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ORGANIZATIONAL INNOVATION AND THE SOCIAL CONDITIONS
OF THE LABOUR PROCESS

1. The workers' attitude towards change - some comments

In order to overcome the apparently permanent difficulties of the Hungarian economy the social and economic management can less and less resort to such 'obvious' means as the permanent curtailment of the population's consumption or the external resources.

Those who call for solutions to overcome economic difficulties agree that the economic organizations' and institutions' ability to adopt and innovate should be increased. Without these it is impossible to make use of the autonomous factors of economic growth and utilize the available human resources more effectively. However, it is surprising that while emphasizing the need for economic changes, little attention is paid to the centre of use value production, the labour process. It mostly explains the simplified behaviour patterns in the managers' interpretations of forms of activity for or against their own aspirations. If one contents oneself with explanations of behaviour reflected in adjectives such as progressive or conservative, pro-reform or anti-reform, active or passive, than one chooses not to comprehend the social conditions that determine human activity and not to influence things directly. To be sure, it is not a new phenomenon or an attitude characteristic only of the socialist economic and social management.

In the consideration of the workers' protests against the different types of change - e.g. against mechanization or the

rationalization of production organization - one can find this simplified treatment of human behaviour even in the early 19th century.

The forms of struggle against mechanization are diverse, the workers' participation in them is not uniform.¹ The highly qualified workers, who are most threatened by mechanization, constitute the core of the resistance. Other worker groups, for whom the machines provide opportunities of both work and advancement, do not take part in the protest; for instance, 'there were no women among the luddists'.² The workers destroyed machines only when these actually threatened their jobs, i.e. their employment stability. In other cases they not only agreed to but supported mechanization even at the expense of solidarity with other groups of workers.

The resistance against or indifference to changes cannot be settled with the summary statement that people are afraid of new things, prefer the traditional, in short: they are conservative. The elements of the seemingly conservative human behaviour are complex. As a result of mechanization or organizational rationalization, that are often the concomitants of changing production structure and improvement of production, the position of workers, who have good capacity of interest realization, worsens from one day to another.³ The workers concerned do not put up with the loss of advantages in the labour process and the worsening of the economic and social positions they had achieved before. Especially those groups will resist changes most, which made good use of the objective possibilities within the labour process in order to realize

their own or collective interests. To be sure, the different strata of workers and managers do not initiate or resist changes uniformly. We can describe the social relations which precondition the maintenance or change of the status quo on the basis of the characteristics of the functioning of work organizations.

2. The social conditions and consequences of conservatism of the labour process

The worker in the different types of work organization is similar to the social researcher who has a priori conceptions about the important aspects of work performance from the viewpoint of individual or collective interests, about the 'worthwhile' standard of work discipline and quality, etc. The verification of the - not necessarily verbalized - hypotheses on the above mentioned factors and their interrelations takes place in the groups organized during the labour process. This is the learning process which results in the social capacity of interest realization which is also the condition of forming social relations within the labour process.

We know much less about the inequalities in the opportunities of action which stem from the structure and functioning of the work organizations than about the contents and structure of interests. Through a learning process, the workers acquire the social skills necessary to take advantage of the opportunities and thus the capacity of interest representation enables them to find their ways in the social complexity of

the labour process. There are favourable opportunities to attain the social capacity of interest realization in work organizations where the workers daily experience that their individual problems are effectively settled only when the collective takes a strong line.

/The ability to 'manipulate' social relations acquired during the labour process is dependent also on the success of the social learning process in other spheres of social activity. But its impact on the workers' behaviour is indirect compared to the role of position in the work organization. However, it has a direct effect in situations where even the minimal comprise of interests, necessary to keep up the continuity of work, is lacking./

In this context, I would like to stress the following:

1. The significant differences in the structure and functioning of work organizations lead not only to inequalities in the objective opportunities of action but also to those of the participation in the collective 'game', i.e. the social learning process.⁴

2. The objective opportunities of action and the differences in taking advantage of it - which is the function of social skills - lead to the creation of a centre and periphery in the labour process. This type of labour stratification basically determines the treatment and settlement of work-connected conflicts. This way one may analyse and understand the social powers which are striving either at change or at maintaining the status quo.⁵

The main characteristics of the centre: here the activity

and role of workers in the labour process is decisive in maintaining the management's power. Their strong positions against the management and other worker groups are the result not only of their exceptional skills and performances but also of their great influence on the distribution of work and on having work performances recognized. However, it is not only the 'exceptionally' talented that belong to the centre. The weight of membership of social-political organizations cannot be neglected.⁶ There are also worker collectives outside the firm, organized on residential or ethnical basis, that have extremely strong bargaining positions with the management.

The periphery consists of workers who have hardly any influence on the quantity and quality of products, the work they perform calls for very simple training thus these workers can be easily substituted. Among them there is little probability of a collective strategy which is necessary to an effective common stand against the management. Although they do not have a directly decisive role from the aspect of maintaining the management's power, the creation of a 'collective worker' which is indispensable to the functioning of the given work organization is impossible without them.⁸

As to the mutual interests, the management strives at making a compromise with the 'central' workers and from time to time it tends to make significant concessions - at the expense of the 'peripheral' workers.⁹ Through agreements with the 'central' workers the management also hopes to gain the 'peripheral' workers' support. This is facilitated by

the social fact that the behaviour of 'central' workers offers from many aspects a 'social model' for the 'peripheral' workers. To be sure, the management never gives unreciprocated preferences to the 'central' workers; they perform a number of managerial functions in the labour process.¹⁰ These so-called self-managerial workers lessen the hierarchical conflicts characteristic of the manager-worker relationship by tackling most of the conflicts when undertaking managerial functions in directing the 'peripheral' workers. However, the role of 'central' workers in the organization of work is undermined since among the motives of enterprise management behaviour advantages through different preferences /e.g. price, investment resources, etc./ are sometimes more decisive than effective work organization or rational allocation of productive resources.¹¹

All this goes together with well-known deficiency symptoms /e.g. the uncertainty of coöperations, the problems of material - or spare-part supply, etc./ and the ambiguous role of the staff of the firm's technostructure /e.g. technical and other specialized employees/.¹² Consequently the workers and especially the 'central' workers have to undertake a large part of organization of work in order to keep up the continuity of production.¹³

From the above discussion one may realize the important role of 'central' workers in solving work-connected conflicts. They resist any change - either technical or social-organizational - that weakens their bargaining positions. Since not only the position and prospect of workers but also those of

the managers - who have mutually preferential agreements with the former - may worsen, the 'central' workers form a natural alliance with them in order to preserve the social relations characteristic of the given work organization. These relations offer them a 'rewarding' form of easing the social tensions of work.¹⁴

In our view the prospect of innovation is embedded in the alternate forms of work organization which offer the perspective of levelling - more precisely, of levelling up - in the opportunities of action. This way a part of the 'peripheral' workers may acquire the social skills necessary to become a collective 'player' and have direct influence on social relations. However, these who become 'players', who influence social relations can easily become advocates of conservatism, of preserving the transformed relations without further changes.

In case there are no official possibilities to become a 'player' it does not mean that the 'peripheral' workers are unable to carry on creative activities. One may encounter such activities even in the most rationalized large-scale enterprises, in the form of making or mending things on the side during the working hours. These activities reveal not only that the workers are not satisfied with the partial tasks assigned to them, but also that there is always room for small innovations, inventions of tools and methods that make work easier.¹⁵ It is quite a different problem, of course, whether the workers keep these innovations for themselves or their work groups or they make this 'ladden knowledge' public,

in order to facilitate the work of large collectives.

Even if the reproduced stratification of labour in time and space cannot be eliminated as a result of the participation in the 'collective game', the border line between centre and periphery can be crossed.¹⁶

3. Elements of social-economic innovation in the labour process

The social content of innovation in the labour process is the human ability to innovate. To its realization such social-organizational conditions are necessary that guarantee more scope for those confined to the periphery in the present work organizations. And in work organizations where alternative opportunities of action are not only plentiful but also less monopolized - i.e. more levelled in the long run - a higher standard of 'collective game' in the work organization which is indispensable to the transformation of its social relations.

The new forms of economic associations guaranteed by provisions of law of January 1, 1982 held out a promise to the supporters of social and economic reforms of the strengthening and spread of constructive forms of solving conflicts in the relationship of the social partners in the labour process.

In the following I would like to deal with the experiences of the - for scientific analysis - relatively short time since the introduction of the new legal regulation.¹⁷

I will treat the economic working associations within the enterprise /EWAE/; the economic working associations outside

the enterprise /EWA/ - the small cooperatives only briefly - from among the new forms, and with their progressive or conservating influence on the opportunities of action and, indirectly, on the social-communal conditions of work.¹⁸

I would like to give an answer to the questions: will the centre-periphery relations as the form of labour stratification persist or be reinforced or will it lose weight. In order to answer these questions it is indispensable first of all to describe the social-organizational characteristics of these forms of enterprises.

The experience of the economic working associations within the enterprise - in the followings EWAE - have shown so far that the differences between the different strata of workers have not lessened but grown.

After the provisions of law which regulated the organization of EWAE the 'central' workers soon realized the opportunities this form provided for them.¹⁹ Relatively small - with 8-10 people - EWAE were organized especially in the field of maintenance and other service activities. The structure of tasks in this field are such that they can be performed during the official working hours. For example, if a maintenance man is working on a piece, only a few supervisors know whether it is a EWAE job or not and it is impossible to control all the workers in a EWAE.

To be sure, 'peripheral' workers also take part in the EWAE, but their participation and its successfulness is lagging behind those of the 'central' workers. For one thing, the workers in the periphery react relatively slowly, i.e.

organize their EWAE. Also, they work in areas where EWAE jobs cannot be performed during the official working hours - e.g. areas of mass-production. In their case the central intention of 'initiatives from the bottom' is reversed in practice. The workers involved report as follows: 'We were told to go to the Centre by 8 o'clock in the morning, we had to sign the papers and the numbers were written above afterwards'. In EWAE organized by 'peripheral' workers the workers work after the official working hours or on their days off. Since they have no chance of doing some of the work during the official working hours - unlike the 'central' workers -, they are more exhausted both physically and mentally.

In the peripheral EWAE, however, the jobs performed in its framework are controlled by the same supervisors as in the main job.

There are significant differences in the success of EWAE participation. In other words, the official possibility of organizing economic associations within the enterprise has not altered the 'central' workers' advantageous positions in the labour process, only the forms and methods of bargaining with the management have changed. At present there is the necessary time and hourly wage for the jobs assigned to EWAE to bargain about. As a result of the bargaining with the management the members of EWAE are able to achieve advantageous - wage - output ratios than within the frames of the traditional work organization. /This may account for the fact that 'central' workers in an EWAE are able to increase not only their wages - as the peripheral workers - but also the efficiency of wage

increase. It further improves their already advantageous position.²⁰

The structure of activities of economic working associations outside the enterprises - EWA - is changing radically. In contrast to the division of labour and specialization characteristic of the majority of industrial organizations work is no longer divided here. The well-known organizational principle of scientific work organization: 'one task - one job - one place' is substituted by the so-called polyvalent use of labour.²¹ Everyone takes part in the jobs undertaken by the EWA. The members, even at the price of financial sacrifices, make efforts to acquire a variety of skills. Consequently, they are able to understand the whole labour process, and the polyvalent use of labour transforms the relationship between workers and managers. Since the members have equal rights and financial means in the organization and performance of work and in the distribution of earnings, it undermines the hierarchical social relations that is behind the manager - worker relationship. The manager is in the same position as the other members, he is the boss only in the transaction of affairs. This practice of labour utilization, since the different parts of the activity are interchangeable, provides the possibility of levelling in the opportunities of action. Through it all the members take part in the work-connected collective 'game'. The individualistic behaviour reflected in the mentality of 'my work - your work' is substituted by the principle of 'one for all - all for one' which indicates the necessity of collective responsibility and risk-

-taking. The poor quality of work, the non-observance of deadlines or costs, whichever member is responsible out of negligence or incompetence, directly threatens the existence of the EWA and through it the existence of the individual members', this constitutes the structural basis of collectivism. The structure and functioning of an EWA is similar to the so-called autonomous work groups which is one of the modern forms of work organization.²²

The motive of participation in an EWA - in contrast to the common belief - is not only the higher income, but also the different kind of work since most of the members belonged to the centre in their previous jobs and thus had exceptionally high incomes. The 'new form' of work in the EWA indicates the social innovation in the form of both more levelled opportunities of action and 'superior moral principles'. The report of a member of an EWA which constitutes only of women reflects the enthusiastic perception of work: 'Once I was showing the way to the customers like a traffic policeman because there was business going on in all the rooms. I enjoyed it enormously and felt very much at ease. It was great fun, I loved it'.

The members make great demands on one another which is reflected in the selective hiring policy. An EWA member said: 'We did not admit those who were interested only in money and would do anything to get it. Not that we look down on money or wouldn't like to earn more but only if we can keep up the professional standard. We did not admit those who led an unsettled life both at home and in the enterprise, for instance

these who were regularly telling lies at home.'

I would also like to deal with the nature and social characteristics of work in the small-scale industrial co-operatives briefly. It is essentially similar to work done in the EWA. The main difference lies in the composition of membership. Apart from a few ex-'central' workers, it consists of peripheral ones. It is indicated by the motives of joining the cooperative: dissatisfaction with the management, the better financial position, the need for a different way of life, undisturbed - continuous production, working in one shift. The polyvalent utilization of labour is characteristic also of the small-scale cooperatives: everyone does everything, only the tasks which require special skills are performed by the same person. The lack of fixed work posts, the polyvalent utilization of labour strengthens the public moral which has a favourable effect on the individuals. In a small town in the North-Eastern part of the Trans-danube a small-scale cooperative gathers the unskilled workers who formerly worked in the state or council building industry, among them many alcoholists and other deviant persons. During the one and a half years of its existence the prohibition of drinking, stealing and telling lies in the cooperative has become a common norm. In this community inveterate drinkers gave up drinking or carry detoxication pills in their pockets.²⁴

Instead of summing up the new tendencies in the labour process I attempt to underline the social characteristics of the changes which are relevant from the aspect of the workers and management. The possibility of formal participation - i.e.

guaranteed by law - in the various kinds of small economic associations does not mean that everyone has equal chance. According to our experience there has not been any deep change in the social structure of labour working in economic organizations. Since small economic associations came to being the position of those who have a central place in the labour process has strengthened.

However, the border line between centre and periphery - i.e. the labour stratification along these lines - is not so strong any more. It means that some of the 'peripheral' workers have a real chance during their labour market career to get into the centre. The reverse is also possible: one may get out of the centre into the periphery, or what is even worse, to the periphery of periphery.

The effect of changes from the early 80s on is not as simple as to name one positive or negative tendency; we have to count on the parallel existence of social tendencies which are not new but have become more intensive and dominant as a result of the economic changes. On the one hand, the opportunities of action are more levelled in the new forms of economic associations thus the number of workers, who consciously influence the social environment, is increasing. On the other hand, the new forms of economic associations /EWAE/ fitted into the basically unchanged structure of economic organizations - enterprises - increase the already existing inequalities in the opportunities of action. Overall organizational reforms that extend to the whole of the structure and functioning of enterprises and not only of

selected sectors, could greatly slow down this tendency.

It must be added that the existence of economic working associations within the enterprise may preserve conservative social relations which are unfavourable from the viewpoint of the global modernization of enterprise organization. It may lead to social effects well-known from the practice of contractual employment: the managers get rid of the human problems of management almost completely, first of all of the psychically and socially most 'expensive' functions such as work organization and disciplining.

Appendix No 1.

Number and membership of the new forms
of economic associations

Form	Organizational unit		Number of members	
	number	per cent	number	per cent
Partnership Contract /PC/ PC, running certain sections of the enterprise by contract	188	1	1 035	1
PC, renting state-owned or business in trade or public catering	10		31	
PC, running business in small trade	172	1	301	
EWA	229	2	481	
EWA ^x	4 184	31	24 186	20
Specialized groups of industrial or servicing cooperatives	7 533	56	75 271	61
Specialized groups of Consumer Cooperatives	972	7	21 611	18
	229	2	481	
Total	13 517	100	124 397	100
Small enterprises	180			
Subsidiaries	83 ^x			
Small cooperatives	204			

^x 59 operates in the form of small enterprise.

Source: Teréz Laky: *Miteszok és valóság /Myths and reality/*
Valóság, No. 1. 1984. p. 2.

Appendix No. 2.

The unequalities of participation in the new forms of economic association is shown in the following data:

Territorial distribution of the new forms of economic associations, June 30, 1982

<u>Form</u>	<u>Percentage distribution in the capital</u>
Small enterprises	50
Small cooperatives	39,2
Specialized groups	43,4
EWAE	43,1
EWA	48,7

Note: The highest ratio of the above listed forms /apart from Budapest/ does not reach half of the percentage in the capital anywhere.

EWA members per 10 000 people
June 30, 1982

Budapest	13,8
Bács-Kiskun county	7,9
Győr	7,0
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.	
Vas county	2,2
Veszprém county	2,0
Tolna county	1,6
Borsod county	1,4

Source: Statisztikai Évkönyv /Statistical Pocketbook/ table 31.1, p. 348, Statisztikai Kiadó, Budapest 1982.

Notes

- 1 Perrot, M.: Les ouvriers et les machines en France dans la première moitié du XIX^e siècle, Recherche, No. 32-33. Septembre, 1978.
- 2 Branca, P.: A new perspective on Women's Work: A Comparative Typology, Journal of Social History, 1975. vol. 9. no. 2. p. 150.
- 3 Simonyi, Ágnes: A központból a perifériára, /Struktúra-váltás és munkásmagatartás egy üzemben/, /From the centre to the periphery (Structural change and workers behaviour in a plant) /, Valóság, No. 1. 1978.
- 4 The favourable conditions of the collective action in the labour process are embodied in jobs that require skills, experience and cooperation, such as e.g. maintenance. And the other hand, in work organizations based on the maximal programming of activities even the personal contact is officially punishable. For workers working in such jobs it is a great deal more difficult to discuss their own experience.
- 5 Centre and periphery indicates bigger units of labour stratification which are not homogeneous and the economic and social content of the relations among them are also subject to change. If we ignore this fact in the further analysis, we shall have to be satisfied with an approximate and static picture of labour stratification.

- 6 Héthy, Lajos-Makó, Csaba: Munkásmagatartások és a gazdasági szervezet /Worker behaviours and the economic organization/, Akadémiai Kiadó, Budapest, 1972.
- 7 Turner, H. A.-Clare, G.-Roberts, G.: Labour Relations in the U. K. Motor Industry, Allen and Unwin, London, 1967; Berki, Sándor: A munkások és az automatizáció /Az üzemi munkaszervezés sajátosságainak vizsgálata egy dunántúli nagyüzemben/ /Workers and automation (Plant- and work organization in a Transdanubian large factory) / /manuscript/, 1981.
- 8 It was Gramsci who called attention to the fact when emphasizing the capitalist managements' problem of having a stable worker collective, a continuously coordinated complex since the human complex /the collective worker/ of a plant is an equipment itself which cannot be frequently readjusted, the 'spare parts' cannot be refitted without considerable losses. /Opere di Antonio Gramsci, 1966./ Besides the need for the creation of the collective worker the weight and role of the 'peripheral workers' is increased or lessened by the 'outside' status of workers, i.e. their position in the labour market outside the enterprise.
- 9 Farkas, Zoltán: A munkások termelési magatartása és az üzem érdekérvényesítési viszonyai /The workers' behaviour in the production process and the relations of interest realization within the enterprise/, Miskolc, June 1981. /Unpublished report on a research project./

- 10 Ladó, Mária-Tóth, Ferenc: A munkaráfordítások elismerése - a nem fizetett munka, in: A teljesítménynövelés feltételei a munkaszervezetben /The recognition of labour input - the unpaid work, in: The conditions of increased work performance in the work organization/ Munkaügyi Kutató Intézet, Budapest, 1983.
- 11 Laky, Teréz: Érdekviszonyok a vállalati döntésekben /Interest relations in enterprise decisions/, Közgazdasági és Jogi Könyvkiadó, Budapest, 1982.
- 12 The problems treated here are characteristic not only of the Hungarian economic development. Experts in developing countries report of similar problems as a consequence of adopting techniques from the developed capitalist countries. /Hosna-Amina Messaid: Transfert de technologie et organization du proces de travail dans l'entreprise nationale algerienne: la rationalité technique face à la logique sociale, Doctorat de 3^e Cycle, Université de Paris, VII., Groupe de Sociologie du Travail, CNRS. Paris, 1983./
- 13 For a more detailed analysis, see: Lukács, János: A műszakiak lehetséges szerepe az innovációs folyamatban /The possibilities of technical experts in the innovation process/, MTA Szociológiai Kutató Intézet, Budapest, 1983.
- 14 It explains the - first puzzling - fact that the restrained work performance is not the result of the autonomous strategy of certain groups of workers but of an - usually silent - agreement between the workers and certain groups

of the management.

- 15 The following survey reports of similar experience in the analysis of the relationship between work performance and skills: Manwaring, T.-Wood, S.: The Ghost in the Machine: Tacit Skills in the Labour Process, London, School of Economics, May 1983.
- 16 Dubois, P.: La créativité ouvrière, Culture Technique no. 8. Juin, 1982.
- 16 I would like to underline that the centre and periphery are also heterogeneous. For instance, a part of the 'peripheral' workers who live in workers' hostels wants to improve his position and is able to do so. These workers have already taken steps to evaluate their working and living conditions and to find the possible alternatives. They consider not only the amount of wage or the conditions in these hostels but also the conditions of commuting and family problems.
- 17 In my analysis I rely on the following survey: Berki, Sándor: Az új vállalkozási formák működésének néhány társadalmi jellegzetessége /Some social characteristic of the functioning of the new forms of economic associations/, MTA Szociológiai Kutató Intézet, Budapest, 1983.
/Manuscript/
- 18 The membership of EWA and EWAE accounts for 87 % of the workers in all the new forms of economic associations. Furthermore, these are the organizational forms whose functioning meets the characteristics of the economic

associations' activities. /Laky, Teréz: Mítoszok és valóság. Kisvállalkozások Magyarországon. /Myths and reality. Economic associations in Hungary/,

- 19 The fact that the 'central' workers are dominating the EWAE membership is also proven by reports and account of the composition of membership. In the first year of the organization of EWAE the national control committee of the economic working associations in the Hajduság stated the following: '18 % of the EWAE members has a university degree, 26 % has secondary education and 87 % of the manual workers is skilled'. /Népszabadság, 12. 12. 1982./ K. K.: Népi ellenőrök átfogó vizsgálata a hajdusági munkaközösségekben /The overall national control in the economic working associations in the Hajduság/. See: Appendix No. 2.
- 20 When assessing the motives of the activities, the work assignments and the nature of control within the EWAE from the aspect of the participants' positions in the labour process, we have to mention those who are not attracted by this form of economic associations. Among them there are indifferent 'central' workers who are not interested in earning more since they earn high wages, and realised that extra work has a bad effect on health and social relations. Some of them is considering the participation in an EWA outside the enterprise or in other types of economic associations. In some part of the periphery the scarce opportunities of action make it impossible to participate in any EWAE. There may be hindering factors, such.

as the lack of skills necessary to jobs in the EWAE, the length of travelling time, or other factors, e.g., if someone raises one's child alone.

- 21 On the different forms of polyvalent use of labour, see Bernier, G.: La Polyvalence des Emplois /Nouvelle tendance de l'organisation du travail/, Institut de Recherche Appliquée sur le Travail, Bulletin no. 22, Octobre, 1982.
- 22 Davis, L. E.-Cherns, A. B. /eds./: The Quality of Working Life, Vol. I-II, Free Press, New York, 1975.
- Butera, F.: Innovation in Work Organizations: New Models or New Principles? Legislation or Experimentation, Human Futures, Summer, 1980.
- Dubois, P.-Durand, C.: Les politiques patronales d'innovation, Critique de l'Economie Politique, Avril - Septembre 1983.
- 23 My precautionous wording indicates that we know the least about the social conditions and consequences of the work performed in small cooperatives. The tendencies described are supported by other available information.
- 24 The positive tendencies in the social relations of economic associations have a favourable influence on the economic results. For instance, the building industrial small cooperative - mentioned above - works more efficiently than other industrial organizations in the same field. The value of production /excluding materials/ per one forint of wage is approximately one and a half times more

than the cooperative average and twice as much as the average of state enterprises. ÉVM Építésgazdasági és Szervezési Intézet, 1982. report, Budapest, March 1983.