

Labour Management in Belarus: Transcendent Retrogression

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Labour management practices at enterprise level in Belarus are more negative for workers than under the Soviet system. Welfare has largely disappeared, as has Soviet-style informal bargaining; wage payment may be in kind; training is minimal; job insecurity is extreme and trade unions perform a corporatist role. Thus, as Burawoy argued, ‘involutionary retrogression’ has indeed taken place, but in what may be denominated a ‘transcendent’ form.

This article compares current Belarusian labour management practice with that before 1989. Belarus was the ‘assembly shop of the Soviet Union’¹ and remains a significant industrial presence in the region. It is also well known for its particular brand of political diktatura, and its specific ‘transition’ path. Yet, because researchers have faced major obstacles, Belarusian labour management practices remain terra incognita.

The region has been the subject of broad theoretical debate. Stark and Bruszt,² generalizing from their Hungarian research, argue that the constraints placed on state executives by democratic institutions in Russia and Eastern Europe help provide the basis for political, social and economic reconstruction. This tends to support the general proposition that labour management, along with other practices, has evolved away from the Soviet model, although it is hard to detect any evidence for positive democratic constraints in Belarus. Indeed, political changes in Belarus may make it a case of what Burawoy³ called ‘involutionary retrogression’. This is held to occur when transition is so strongly determined by a country’s socialist past that ‘any attempts at marketization, and democratization become the path to retrogression’.⁴ Burawoy argues from the Russian case that, to the extent that democratic institutions have been developed, they have emasculated the state apparatus. The consequence has been, in his view, chronic and persistent

‘involution’ whereby the previous system is reproduced in an exaggerated form.

The few studies of Belarus available are at the national level and follow two main lines. The first, advanced by the government and official commentators,⁵ contends that labour management has undergone significant changes and is converging with Western models. The second, developed by some Western and Belarusian scholars, asserts that it has changed very little since ‘transition’ began⁶ or (in only a slight variant) that changes are minor and insignificant.⁷ In short, for these latter commentators, only small changes have occurred since Soviet times.

This article examines how far these characterizations capture reality for employees, in particular at enterprise level. Since it may be suspected that official accounts are little more than an effort to influence the international financial institutions, we hypothesize that the state remains a decisive and pervasive force in determining the system of labour management and that ‘retrogression’ may well be occurring.

The analysis proceeds as follows. First, to create a cornerstone for our analysis, we describe the Soviet system of labour regulation with regard to enterprises and the labour market. Next, we outline how the national labour market has evolved under transition, stressing the extent of state involvement. After outlining our methods, empirical evidence from field investigation at the enterprise level is then presented. Finally, conclusions are drawn and the theoretical implications of our findings in relation to the concept of ‘involutionary regression’ are discussed.

The Soviet System: Discipline and Self-defence

We first examine the Soviet labour market, the methods used to discipline Soviet workers and how they asserted their interests within that system, as starting-points for our subsequent analysis.

Two polar approaches have been taken by researchers to the Soviet labour market issue, apparently determined by authors’ political viewpoints. While some researchers deny its existence,⁸ others disagree.⁹ Proponents of the former approach base their argument on certain features, namely:

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- severe labour shortages in some sectors and excessive employment in others;
- extremely small differentials in formal wages for people with similar qualifications; thanks to good informal connections some workers nevertheless earned much more than their colleagues;¹⁰
- the great significance of non-wage benefits and allowances in relation to wages, especially those received as the result of informal bargaining;
- a tendency ‘to direct or nearly direct people to the job’;¹¹
- extremely high worker dependence on state-owned enterprises;¹²
- hostility to labour turnover, as damaging the principle of ustroistvo (order),¹³ resulting in low mobility.

Proponents of the ‘market’ approach on the other hand deploy statistical evidence indicating the high rate at which individual workers quit state enterprises and the low proportion of job vacancies filled through planned hiring.¹⁴ As Emily Clark Brown showed, the Soviet Union experienced labour-shortage problems familiar to other industrialized economies, leading enterprises to hoard skilled labour.¹⁵

Those taking the second approach argue that a labour market, although different from ‘classical’ Western versions, existed in the Soviet Union. It was dominated by centralized regulation, and all republics were subordinated to the same rules and laws. Planned labour regulation existed on the macro-level. Government determined the total amount of labour, its main occupational, skill and educational characteristics, and the requirements for following specific professions. A centralized wages system was based on the ‘tariff net’, which defined tiny wage differentials between grades of worker. A detailed labour code was the legal basis for enterprise labour management.

Nevertheless, a labour market existed since workers exercised the option of ‘exit’, and informal bargaining and mutual dependency between workers and management shaped practices at enterprise level. Enterprises had well-developed internal labour markets determined partially by labour law, partially by internal enterprise regulations and partially by ‘informal networks based

on reciprocity'.¹⁶

Labour mobility raised the significance of recruitment and retention for enterprises. Many Western academics suggest that initial recruitment, further employment and promotion were strictly regulated by government.¹⁷ The scope of geographical and occupational labour mobility was constrained by the requirement of permanent residence (propiska) and the unavailability of a state-funded second education for a second profession. However, others () show that the main channel of labour supply was nevertheless direct hiring by enterprises, which comprised 62.2–68.1 per cent of hirings by the early 1980s,¹⁸ while central allocation of labour covered only 18.4–22.5 per cent in the same period.¹⁹ This explains the widely recognized phenomenon of labour shortages combined with high labour turnover: varying from 14 to about 20 per cent between the 1960s and the first half of the 1980s).²⁰

Extensive disciplinary tools existed to constrain employee mobility. After initial recruitment, the worker had a labour record book created, which had two key functions. First, since it was automatically registered with the local social security committee, it served as the basis for determining pensionable age. Its second, more important function was as a direct means of control: it contained the individual's work history, including reasons for dismissal, tracked all awards and punishments and recorded any training received. It was extremely important for a worker to keep it 'clean' because, if he or she wanted to change jobs, the book was usually the only document used by personnel specialists making hiring decisions.

'Softer' but none the less important motivational and control mechanisms also existed. A worker became part of the enterprise 'labour collective', and career prospects depended on the degree to which he or she integrated. The 'labour collective' was a distinguishing feature of socialist labour relations. While many researchers argued for its positive nature from workers' viewpoints, Filzer²¹ argued that an 'atomized' workforce was directed by compulsion centred on employees' dependence on the enterprise. In his view, the labour collective was neither a 'second family' nor a workers' organization but rather an instrument for collectively internalizing state control. We follow several other researchers in taking an alternative view. Ashwin depicts it as 'both a real

and symbolic community ... simultaneously a genuine community of interest and a site of struggle'.²² For some, it crystallized a 'social contract'. Lane suggests that the labour collective was one of a range of methods used to incorporate workers.²³ Ashwin emphasizes its practical significance both as a disciplining, welfare-providing institution and an affective social system within the enterprise: 'Workers' relationship to the labour collective was not only defined by need, it was characterized by genuine attachment [for] an enterprise as a social focus'.²⁴ These affective attachments, we suggest, were indeed significant. They underpinned the disciplinary functions of 'comrades' courts', precisely because they drew on a sense of workplace community. A potentially powerful positive work incentive existed in the form of the centrally determined wage and benefits system, but this did not function effectively. It was extremely unevenly structured: monetary incentives were tiny compared with non-monetary benefits (housing, childcare, free healthcare, free education, and so forth). The intention was that social consumption funds – which financed non-wage benefits and allowances – would increasingly provide for workers' social and cultural needs, and, in time, grow in size relative to wage funds.²⁵ Such benefits were awarded on a discretionary basis, through a process determined by the labour collective, the union and management. These could also act as disciplinary tools, mediated by collective norms.

Higher wages and benefits were seen by workers as depending on senior management and themselves, and on the success of informal workplace bargaining that workers managed to establish. The Soviet authorities therefore introduced successive changes in order to increase the incentives to greater effort.²⁶ The results were counter-productive and led to the formation of 'a totally dysfunctional wages system where there was no longer any coherence between earnings and workers' performance'.²⁷ Reliance on informal bargaining as a means of increasing wage differentials, based on the fundament of job security, actually increased as a result of these changes. Informal bargaining also contributed to extremely high levels of resistance to innovation from workers afraid of losing control over the production process and also from managers for whom it meant higher norms and quotas and increased demands from workers. The result was

decreasing labour productivity aggravated by the emergence of large mismatches between wages, education and skills.²⁸

Training was also used primarily as a control mechanism. A centrally approved 'qualification improvement schedule' existed, which personnel departments had to follow. However, this scheme encompassed only those workers with higher educational attainment; decisions concerning the training and development of other employees were left to enterprise management, providing opportunities to reward the most useful and loyal workers since completing training courses led to increased wage and non-monetary benefits and improved promotion prospects. Promotions were often offered to the most politically reliable employees. Training and development were more frequently provided to those workers without any education,²⁹ creating a cleavage between skilled and unskilled workers and putting the workforce into a state of permanent inner conflict. This brought demoralization but also served to constrain informal bargaining by increasing workers' dependence on management for conflict resolution.³⁰

Soviet personnel departments were merely administrative bodies and played no active role in recruitment, promotion or dismissal and only a very limited one in the provision of training and development. Their real influence on the process of labour regulation was minimal. Their potential partners in the workplace, union representation, was also weak.³¹ Soviet trade unions acted as intermediate institutions linking the communist party issuing decrees on the national level and their fulfilment in the enterprise, and were thus part of the regulatory machinery.

Workers were automatically allocated to a specific union.³² Unions distributed non-monetary benefits (social care, childcare, housing and so on), and their representatives were included in enterprise ethics committees. Both provided some opportunities for disciplining workers and restraining informal bargaining.

In summary, extensive features existed in the Soviet labour market that were designed to discipline workers such as, inter alia, the labour record book, the labour collective and the trade union. However, during the Soviet Union's last decade, workers' self-defensive activity increased. Perestroika in practice led to a sharp increase in informal bargaining and labour turnover, to

deteriorating work discipline, and ultimately to an extensive loss of management control.³³ From labour's viewpoint, these positive developments were to be thrown sharply into reverse as 'transition' proceeded.

Increasing State Intervention during 'Transition'

After the collapse of the USSR, enterprises were advised to emulate Western human resource management (HRM) practices, to adopt flatter hierarchies and to decentralize their personnel functions.³⁴ Firms were expected 'to transform themselves immediately and radically, by adopting the most advanced management tools and approaches available'.³⁵ Such requirements came from the International Monetary Fund as a part of 'shock therapy', one of the conditions for granting loans.³⁶

The resultant massive increase in unemployment has increased managerial power to such an extent that positive motivational tools available within HRM came to be seen as unnecessary. As we show, labour management is conducted on 'command and control' despite its normative cloaking in the formal description of 'HRM' and some softening through the labour collective. The destruction of the autarkic economic space of the Council for Mutual Economic Assistance (Comecon) brought a dramatic fall in formal industrial employment. Massive increases in unemployment raised numbers living below the poverty line in former Soviet republics from 14 million in 1989 to 140 million in 1998.³⁷ The unemployed either became small retailers or moved into the informal economy, which helps explain a considerable mismatch between registered and actual unemployment in Belarus in the first half of the 1990s.³⁸

In Belarus, 'radical transformation of the economy' never began. Initial weak attempts at marketization were stopped after the presidential elections in 1994. Since then, the authorities claim that Belarus has been moving towards establishing a German-style 'social market economy', represented in the Belarusian rhetoric as 'market socialism'. The German economy, evidently one of the strongest in Europe despite issues with high unemployment in the Neue

Bundesländer of the former German Democratic Republic, enjoys powerful socio-economic institutional foundations in the form of employers' associations, trade unions and tripartite arrangements that are conspicuously absent in Belarus.

As 'evidence' of 'market socialism' at work, low unemployment statistics are presented by Belarusian officials. While official data are of questionable reliability, they provide the only national statistics available. According to these, the labour market in Belarus is working close to perfection with only 1.4 per cent unemployed by the end of 2009. Yet official statistics themselves provide internal evidence of significant hidden unemployment: in January–September 2009, 177, 600 workers were transferred to part-time hours and 142, 200 sent on compulsory 'vacations'; the numbers for the equivalent point in 2008 were 68,900 and 32,800 respectively.³⁹

Unemployment and political change brought a major shift in power towards employers within the employment relationship, greatly reducing the scope for informal bargaining, which therefore no longer functioned to improve workers' pay and conditions. Moreover, the previous system's welfare aspect has been decreasingly in evidence at national level. General expenditure on the workforce including on housing provision and training fell from 2.8 per cent in 2000 to 0.7 per cent in 2005.⁴⁰ This constitutes a major basis for the claim made by official researchers that the system of labour management is converging towards Western models. Since welfare is being reduced, we are invited to draw the conclusion that an effective labour market is in operation. However, legal employment regulation is scarcely comparable with that in the West. Belarus has extremely detailed labour legislation. Theoretically the main document is the Labour Code (the latest version was adopted in 1999) with subsequent changes and additions. In practice, priority is given to presidential decrees; if the Labour Code (or any other) contradicts such a decree, the practice is to refer to the latter. The government's enactments are, in fact, automatic approvals of decrees.

The national system is characterized by constantly increasing control over the workforce by the state and management. The government exercises enterprise-level control through 'Deputy Directors in ideological work' – a new compulsory executive position introduced recently at every

enterprise and institution regardless of the form of ownership. These government-appointed executives are responsible, in particular, for employees' cultural and housing welfare, health provision, visits to health resorts, the functioning of all social and cultural matters (Article 3.7 of the official job description), maintaining constant contact with legislative and executive bodies (for example, collective comrades' trials, commissions for alcohol control, voluntary people's militia and so on), 'control of the ideological, social-political and social economic work of the structural elements of the organization' (Article 3.23); 'taking part in signing work contracts, development and implementation of measures in increasing the labour discipline' (Article 3.25), and so forth. Crucially, these executives have the right 'to submit for a director's consideration recommendations concerning the promotion, rotation and dismissal of the employees of an organization, recommendations concerning their rewards or punishments'.⁴¹ They clearly have considerable control over both management and the workforce, and in one workplace where this research was conducted the director's knowledge of our study was a prerequisite for its conduct. A further means of control is the employment contract system. In Soviet times, an employment contract was simply a formal document signed by the parties for an indeterminate period and containing no possibility of serious punishment unless the worker committed a crime; today, it is the main means of controlling the worker by management (again, regardless of ownership type). Presidential Decree No.29, 'On additional measures for improving labour relations, strengthening labour and executive discipline', issued on 26 July 1999, is central. The decree contradicts the country's Labour Code which states that individual working contracts should be concluded for an indefinite period of time. The presidential enactment authorizes employers to conclude fixed-term contracts with any category of employees for a period from one to five years. It also allows the employer to transfer employees working on open-ended contracts to fixed-term contracts, which subsequently may or may not be renewed. The transfer is assumed to be voluntary; however, if an employee refuses, the employer has the right to terminate the employment permanently 'due to a refusal to accept changes concerning essential working conditions'.⁴² The employer has the legal right to terminate the contract or not renew it for any or no disclosed reason. The contract also

contains the possibility of serious punishment.

Worker insecurity has been further increased by implementing fixed-term contracts. Although the ministry of statistics and analysis publishes many statistical documents, these reveal little about enterprises.⁴³ No reliable statistics exist on the proportion of employees currently working under fixed-term contracts. However, official estimates themselves claimed that as of June 2004 some 70 per cent of all workers in Belarus were already covered by them and our evidence is that the number has subsequently increased.⁴⁴ Data for 2009 show that about 90 per cent of employees working at state and quasi-state enterprises (about 85 per cent of the total workforce) are covered by fixed-term contracts.⁴⁵ Worker weakness in the employment relationship is thus institutionalized in this powerful way.

Since an employer is not obliged by law to give reasons for firing a worker, if he needs the job for a relative or a friend, for example, he can fire someone giving one month's notice. A worker may take legal action if he considers himself to be unfairly dismissed but it is extremely hard to win, and if he or she is successful the court does not usually reinstate the employee but makes the employer pay modest compensation. It will also become difficult for the worker to find a new job because the real reason for the dismissal is then written in the labour record book. Therefore, most managers prefer dismissing people 'with their own consent' (74.4 per cent of all dismissals in the main industries in 2006). Other common reasons for dismissal are violation of discipline, or crime (22.4 per cent), and reduction of personnel (12.8 per cent) although managers are averse to mentioning the latter in record books.⁴⁶

Layoffs are directly regulated by government. The Labour Code provides detailed permissible reasons for dismissal. However, the contract system gives enterprises much greater authority over workers relative to Soviet times when they had to be relocated to another job or enterprise. In addition, according to Presidential Decree No.180 (12 April 2000) the employer is not obliged to disclose the reason for layoff to the employee. Furthermore, according to the new edition of the law 'On the employment of the population of the Republic of Belarus', if the contract is terminated 'by the parties' mutual consent' (the most common formulation) and the dismissed

worker is then registered as unemployed, he or she does not receive unemployment benefit.⁴⁷ However, one category of worker is extremely difficult to fire: so-called ‘bad parents’, people whose children were taken into state orphanages. According to Government Enactment No.105 (26 January 2007), developed on the basis of Presidential Decree No.18 (24 November 2006), such parents have to be allocated to jobs in order to pay the state’s expenses for their children. The highly detailed enactment does not discuss the possibility of their layoff: as Paragraph 14 states, ‘the work of people obliged by the law can be stopped either after full compensation for the expenses of the maintenance of the children [Impossible because children are in the orphanages on a permanent basis – Authors], or if they, on their own, find a job with the wage higher than they receive in the place where they were assigned by the court [Also impossible because no one willingly employs such people – Authors]’. The possibility of firing them for not doing their job is not mentioned. Here is a regulatory paradox that the Soviet system did not contain: managers can dismiss workers without giving the reasons but cannot dismiss workers assigned to the enterprise by the state or they themselves will be penalized for not fulfilling the Enactment. The paradox is an exception that symbolically and starkly illustrates the state’s primacy over enterprise management’s interests.

The state has strong control over a poor welfare safety net. If a worker becomes unemployed, the law does not oblige the government to provide support. So, according to the Presidential Decree No.7 of 17 March 1997 ‘On additional measures in providing the employment of the population’, unemployment benefit is paid only to those unemployed who have worked approximately 10 hours per month on public works; if the unemployed person does not work without a serious reason, he or she loses the benefit payment. Since 1997 the situation has worsened. Even when benefit is paid (only 60 per cent of the unemployed have the right to receive benefit, according to the law), it is extremely low (about 50,540 Belarusian roubles per month, or \$17)⁴⁸ and is usually paid for five months, after which the person is removed from the unemployment register even if still unemployed. This very rudimentary and deteriorating safety net further disciplines workers and also allows the authorities to report low numbers of registered unemployed.

This picture of the national position provides the context for a micro-portrait of enterprise-level relations where, as we demonstrated above, many significant aspects of the Soviet system were manifested. The present national system is undoubtedly changing, but the degree and direction of changes in workplaces require further investigation to address our research issue.

Methodology

Our research was conducted using semi-structured interviews and questionnaires with both workers and managers.

Respondents generally showed a hostile attitude to our research.⁴⁹ The problems were mitigated by having a native Russian speaker carrying out the fieldwork, seen, in the words of a manager, as ‘someone who belongs with them and is thus capable of reading between the lines’.

Data were collected from nine industrial enterprises and five private companies of various sizes with different labour and capital intensities, ownership characteristics, industrial characteristics and pre- and post-1989 existence. All had a human resources, or personnel, department (to ensure access to an ordered company archive) and trade unions in existence (to allow us to see how far, if at all, their nature has changed, as some contend⁵⁰).

Two types of questionnaire were used with employees of different educational levels: this was found to be necessary since many employees considered the questionnaires too complex. After a second, simpler questionnaire was introduced in addition to the first, response rates increased from 35 per cent to approximately 50–70 per cent depending on the enterprise. A total of 311 completed and returned questionnaires were available. As almost all questions were answered, the amount of missing data was surprisingly low and almost entirely concerned responses that might help reveal respondents’ identities. Although the questionnaires were anonymous, some people preferred not to put their occupation and other personal data (with the exception of educational level). Questionnaires were coded and analysed both manually and using a standard statistical package.

The questionnaires aimed to obtain information on workers' and management's perceptions of labour management. Interviews were also conducted, as most managers refused to complete the questionnaires. Managers in Belarus are more easily engaged when given direct, structured questions at the outset. Some even said that answering structured questions helped them feel secure. Once the interviews started people became more relaxed and started talking more freely, discussing other related issues deliberately left untouched when developing questions. A set of predetermined questions included their view of labour-management processes at their enterprises in general, employees' human capital, its development and usefulness in production processes, research and development (R&D) policies, and the external and internal institutional environments. Between three and five management interviews were conducted per enterprise depending on its size and the number of workers. All interviews were conducted person-to-person; people refused to talk on the telephone ('You never know who is talking to you and, more importantly, who is listening', as one manager said). These data were supplemented by information obtained from extensive company documents on the number, wages, promotion, training and dismissal of employees.

Labour Management at Enterprise Level

Recruitment in Belarusian enterprises formally replicates the Soviet system. Worker record books still exist, as does the centralized distribution of graduates, although the majority of personnel are recruited directly by the enterprise as in Soviet times. On starting, workers sign a contract and the collective agreement. The main changes are in content. First, the role of the record book has radically diminished: it is now needed mainly for calculation of work experience for pension purposes. All personnel managers interviewed stated that they prefer talking to people rather than examining record books, because enterprises prefer to fire people 'with their own consent'.

The most common recruitment method is by enterprises directly. In theory, all enterprises have to inform job centres if they have vacancies; in reality, few jobs are filled through this mechanism. It

is much more common to recruit on the basis of informal connections (blat), a widely accepted practice. Although most personnel managers denied the existence of blat, workers (especially young people) reported that they got their jobs because they had someone in the enterprise who could 'speak for them'. Of 104 respondents working at state and quasi-state enterprises with job tenure of less than five years, just eight reported that they were hired directly from job centres (all of them less-educated workers). Among 47 highly educated employees from this group, 23 admitted to having prior connections with their enterprises through parents, other family members, friends, and so on. At the most senior levels, top managers appoint people who can provide them with some protection against government officials. One personnel manager admitted that at that enterprise they prefer 'work dynasties', when several generations of one family work at the same workplace, as this tends to enhance intra-workforce cohesion. Untrained workers are in abundant supply: 'You can get such people from everywhere, even from the street, if you need to', as one manager explained. Yet hiring 'from the street' is mainly for seasonal jobs, especially in agricultural processing plants. While these practices may have commonalities with those used in Western Europe, the level to which connections are required in order to find work appears much higher in Belarus.

The only category of workers still centrally allocated to jobs is graduates. Even if a graduate manages to find a job on his or her own initiative, the enterprise must complete allocation documents, and official scrutiny of these is much stronger than in Soviet times. Once a graduate signs the allocation paper, he or she is assigned to an enterprise for a fixed period. The graduate must arrive a month after graduation or face prosecution and will have to compensate the state for all training expenses:⁵¹ the amount of this claimed by the government normally varies between \$10,000 and \$50,000. Termination of the contract is possible only in exceptional cases. Private companies can also ask for a specific graduate to be allocated. All personnel managers reported that they prefer taking students who were previously assigned to the enterprise as interns because they know them; otherwise, as one put it, 'You get someone you dream of getting rid of the next day but have to wait several years'. Yet, in view of the widespread use of fixed-term contracts,

their ultimate removal is assured.

On the other hand, most graduates leave enterprises immediately after the end of the allocation period. The main reasons are low career prospects (due to an absence of ‘the necessary connections’) and under-exploitation of their human capital: many young specialists are recruited for jobs requiring lower skill levels than they possess, because more relevant jobs are normally occupied by older employees. Besides, the technological levels and the capital:labour ratios at many enterprises are low. By the end of 2006, the per capita capital:labour ratio was 781 thousand roubles (approximately \$432).⁵²

Centralized allocation of graduates and the contract system lead to increased hidden unemployment. Most enterprises do not easily dismiss qualified workers. As personnel managers admitted in interviews, there is an unofficial recommendation not to fire employees but either to transfer them to part-time hours without changing the records so that, on paper, they are full-time workers while in fact they work part-time, or alternatively to send them on mandatory unpaid ‘vacations’. Thus, job security has become very low for both qualified and unqualified workers. In general, therefore, we conclude that there are low levels of employer–employee interdependence;⁵³ for further details, see Table 1.

Table 1 about here

Low levels of employee–employer interdependence are also evident in other directions. Among educated employees, 83 per cent of those surveyed reported that they received all their training (including training on the job) entirely by paying for themselves, with no support, although the majority of personnel managers stressed that additional training existed for educated workers. With uneducated employees the situation is only slightly better: in their case training is normally related to health and safety issues. Where the training is provided by the enterprise it normally has no effect on earnings, being simply a formality that must be fulfilled. Some managers from the economic and accounting departments of the food processing industry enterprises mentioned a

policy of keeping educated workers ('the most needed', as one of them said) at the factories and of hiring the uneducated just for 'the season'. Funds saved, they argued, can be spent elsewhere, including for the development of 'core' personnel.

Minimal training opportunities mean poor career prospects for most employees, although some personnel managers denied this, all of them referring to the government requirement that employees at all levels be offered regular training. One, from a large textile enterprise, argued that their enterprise cares greatly about employees' chances to enhance their training and career opportunities. According to her, the enterprise has regular career checks and monitoring for every employee group to find 'the best and the brightest', who receive full support from senior management. As an example she told the story of a girl who won the enterprise's young talent competition for whom the enterprise pays for a postgraduate degree in order to keep her working for it afterwards. However, the girl's parents both work at the enterprise. Moreover, the manager's evidence is only partially confirmed by employees since both younger and older educated employees regarded their career prospects as low or very low.

Figures from our state-owned and quasi-privatized enterprises show that the average length of job tenure at an enterprise is 15–20 years for experienced educated workers; for uneducated workers it is much shorter, primarily owing to high turnover. Average numbers for the private sector are also much lower because Belarusian private rather than quasi-privatized companies are commonly short-lived. Most are small, usually employing 10–30 people, and are characterized by high levels of labour turnover and weakly developed internal labour markets.

Better career possibilities may be offered to the well-connected. Some private company owners reported that they prefer employing and then promoting a person who 'has someone who may help with problems; it's a good investment', even if this employee will be not the best on the job. In this case it matters little whether the person has any education at all: he or she will be considered a core worker because his or her connections (especially with the tax office or local authorities) will help the company solve 'delicate' problems. Thus, good external connections with the authorities play a major role.

The current Belarusian wage system is very similar to that used in the Soviet Union. The majority of older uneducated employees working for this enterprise said that their grading had not changed since Soviet times, and they regarded personal upgrading as unlikely. Payment for a specific job is calculated on the basis of tariff labour grades within a tariff net (similar to the Soviet system). The basic rate is the first labour grade, which is determined by the government. Using the tariff labour grades significantly diminishes employers' freedom in terms of payment incentives.

The major criterion for wage differentiation is the level of physical effort demanded to perform the work; consequently, people possessing high human capital have no incentive to use it in their work. Uneducated workers (those with unfinished secondary or who have completed the basic nine years of schooling) also have low incentives because their wage is, in most cases, the only payment they receive from the enterprise following the removal of guaranteed quarterly or yearly wage bonuses, a major difference from Soviet times.

Theoretically, monetary benefits remain in place. However, according to Article 63 of the Labour Code (adopted 26 July 1999 with subsequent amendments and additions),⁵⁴ the forms, systems and amounts of work payments, including the payment of benefits, are determined by the employer on the basis of the collective agreement and the work contract. In other words, the state, in fact, supports the employer where he decides not to pay the benefits, or to pay the minimum possible amount. The worker cannot argue with the employer's decision because he or she signed the collective agreement and the contract on recruitment, and these documents generally do not contain specifics about the bonuses to be paid. As one manager said, 'I am the person who assesses the quality of work. If I think that it is unsatisfactory, why should I pay the premium?' At most quasi-state enterprises we found that the average premium is 30–50 per cent of the monthly wage. However, the distribution both of these bonuses and of a thirteenth month's pay shows marked disparities both across time and between individuals (with some receiving none). The ceiling for bonuses is centrally determined for both state and private companies, so employers cannot attract workers by promising high benefits. The ceiling has been recently increased, and, as the owner of one private company said: 'Thank God, they allow us to pay the bigger premium if

we want to now, so we can encourage people to work'. Thus, there is even greater government intervention in wage and benefits distribution in the enterprises than in Soviet times.

To this extent, the remuneration system resembles the Soviet, but with two major differences.

First, if the enterprise has financial difficulties, the law allows the employer to pay wages in kind, with enterprise products. Such payment can be made only with the employee's agreement, but the employee usually has little choice, for the alternatives are no wage or redundancy. Second, unlike in Soviet times non-monetary benefits, such as housing, holiday placements, day care for children, and so on, are no longer a part of the 'social package' for workers. In exceptional cases the enterprise can contribute to paying these expenses but they does not normally exceed 10 per cent and are available only to those who can prove 'need'.

In general, insecurity exacerbates existing differential attitudes across the generations; in turn threatening the labour collective's cohesion. Young employees tended to say that they would like to leave their enterprises, but older workers are less prone to respond in this way, fearing unemployment and low pensions. Our evidence also suggests that for older workers the labour collective still matters. Our data show that more than 70 per cent of workers over the age of 40 consider the 'labour collective' to be an important part of their life. Many told us that they are happy to stay at work beyond their finishing time to chat with colleagues. Young workers are more concerned with their monetary income since, they explain, they do not receive as much support from management as they would like. Thus, they largely reject the ideological construct of the labour collective, and provide some evidence of passive resistance to it.

These divisive effects, which run counter to the need for intra-workforce co-operation and to the labour collective's cohesion, are addressed by the authorities.

Personnel departments in state and quasi-privatized enterprises now attempt to fulfil functions that were previously the responsibility of trade union committees: delivering non-monetary benefits (if the management decides to provide any), organizing social events, settling conflicts at the workplace, and so on. Their 'consultation only' degree of authority remains; however, in their actions they are closer to the rest of management than previously. The reason is a sharp decrease

in the scope for informal bargaining which, respectively, results in decreased influence of both trade unions and personnel departments.

The labour collective is heavily emphasized by both government and managements as a tool to maintain the 'collective spirit'. One of the primary responsibilities of deputy directors in ideological work is to help enterprise social organizations (youth organizations, trade unions) in 'rallying the labour collective, developing a patriotic attitude and a feeling of responsibility for the fate of the country among the employees' (official job description, paragraph 3.6). As one personnel manager suggested: 'What we do and what is required of us is to make people feel needed, cared about, a part of something bigger. We give them a feeling of importance'.

Trade unions have radically changed the nature of their participation in the regulation of labour. There are two types of union: official unions in the Belarusian Federation of Trade Unions and independent trade unions. The latter are unofficial and have no authority, lacking even the possibility of entering enterprises. Trade union membership is voluntary but it is better for the worker to join for the sake of the additional benefits it allows them to receive. Also, being a union member means one is a member of a collective, which is important if the worker wants to have a minimum of job security. Union penetration of the workforce is therefore extremely high, at 94.1 per cent; in some industries and organizations it is even higher – for example, in trade 99 per cent, and in the petrochemical and fuel industries 98.2 per cent.⁵⁵

All the trade union representatives interviewed considered their primary duties to relate to be social activities. As one of them said, 'What we do is we maintain ties, keep people in a good mood, keep up the collective spirit'. When asked about workplace conflict resolution, they regarded themselves as a part of the management: one suggested that 'trade unions are here to help maintain discipline, not help absentees or some others spoil the collective'.

Official unions remain part of the government regulatory system, and to a much greater extent than previously. Presidential Decree No.327, 'On additional measures to protect workers' social-economic rights and interests', dated 19 July 2005, established their right to police the observance of labour law in all types of workplace irrespective of whether their employees are members of

any union. If the trade union inspection considers working conditions to be unsatisfactory, it has the right to suspend the company's activities.⁵⁶ The state developed a new indirect means of supporting its subordinate unions. From 2004 the official Federation of Trade Unions was given the right to create an innovation fund to equal 0.25 per cent of the total costs of services provided by unions in the Federation. This is an additional source of money for unions to be used to fund their social activities, and only the official Federation has the right to create such a fund. Both state-owned enterprises and private companies have to pay into the fund regardless of whether they actually receive any services from the unions. The Federation also gained the right to increase the amount of membership subscriptions. Their resources have therefore increased. These measures enhance unions' capacity to exercise the functions of a legal watchdog across enterprises, although all personnel managers (regardless of ownership form) reported little union activity at the workplace. Although trade unions are formally consulted, they never challenge the director's decision. The majority of interviewees thought union representatives 'ballast', 'dead weight', 'people receiving salaries for nothing'. Nevertheless, as one of them argued, 'you have to be friendly to them otherwise they can make a lot of trouble, they are too powerful'. Thus, it can be argued that, although the role of the unions has changed since Soviet times, the direction of changes is towards even closer proximity to the state, becoming part of the regulatory system to a much greater degree than before.

Discussion and Conclusions

Our data confirm our initial hypothesis that the state remains a decisive and pervasive force in determining the system of labour management in Belarus. Reality certainly does not correspond either to neo-liberal expectations (including those of international organizations), nor to the German model that the country's government implausibly claims to follow. Moreover, the Belarusian labour market is characterized by extreme employee weakness in the employment relationship that is worse than under the Soviet system. This weakness exists primarily in relation

to the state since, although managers must manage labour from day to day at the point of production, their autonomous role is small. Industry remains essentially state-owned and all enterprises are in any case subject to huge state involvement.

In contrast to Soviet times, there has been an almost complete disappearance of lifetime careers and job security. Workers are less protected and more dependent on management than before, owing to the disintegration of the system of informal bargaining that existed in Soviet times. Workplace-based welfare has all but disappeared. On the other hand, state intervention in key labour issues is higher than under the Soviet system. Regulation is conducted through dense, interventionist labour law, reinforced by the direct appointment of state officials with extensive powers to intervene in enterprises, and official unions' extensive legal functions in enforcing the state's will. The latitude enjoyed by enterprise management is extremely limited. The term 'corporatist',⁵⁷ although no longer much used, seems helpful in characterizing developments. In the Belarusian case, it is certainly a state-driven rather than a socially-driven form of corporatism. Industrial workers have little reason to support the president; what support he has is likely to lie elsewhere.

Burawoy's argument that 'retrogression' is occurring therefore appears correct but, notwithstanding his qualification that it reproduces the previous system in exaggerated form, the term appears inadequate in the Belarusian case. This is because the concept of an exaggerated form conceals the dramatic, qualitative sense in which labour management has become very much more unfavourable to workers. The Soviet system imposed certain very real limits to the exploitation of labour. Two factors were significant: job security and welfare. Crucially, both of these factors underpinned a third: informal bargaining. Informal bargaining provided a day-to-day means of negotiating employee self-defence at enterprise level, now destroyed by employee insecurity and intensified state and managerial control.

We therefore suggest that Belarusian developments may be denominated 'transcendent retrogression' since previous defences that operated to protect employees have been transcended. Informal bargaining is perhaps the key defence in question. In other national cases in the former

Soviet Union, informal bargaining appears to have been revived locally despite major problems in the transition process.⁵⁸ In the Belarusian case, no such revival was apparent in our research. High levels of regulation and state domination of the polity make a reversal of this position ‘from the inside’ an implausible prospect. Moreover, Belarus may not be the only country in the former Soviet Union that has taken a path of transcendent retrogression, since some Central Asian and Caucasian countries appear to be travelling in a broadly similar direction.

NOTES

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43. Data are generally aggregated to the country level, they exist at best at the industry level; the data collection and calculation methodologies used by Belarusian ministry of statistics and analysis differ from methods commonly accepted in the West because of the problem of defining

enterprise ownership: the overwhelming majority of industrial enterprises in non-nationalized industries are only formally privatized (in the form of either open or closed joint ventures) with over 98 per cent of the shares belonging to the state. Enterprises do not collect internal labour market data: as one personnel manager explained: ‘Why collect something which we are not required to provide in reports? ... I know my working collective well enough without drawing pictures’.

44. Kryvoi, ‘Discrimination and Security of Employment’, p.11.
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47. <<http://www.mintrud.gov.by/ru/activity/populbusy/zacon>>, accessed January 2011
48. <<http://ekonomika.by/gosprogrammi/posobie-po-bezrobotitse-v-belarusi-samoe-nizkoe-sredi-stran-sosedey>>, accessed January 2011
49. Respondents did not accept the possibility of confidentiality and anonymity. Researchers are perceived as accountable either to the enterprise director or to state institutions. Although one of the authors had official permission to conduct research, which is very difficult to obtain, it was extremely hard to convince people to disclose information about their working conditions, pay, job satisfaction, etc. Private companies fear official audit or tax bodies while workers fear losing their jobs or being penalized by wage cuts.
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TABLE 1

WORKERS' JOB SECURITY CONFIDENCE (PER CENT OF ALL RESPONSES IN EACH CATEGORY)

| | Job security confidence | | | |
|----------------|---|-------------------|---|-------------------|
| | Educated workers (university and higher secondary professional education) | | Uneducated workers (complete or incomplete secondary education) | |
| | State-owned and pseudo-privatized enterprises | Private companies | State-owned and pseudo-privatized enterprises | Private companies |
| Extremely high | 3.6* | NIL | 1.7 | NIL |
| High | 6.3 | 4.7 | 2.2 | 1.3 |
| Average | 59 | 13 | 42 | 7.4 |
| Low | 22 | 67.2 | 37.1 | 74 |
| Extremely low | 9.1 | 16.1 | 17 | 17.3 |

*mostly high level managers

Source: Questionnaire responses.

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Middlesex University Press and is distributed by Libri Publishing: www.libripublishing.co.uk.