation, as well as making sense of data in its organizational and national context. Prior to visiting PB, secondary data were obtained from a variety of sources, including press releases, newspaper articles and web-based information produced by PB on its history, organization and business/financial profile, the availability of such information enhancing the credibility of the researchers on their arrival at the brewery.

In-depth, semi-structured interviews were conducted in the course of three separate visits to PB over a six-month period (from February to July 2005). The first two visits involved individual interviews with five senior/middle managers, including the Director of Human Resources, Human Resource Advisor, Company Lawyer, and Sales and Production Managers. This group, constituting one third of the management group, represented leading functional actors in new strategy formulation. The interviews were envisaged as enriching 'encounters' between informants and interviewer, 'conversations with a purpose' (Burgess, 1984). Each lasted

approximately two hours, their primary purpose being to elicit informed commentary on the managers' contribution to change management, and to make explicit the managerial rationale underlying change.

The third visit comprised a series of collective, semi-structured interviews with four shop stewards at PB and one branch organizer. These encounters were organized through the head office of Nezavisnost in Belgrade, an independent trade union founded in 1991 in response to the growing social crisis, and the major trade union recognised at PB. The interviews took place on union premises at PB, their purpose being to gain the workers' view of organizational implications of the takeover via their representatives, and to elicit insight as to their view of future prospects. Interviewing worker representatives in this way enabled substantive points raised by managers to be exposed for critical reflection by worker representatives, thus raising the possibility of contradictory narrative exposition. All interviews were recorded except in respect of one senior manager, who preferred that summary notes be taken.

The involvement of a Serbian academic was critical, as gaining access to organizations in transitional economies, particularly those characterized as 'low trust' (Nonojnen, 2004), is difficult for Western outsiders (Michailova and Clark, 2004). Interviews with the managerial grouping, all Serbian nationals, were conducted in English. Those with shop stewards were translated by the Serbian academic colleague, whose contribution was invaluable, both in affording privileged access and in 'decoding' the expressions of respondents, contextualizing them within Serbian organization and society, and authenticating ideas and findings, thus enhancing the reliability of the research process.

It should also be recognized that the presence of a Western academic on the brewery premises was something of a novelty, both for the managerial grouping and, more obviously, for the workers. As Soulsby (2004) indicates, researchers may be the object of curiosity by organizational insiders, and the purpose of information gathering for research purposes subject to incomprehension or suspicion. As McLoughlin and Badham (2005) suggest, the researcher inevitably contributes to the generation and interpretation of organizational narratives, soliciting the articulation of sentiment that might otherwise remain latent, and inadvertently influencing the structure of expression through question formulation which may betray the interviewer's own (subjective) logics and rationalities.

We are aware of the limitations of our research, and would not claim that findings may be generalized in the Serbian, or East European, context. Indeed, the case was selected as it was exceptional, combining strong embedded tendencies with radical international influence, an organizational state that is likely to be repeated with further privatization in Serbia. The research design had to be adapted to local circumstances, in which access to organizations for academic purposes is severely restricted, and dependent upon connections and goodwill.

That said, we would argue that our research trajectory sheds light on the limitations in applying mainstream organizational theory, **with** its thrust towards instrumental rationality, in the East. In positioning our article for the special issue, our concern has been to 'de-idealize' Western organizational precepts in a transitional society, thus bringing to the fore notions of organizational precariousness and change as a socially

fragmented process. Nevertheless we would argue that the emergence of 'micro-political' theory, which recognizes the empirical reality of organizational and environmental uncertainty and irrationality, potentially has considerable explanatory value in the turbulent Eastern transitional setting. Indeed, the ideological shake-up occurring in the East may be seen as symptomatic of a wider shake-up consequent upon globalization, in response to which the Western 'conceptual arsenal' is inadequate. As Verdery explains, terms such as 'privatization', 'property rights' or 'democracy' no longer provide useful labels, but ultimately are 'elements in a massive political and ideological upheaval that is by no means restricted to the East' (1996: 38). The contribution of this paper to the present special issue is thus twofold, pointing on the one hand to the limited relevance of imported, rationalistic Western constructs to organizational change in the potentially explosive context of post-socialist Serbia. On the other hand, in a world which is becoming more unpredictable and indeterministic (Baumont, 2000; Jowitt, 1992),and subject to increasing inequities, the Serbian case may be seen as more archetypal, allowing us potentially to draw lessons from the post-socialist experience of restructuring to enhance our understanding of organizations and their management in the new, 'liquid', unbounded global era.

The Pančevo brewery: organizational history and the joint venture

From the early eighteenth century, at the time of the forceful expulsion of Asian invaders, a number of public buildings were constructed in the ancient town of Pančevo, including wheat warehouses, salt works and the brewery. In its early years, PB experienced frequent ownership changes, a critical development being its takeover by the German Weifert family in the late nineteenth century. The primary product of PB remains Weifert beer, and the family were responsible for the reorganization of production to implement European style 'steam' technology. Following World War II, and the inception of the 'Tito' era, PB was nationalized, yet subject to the distinctive Yugoslav organizational form of 'social ownership' or 'worker self-management'. Workers themselves owned PB, and their representatives managed it. In this period PB became a subsidiary of a larger conglomerate, 'Tamis', to reap the benefits of sourcing local agricultural produce and food processing. In the 1960s, PB enjoyed rapid development, serving markets in Serbia, Montenegro, Macedonia and Croatia through the establishment of distribution centres in these regions.

During the 1990s, together with other Yugoslav enterprises, PB experienced serious setbacks due to war and sanctions. The disintegration of the former Yugoslavia meant that valuable markets were lost, and the import and export of products and technologies rendered impossible. Pančevo was badly hit by NATO bombings, devastating the local petrochemical complex. In 1991, PB became one of the first privatizing organizations in Serbia, with shareholders acquiring 60 per cent of socially-owned capital, rising to 90 per cent in 1998. Accordingly, PB workers received (modest) compensation for forfeiting their ownership rights. Since the mid-1990s, Pančevo has been designated a free trade zone, allowing tax and customs concessions on exports to encourage FDI.

Heralding the new joint venture, Efes Weifert (EW) in August 2003, Muhtar Kent, President and CEO of Efes, stated: 'We will integrate Pančevo's 250 years of brewing heritage with Efes' proven technological as well as marketing capabilities to be the

9

leading brewer in Serbia. We will act with speed to fully leverage our advantage of being the first international brewer to enter Serbia'. Efes acquired a 63 per cent stake in PB through its acquisition worth €6.5 million. This was followed by an investment of €5 million in 2004. The new owner repaid the brewery's debt to the state of €3 million. Fresh capital injected into the joint enterprise was used to enhance product quality and the technical infrastructure of the brewery. Important developments included the introduction of pasteurization and product rebranding. In 2003, a 'technological surplus' agreement was implemented, leading to a reduction in the workforce from 368 to 235 employees. In agreement with Nezavisnost and a smaller independent trade union, and in accordance with Serbian labour law, surplus staff were redeployed or transferred wherever possible for up to three years. Efes set aside €1 million to pay redundant workers, each receiving €330 for every year of service.

At the time of the first research visit in 2005, a new management team was in place at EW. Although the General Manager, appointed immediately after the establishment of the joint venture, was Belgian, recruited from the senior ranks of Interbrew, the Belgian-owned multinational, the majority of the senior management team was Serbian. All the managers interviewed (except the Company Lawyer, a time-served employee at Pančevo) had 'worked their way up' other multinational drinks producers based in Serbia, one (the Human Resource Director) at Coca Cola and two (the Plant Manager and Sales Manager) at Interbrew. The Plant Manager had acquired significant international managerial experience, having worked for Interbrew in Belgium and the UK. These managers were all relatively young (maximum forty years), graduates and fluent English speakers.

Organizational change as narrative

Following Czarniawsaka-Jeorges (1995), who urges the re-introduction of narrative knowledge into the social sciences, we allow the 'voices of the field' to tell their own stories in unexpurgated fashion (Czarniawska, 1998). Interviews provided management and worker representatives with the opportunity not only to reflect retrospectively upon organizational events and circumstances in the wake of the merger, but also to justify and legitimize grounded and political positions. As Czarniawska (2004: 53) observes, interviews offer the opportunity for interlocutors to 'dress up for visitors'. In a politically charged, contested organizational setting, they are prone to evoke a form of 'story telling' whose narrative logic is strongly influenced by the 'politics of representation' (Latour, 1999) enunciated by individuals and groups with competing visions of the world. We commence by relaying the observations of managerial representatives from our sample, these providing functional, yet ideologically complementary insights into the change process, reproducing critical, qualitative observations which are most reflective of the managerial discourse encountered. In the narratives that follow, the managerial participants stress that they had arrived at EW to find the enterprise in a dire situation and in need of organizational resuscitation, with awareness of the precarious market position of EW being regarded as the primary stimulus for thoroughgoing structural and cultural change. Competition between rival breweries was fierce. Critical to market success was enhancement of product quality, to which end new technology had been introduced, followed up by rigorous and assertive sales activity, in the interests of survival.

Manager A (Sales: Male)

'When we came here, there was no money, no investment, no brand or marketing – it was an awful situation. Serbia is a difficult market, different from the rest of the world. The problem is the macro-economic and social situation. There is no money, and people are poor. We have major problems of clients not paying, swapping beer for coke. […] Although everything is unstable, for the time being things are going well. There is risk everywhere, although we will adapt. We will develop the market in our own personal way. To survive we need to adapt. The main problem is the uncertain political and social climate – Kosovo and the Hague and its effects on Serbia'.

Manager B (Production: Male)

'Before I arrived, a lot had changed, but not all. My role is to lead in a normal professional way, and I have learned from my years of experience in another international company. The economic situation has demanded that we are cost-orientated, so that work practices had to change to become more polyvalent as new technology is introduced. This was a shock two years ago, but now the situation is getting better. There was resistance to change, but workers have had to accept changes in a normal and reasonable way. Some workers don't care – there was one guy on a labelling machine who would be totally lost on another job. Step by step we are moving to a new philosophy, which is "make mistakes but don't repeat them"'.

Manager C (Human Resources: Female)

'A couple of years ago I was responsible for managing redundancies under the technological surplus agreement, which needed not only compliance with Serbian employment law, but also recognition of "best practice". Breaching the employment relationship is like breaching any relationship. It needs to be explained sensitively to affected parties. Another major concern has been to negotiate the introduction of a performance-related pay scheme, which will benefit the workers but which, to date, has been rejected by worker representatives'.

Manager D (Human Resources: Female)

'My role has been to facilitate organizational change amongst managerial colleagues, and to educate workers and their representatives about the need for cultural and structural change. We have tried to communicate the underlying rationale for change throughout the enterprise. It has been necessary to stress that new schemes will not harm the workers. Good workers can continue here as the employer is honest'.

As Czarniawska (2004) suggests, the setting for narrative exposition may condition the mode of articulation of interlocutors. In our study, the smartly dressed, erudite managers were interviewed in a suite of offices above the brewery. The conversation between managers and researchers was collegiate, permitting a smooth, consistent flow of ideas. By contrast, the worker representatives were interviewed as a group in a committee room within the brewery. Comprising approximately an equal number of men and women, the representatives were dressed in overalls. Smoking was permitted, and the smell of malt pervaded the atmosphere. From the point of view of

the Western researcher, the tenor of these interviews could be described as the collective release of pent-up frustration to a visitor 'from another planet' (ibid: 54). Consequently, the utterances of the workers could not be circumscribed by a logic or syntax readily amenable to the interviewer. Rather, deliberations possessed a highly charged, emotional quality, areas of collectively experienced grievance being discharged in a persuasive, yet truncated, fashion.

The ambivalent nuances determining the relationship between (Western) researcher and worker representatives were captured by the following introductory statements:

'Thank you for talking to *us*'(shop steward 1: male).

'Thank you and your friend [Tony Blair] for bombing the Pančevo oil refinery' (sardonic comment of branch official: female).

In response to the Western researcher's statement that (s)he had previously interviewed company managers, who had expressed a positive picture of the new joint venture:

'You heard positive things – well, we can't agree. How do they know how good it is?' (branch official: female).

On the privatization of the brewery:

'We were told by the Privatization Agency that Efes was our last chance – that there were no other buyers, that we should accept everything or be locked out' (shop steward 2: female).

On the espoused company position that there had been effective communication of changes:

'Everything is hidden under the table. Nothing is official, only stories' (shop steward 3: female).

On the management of the technological surplus agreement:

'There were secret lists of workers drawn up, and psychological pressure brought to bear on some to quit. Most of the workers who went were over forty. You have to be young and beautiful to work here. Some departments were closed – we live in hell' (shop steward 2: female).

On protection offered by trade unions:

'In this country the function of trade unions is very small, and people are afraid. Most people don't know their rights, and the law is changing all the time. Communications between workers and management are very poor' (shop steward 4: male).

On the 'new technology' introduced by management:

'Everything that is coming is used machinery, not new. Only the machinery for the plastic bottle is automated. Everything is the same as before: half manual and half automated' (shop steward 1: male).

On the new management team:

'There are two groups of people here: Efes [the managers] and Weifert [the workers]. We are divided by functions, salaries and power. Efes are just managers to us. It's terrible, trust me. Have you ever heard of a situation where there is a ten-fold gap between the earnings of workers (€150 per month) and managers (€1500 per month)?' (shop steward 2: female**).**

On the proposed performance-related pay scheme:

'Management have some way of valuing workers. We had it before Efes took over, and it was a bad experience. Managers decide how much salary for each individual – I like her so I'll give her money. I don't like him, and so on' (shop steward 3: female).

On company profitability:

'We were so happy in the beginning, because we were led to believe we would be paid so much when Efes came. Last year we raised production by 100 per cent, but it is obvious that they are lying that they are losing money so as not to pay us our entitlements at the end of the year. If they are losing money why can't they reduce salaries of management?' (shop steward 3: female).

On the past, and the future:

'Before Efes came there was good communication in the factory. We all decided together, management and workers, about everything. We had sports facilities and other social benefits provided by the company. Now we are happy to have the possibility to work – end of story. We can't plan anything. Nobody knows what will happen tomorrow. Social security doesn't exist. Although we have been promised everything, including apartments and schools, nothing has happened. We have had a bad experience with promises' (shop steward 2: female).

Making sense of dissonant narratives

The narrative exposition of new management at EW powerfully represents modernist logic in play in the new joint venture. The capricious market setting in which the enterprise finds itself has prompted a representational stance on the part of management that a dispassionate, expedient view should be taken of organizational resources, including human resources and their deployment. The most visible manifestation of modernization was the upgrading of technological systems to enhance product quality, new technology being used to legitimize a wider programme of rationalization including lay-offs, performance management and the introduction of polyvalent working. The immediate organizational aftermath of the takeover has been the reformulation of power relations at EW, the legacy of collectivistic self-management ceding to an authoritative style exercised by the new enterprise elite. The policies emanating from this grouping, whilst justified on grounds of technological

and market expedience, are imbued with a powerful ideological tenor. The 'official' representation concerning change management possessed a familiar, idealized 'enlightened' feel from the position of the Western researcher. This commenced with the recognition of a 'bad', untenable starting position. Subsequently, a series of management-inspired interventions were to be enacted in a systemic, strategic fashion, to the detriment of the organizational rank and file, but justified on the basis of the managerial vision of a desired end state. Finally, there is allusion to the notion of 'closure', in which the normalization of organizational life is envisaged. Normalization referred to a new reality in which the primary determinant of organizational consciousness and activity was market awareness.

In tracing the source of this Westernized managerial construct in the Serbian context, it is evident that it has not occurred through formal institutional transplantation at the micro-organizational level. Rather, the managerial participants in our study had acquired international management knowledge in an informal, opportunistic fashion, having been engaged in Serbian subsidiaries of international corporations. Multinational corporations operating in Eastern Europe have seen the strategic sense in devolving significant managerial activity to local level (Manea & Pearce, 2004), as exemplified by EW. In such circumstances, the resourceful local represents a rare asset for the corporation, effectively acting as agent for the instigation of international corporate values on local soil. Similar developments have been observed elsewhere. Thus, in a high-profile takeover of the Serbian steel industry by US Steel, senior managers in the Western multinational referred to high-potential Serbian managers as 'sponges' to be groomed for senior positions (Boslelović, 2005). From a broader socio-political perspective, these local actors may contribute to a new class alliance (Lazić et al., 2005), and may be regarded as vital actors in catalysing reform whilst the state has failed to reach consensus on ways and means of structuring change.

Whilst the new managerial vocabulary at EW resonated with modernist terminology, the narrative expression of worker representatives was grounded in socialistic, egalitarian tradition. Superficially, grievances were of a purely substantive nature, concerning low pay, job losses and the loss of social benefits. Underlying such material concerns, however, the observer could sense a deeper political animosity fuelled by the re-orientation of power relations. The emergence of the new management elite, with visibly superior conditions, represented a fundamental breach of socialist relations, condemning workers to the status of an organizational underclass. Ideas and policies emanating from the new management team were not only unfamiliar, but possessed an incontrovertible, hegemonic quality. Consequently, the words of management were turned into deeds, and such deeds had shredded the fabric of social bonds nurtured in and around the enterprise over almost three centuries, such that the workers had lost a sense of belonging. Reflecting micro-political ambiguity in Western organizations, the workers interpreted apparently neutral organizational events and phenomena in dissonant fashion, borne out of cynicism and mistrust. Thus, in their eyes, 'new' technology was second hand, and there was no 'technological surplus' to justify job losses. Discussions with the workers refuted the managerial notion that a benign conclusion to organizational transition was in sight, as they confided that they had no grounds for optimism and feared for the future. The contradictory version of events expressed by workers implied that the rationalist managerial position was strongly rhetorical in nature, yet

its real effects were powerfully detrimental to the status and interests of the organizational rank and file.

Conclusion

From the position of the Western researcher, it is tempting to seek to mediate dissonant expression in the research process and in reporting findings. The researcher/academic is both participant in the generation of narrative and, in editing and conveying the 'realities' of organizational change, is producing yet another narrative (Dawson and Buchanan, 2005). In this study, the somewhat naïve predisposition of the Western researcher towards consonance was starkly illustrated by an expletive response by the worker representatives to the question, 'Are you hopeful about the future?'. The formulation of academic papers in rationalistic terms sanitizes instinctive forms of expression emanating from those dispossessed by societal and organizational transition. Whilst the researcher may faithfully record and transcribe the utterances of those living the realities of transition on the shop floor, vicariously expressed narrative is little more than a pastiche of the experience of disenfranchisement and pauperization. Our study suggests that dialogue between the researcher and agents of reform in transitional society can present an opaque representation of developments, reflecting the rationalism of the researcher and legitimizing the formal position of respondents. Digging beneath the layers of institutional reform to hear the voices of those experiencing its more detrimental effects is prone to unearth the continuing potency of embedded sentiment.

Recognition of post-socialist societies and organizations as sites of political contestation inevitably leads to the abandonment of notions of early transitional 'closure' as flawed and naïve. As universalistic managerial prescriptions for reform in Eastern Europe have tended to concentrate upon means rather than ends, and upon the reproduction of rhetorical, rather than empirically justified, paradigms of organizational reform, a form of institutional myopia is apparent on the part of Western policy-makers and the indigenous emissaries of Western techniques and principles. Such myopia refers to the imposition of homogenous organizational templates in inappropriate cultural and institutional circumstances. As capital meets labour 'head on' at micro-level in post-socialist settings, it is perhaps inevitable that the narrative of dispossessed organizational groupings at shop-floor level increasingly echoes the frustrations of Western counterparts who have experienced the adverse employment effects of unbridled capital accumulation for decades. Nevertheless, whilst our study has captured universalistic signals in the narrative responses of Serbian worker interlocutors to the imposition of the rhetoric and reality of Western-style management approaches, it has also identified culturally specific nuances. In Serbia, unlike more advanced post-socialist societies, worker 'voice' has been excluded from, rather than incorporated into, institutional arrangements for societal and organizational reform (Hethy, 1998). In this troubled fringe of Eastern Europe, the perpetually disorganized and marginalized status of labour, as a product of national institutional volatility, has contributed to the failure of worker representatives to engage meaningfully with 'new' management. Consequently, a perplexing 'double bind' confronts Serbian workers, notably the desire to partake in the potential material gains associated with enterprise privatization, coupled with profound ideological separation from the micro-institutional managerial forms that may contribute to organizational competitiveness. The Serbian workplace remains in an institutional

vacuum, where the expression of conflict has a brooding, yet potentially explosive ambience.

As Serbian enterprises regenerate according to the rules of capitalism, they become subject to the turbulences affecting the new global economic order. Thus, management and worker narratives each reflected grounded positions within the time/space compression of their enterprise. The 'new philosophy' exhorted by management was emblematic of the perceived imperative for work intensification in a context of market uncertainty, whilst the statement 'you have to be young and beautiful to work here', ruing the fate of displaced workers, epitomized the insensitivity of new management to those who had internalized the languid rhythms of socialism. Again, following Baumont (2000), the principles of 'liquid modernity' are in evidence in Serbian organization, the environment for doing business having been extraterritorially determined through NATO 'smart' bombing, with a new management elite acting as the perpetrators of uncertainty beyond the cognitive reach of workers. Both management and worker groupings referred to the impermanence of their status in a transitory organizational form, this seemingly reducing their respective roles to those of 'bricoleurs' in a one-act play (ibid: 139).

As organizational configurations become more fluid in East and West, so the possibility of understanding Eastern organizational forms using Western-inspired conceptual devices and paradigmatic reference points is rendered problematic. Following Jowitt's (1992: 306) thesis of the collapse of the 'Joshua discourse' in which the world was regarded as 'centrally organized, rigidly bounded, and hysterically concerned with impenetrable boundaries', the biblical story of Genesis (the world without form) is perhaps the most appropriate narrative for the foreseeable future. This position is reinforced by Baumont (2000: 136), who suggests that the heavy, rooted, immobile world interpretations relating to Fordism have ceded to recognition of the 'endemically indeterministic nature of the world'. Accordingly, the conceptual arsenal through which social science disciplines have been defined is 'up for grabs' in the politically ambivalent post-cold-war era (Verdery, 1996: 38). In such circumstances, Western exhortations for Eastern organizations to become less bureaucratic and more flexible (Kelemen and Lightfoot, 2000) appear increasingly misplaced, as emerging organizational forms in the post-socialist region perhaps become the new archetypes of 'liquidity'. As transition embraces the holistic societies of South East Europe, its profoundly dialectic nature has come to the fore, juxtaposing modern and anti-modern, rational and irrational, cerebral and emotional counter-tendencies. Awareness of the Balkan case is likely to disappoint those anticipating transitional 'closure' in evoking the prophesy of Durkheim (1928) that socialism, communism and capitalism were all destined to fall, because they were erected on the incorrect premise that rationalism and egoism could replace the habits that comprise culture. As Balkan tendencies impact upon the West (Meštrovic, 1994), the sensitive, politically astute observer of the transitional economies will be conscious of the limits of rationalism.

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