INDUSTRIAL RELATIONS IN SOUTH EAST EUROPE: DISAGGREGATING THE CONTEXTS

Abstract

This study critically evaluates industrial relations in South-Eastern Europe and points towards future practical and research oriented opportunities there. A survey of organizational policies and practices has been used to explore the state of industrial relations in both private and public organizations in this region. Specifically the data, collected in 2009/2010 (so including the latest changes due to the economic crisis), covers 840 different organizations located in Slovenia, Serbia, Bulgaria, Greece and Cyprus. We discuss the development of 'regional specific' industrial relations policies, the 'importing' of Varieties of Capitalism models, the diffusion of the European Union social model, and the role of foreign MNCs in changing industrial relations in the region.

Key words: *industrial relations, south-eastern European organizations, Bulgaria, Cyprus, Greece, Serbia, Slovenia*
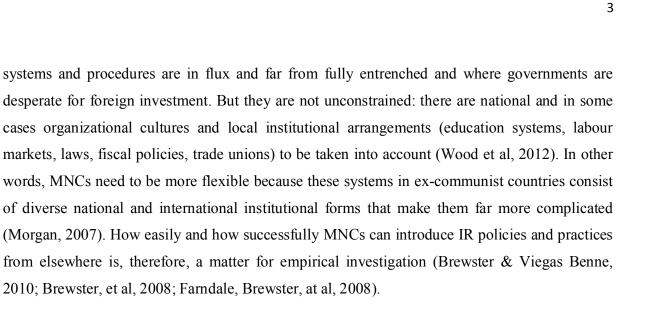
Introduction

We know much less about human resource management (HRM) in South-Eastern Europe (SEE) than we do about HRM in North-Western Europe. But developments in these SEE countries may be of real significance for our understanding of the way HRM works. The ex-communist SEE states are a test-bed of many of our ideas of management, human resource management and industrial relations. The latter, in particular, is the focus of this paper. This is a region where the model of industrial relations that existed in 1990 totally collapsed, leaving the field open for a variety of alternatives to be tried. To use the basic distinction drawn by (Hall & Soskice, 2001a), should these states follow a carefully regulated, collaborative Germanic approach – act as a Co-ordinated Market Economy (CME) - or a regulation-free, competitive United States approach, or Liberal Market Economy (LME) as these authors term it? Hall and Soskice argue that countries can be successful at either end of this spectrum but systems that are mixed are much less likely to be successful. More immediately for our purpose here, what models of IR would emerge? Like many of the other Varieties of Capitalism (VoC) specialists, Hall and Soskice (2001) have very

little to say about these countries so their position is open to exploration. The same applies to similar theoretical approaches like Multi-Varieties Models., For example, neither of the most widely cited models (Amable, 2001) or the National Business Systems (NBS) approach (Whitley, 1999a) refer explicitly to these countries. However, since this approach has been developed for business systems with distinctive patterns of behaviour and differences in relationships between entrepreneurs, managers, and employees (Morgan, 2005 and 2006; Gooderham *et al*, 2006), we can support the view that even on the simple dichotomous model, different ex-communist SEE states have made different decisions about which model to follow.

Many of the SEE countries were in the former Soviet bloc or members of the Yugoslav state. Events since the November 1989 collapse of the Berlin Wall, and what it stood for, have been dramatic and, for the lives of some the ordinary citizens of these countries, traumatic. The switch from planned to market economies has been momentous: wealth (and inequality) increased ; GDP growth was well above the average compared to the countries that were previously in the European Union (EU). The economic crisis that began in 2008 hit some of the countries in the region harder than most of the more established economies; it had a particularly visible effect in their near neighbour and trading partner Greece. Many of these countries have acceded to the EU; some have joined the Eurozone. Borders have been opened for the free movement of capital, goods and labour. These are countries where economies and lives have changed considerably in a short period of time. They have been classified as "transition economies" (Stark & Bruszt, 1998). Whilst it is clear what they are transitioning *from,* it is not clear exactly what they are transitioning *to*; or whether, in fact, they represent a new VoC in contrast with other emerging market economies in other places of the globe (Batt et al., 2009; Kuruvilla and Ranganathan, 2009).

A related question concerns the extent to which foreign multinational corporations (MNCs) have introduced new or at least foreign IR in these countries. The economies of the SEE countries tend to be dominated by large numbers of small and medium sized enterprises (SMEs) - many of them very small - and public sector employment, but the fervent wish to attract foreign inward investment that followed the upheavals of the early 1990s has led a number of MNCs to establish a presence in the region. MNCs are powerful, particularly in the context of countries where

systems and procedures are in flux and far from fully entrenched and where governments are desperate for foreign investment. But they are not unconstrained: there are national and in some cases organizational cultures and local institutional arrangements (education systems, labour markets, laws, fiscal policies, trade unions) to be taken into account (Wood et al, 2012). In other words, MNCs need to be more flexible because these systems in ex-communist countries consist of diverse national and international institutional forms that make them far more complicated (Morgan, 2007). How easily and how successfully MNCs can introduce IR policies and practices from elsewhere is, therefore, a matter for empirical investigation (Brewster & Viegas Benne, 2010; Brewster, et al, 2008; Farndale, Brewster, at al, 2008).

In this paper, we draw on an international survey of employers to establish some of the similarities and differences in the current position of IR in five SEE countries, namely Bulgaria, Cyprus, Greece, Serbia and Slovenia. These countries are an interesting amalgam of contexts, having old (Greece), new (Bulgaria, Cyprus and Slovenia) and potential (Serbia) members of the EU. Also, three of them (Bulgaria, Serbia and Slovenia) are ex-communist countries, belonging though to different blocs: the former Soviet bloc (Bulgaria) or the Yugoslav state (Serbia and Slovenia). Since the collapse of their communist regimes they have experienced different fortunes – with Slovenia being comparatively successful economically and Bulgaria economically unsuccessful. They have also seen dramatic changes in their IR systems. However, previous studies of ex-communist countries have suggested that even though their economies were in transition employees have shown more support for strong trade unions and state intervention in the job market in comparison to liberal market economies (Blanchflower and Freeman, 1997). Moreover, Greece and Cyprus, although not ex-communist bloc states (despite having had or communist governments in the past), cannot be included in the LME group where work flexibility for instance, is much more accepted (Katz, 1993; Van Jaarsveld, et al., 2009; Holman, et al., 2009). Nevertheless, both countries have seen substantial deregulation of their IR systems in the last few years. In particular, Greece, due to the current debt crisis, faces a rapid deconstruction of its IR system (at the time of writing, 2013, this is still continuing).

Hence, this study attempts to explore empirically some of the similarities and differences in the IR systems of these SEE states and identify what they mean for our theories of capitalism generally and industrial relations in particular. In the first part of the paper we outline some of

the existing theories and background factors for those states that may explain their similarities and differences. Then we present our methodology and our findings and draw some conclusions as to the current and potential future of IR in SEE.

Theorizing Industrial Relations in South-Eastern European Region

Various theories in the field of international business suggest that organizations are embedded in their national context (Amable, 2001; Dore, 2000; Hall & Soskice, 2001b; Kostova & Roth, 2002; Whitley, 1999a and b; Whitely, 2006; Wood & Lane, 2012)[1]. Foreign firms will want to bring in to their subsidiaries their own versions of 'best practice' but they will also need to understand and adapt to the local context in order to become and remain legitimate and efficient. There are both institutional and cultural arguments for this (Brewster, 2004; Sorge, 2004). According to Wood and Lane (2012) recent research on institutions emphasises the uneven and polymorphic nature of capitalistic development in different contexts. Therefore, it is important to understand the emerging economic contexts, attempting to explain their operation theoretically.

The varieties of capitalism (VoC) literature provides a potential explanatory framework for this purpose (Dore, 2000; Hall & Soskice, 2001b). CMEs take a wider stakeholder approach to employment issues, there are higher levels of job security (Croucher, et al, 2012) and protected employment conditions and, therefore, employers are more open to investing in the development of their employees, since there is less chance of talented employees' leaving the employer (Goergen et al, 2009; Psychogios & Wood, 2010). It is accompanied by higher levels of delegation (Whitley, 1999a). CMEs tend to be mainly focused on opportunities to produce high quality, value-add manufacturing of refined, mature products (Dore, 2000; Hall & Soskice, 2001b; Psychogios et al, 2010b; Thelen, 2001). On the other hand, LMEs are focused on increased competition that makes employment relations more flexible in terms of employees' job security, representation and turnover. They are associated mainly with knowledge intensive and technology sensitive industries but with a strong focus also on lower value service sector activities.

---

[1] For a discussion of this literature see Wood, G., Croucher, R., Brewster, C., Collings, D. C., & Brookes, M. 2009. Varieties of Firm: complementarity and bounded diversity. *Journal of Economic Issues*, 43(1): 241-260.

This dichotomy seems to be less adequate regarding the economies of the SEE region. For instance (Harcourt & Wood, 2007) criticize these approaches as broadly ignoring the different nature of SEE countries. Moreover, Whitley (1999a) notes that key-interest groupings and their interactions with workers and organizations vary greatly from country to country. Therefore, other authors went beyond the VoC approach to take a more nuanced view of comparative capitalisms (Jackson & Deeg, 2008) and attempted to concentrate on a wider range of institutional characteristics (Whitley, 1999b; Wood & Frynas, 2006). According to Whitley (2006), the available evidence coming from Central and South-Eastern European countries supports the view that these countries should be treated as a distinctive group.

Hence, a major target of the current literature regarding IR systems in SEE countries, and especially those belong to post-communist/transition economies, is either to position it as another type of VoC (Babos, 2010; Lane, 2007; Wood & Lane, 2012) or to establish the different types of capitalism within the SEE grouping. Lane (2007) points out that ex-Communist economies can be divided into middle, low, and very low income categories. Some countries appear to be following the continental European capitalism (Lane, 2007), the best examples being the new EU and Eurozone member-states (eg Slovenia and Slovakia), since they accept strong pressures associated with Europeanization and the requirements to form common institutional arrangements. Also, in both Slovenia and Slovakia the system is less corrupt, enjoying a macro-economic stability. Other countries (Bulgaria, Croatia, Latvia, Lithuania, and Romania) are considered less developed and appear to be trying to follow LME arrangements (Lane, 2007). As Buchen (2007) argues, this does not suggest that there are not common features among these countries. For example, there are common aspects regarding shareholder approaches to corporate governance. Crowley (2004) reaches similar conclusions, by arguing that most transitional SEE countries appear to be moving firmly towards the liberal market model, with the possible exception of Slovakia that has appeared to share many common features with Slovenia. However, it is clear that those states had a range of different models to use as exemplars. These 'transforming' or 'transitioning' economies (Stark & Bruszt, 1998) have been developing their approach to capitalism for over two decades now: have they become a specific variety of capitalism, or several varieties, or are they still in flux?

A wider view of the SEE region includes relevant states that were not formerly part of the Soviet Communist or Yugoslav blocs (even though they may have had or have communist governments). For example, Greece and Cyprus, although SEE states, are part of the Mediterranean capitalism variety (Amable, 2001; Psychogios & Wood, 2010). Both of them encounter a historical tradition of centralism as well as the long existence and operation of state-owned enterprises, some MNCs and a lot of, mainly family-owned, SMEs (Psychogios, et al., 2010). According to Zamprakopoulou (2007) the pre-existing institutional arrangements and economic structures found in Greece and Cyprus, with many small enterprises, rigid labour laws and inflexible labour arrangements, are typical of the Mediterranean variety of capitalism (Amable, 2001; Zambarloukou, 2007).

Understanding the SEE Context of Industrial Relations

Industrial relations is a good touchstone for such issues, since national business systems are not just about external co-ordination or competition, but also internal relationships – typically evidenced in the legitimacy of and role for trade unions (Whitley, 1999a). Many authors have attempted to analyze specific aspects of the IR system in Central and SEE. Iankova (2002) for example, suggests that there are three elements of this group of countries that differentiate their tripartite social partnership structures from Western European countries: multi-level bargaining, involvement of a broader range of social groups, and emphasis on political negotiations rather than on economic and social issues. Moreover, there is in many countries a lack of nationally coherent IR institutions (Martin & Cristescu-Martin, 2006). Particular attention has been paid to the core values underlying IR systems in Central and SEE. So Howard (2003) argues that there is a widespread mistrust of formal organization and organizational participation and Roney (2000) supports the view that there is a wider emphasis on family and informal networks rather than increased levels of social trust. The existing evidence led Martin and Cristescu-Martin (2006) to argue that the IR system in Central and SEE is highly segmented. In particular, they claim that there are four major segments that need to be taken into account, namely, the state budget segment (under continuing crises since 1989), the privatized segment (which provoked a turbulence in IR systems within the region), the private segment (characterized by limited collective bodies and informal IR), and the multi-national corporate segment (which seems to

follow the international trends with reductions in employment levels, increased flexibility and rationalization of work). According to these authors, the fourth segment provides some evidence of convergence between Central and SEE countries and those in Western Europe.

More recent literature clusters together the Central and South-Eastern European countries that are members of the EU (Czech republic, Hungary, Poland and the Slovak Republic) in comparison to other that they are not (Sahadev & Demirbag, 2012). Nolke and Vliegenthart (2009) call this form of capitalism 'Dependent Market Economies' (DMEs). Other emerging economies from SEE, which are not EU member-states, operate within their own institutions and share a socialist legal origin (Botero et al, 2004). The above arguments support a view of fundamental differences between different transition economies. The main field of these distinctions concerns the nature and depth of neo-corporatism, and the power and sustainability of various institutions and employment practices (Jackson and Deeg, 2008).

These distinctions are key to the IR system. As an example, although trade union membership there has declined markedly in the last couple of years, Slovenia is characterized by a development towards a neo-corporatist culture, since there are well-organized and structured trade unions, firm works councils and collective wage agreements as well as quite powerful associations of employers (Buchen, 2007). Other transitional countries seem to have followed a different route. For example, Romania and Bulgaria have fundamentally weak trade unions and work councils, as well as less structured employer associations.

The developing literature on comparative capitalisms suggests that these transitional economies have still to become fully integrated into any particular variety of capitalism, either through converging with another variety of capitalism or as a fully formed model in its own right. Even though the countries constituting the SEE region of Europe have some similarities, their size, political importance and economic performance differ dramatically (Schwartz and McCann, 2007). This is likely to affect the nature of IR development in each one of them. Given that transitions tend to be uneven affairs, it is likely that internal diversity will be particularly advanced in such contexts (Boyer, 2006). In recent years dramatic and possibly traumatic change has also occurred to other states in the region. Notoriously, Greece and Cyprus have in recent

years been struggling with an economic crisis that has caused numerous international interventions and created concern and unrest throughout the country. We need a clear understanding of the differences between exemplar states in the region.

Countries in our study

Bulgaria

The Bulgarian economy has struggled in recent years. Since its re-establishment as an independent country Bulgaria has, compared to its ex-communist neighbours, had lower growth, lower foreign investment, lower labour productivity (Vatchkova, 2009) and has developed a reputation for having higher levels of corruption (Brewster & Viegas Bennett, 2010). On many measures of development Bulgaria comes out at or near the bottom of the group: it would fit comfortably into the low income category of SEE countries (Lane, 2007).

Like many of the ex-communist states, Bulgaria has a mix of organizations with many of the old approaches persisting in some form alongside dynamic modern businesses (often linked to foreign MNCs) which have adopted westernized ways. Bulgaria has a largely formal industrial relations system, but at the same time it is characterized by a wage informalization (Williams, et al, 2013). Indirect employee representation is dominated by trade unions (EIRO, 2009a). There are areas of strong trade unionism, with around a third of larger organizations having more than 50% union memberships, whilst many others have much less and perhaps another third have no union representation at all (Vatchkova, 2010). Although around 40% of organizations had a joint consultative committee or works council a decade ago (Nedialkova, 2001), this is far from the case now (EIRO, 2009a) and indirect representation other than through trade unionism is limited to representation on committees for the protection of employees' economic and social interests, information and consultation (under Council Directive 14/2002 EC) and health and safety committees (EIRO, 2009a). Trade union membership and influence has declined dramatically in recent years: in the last decade the proportion of larger organizations dealing with unions dropped from around three-quarters to only just above one quarter. Conversely, by-passing unions through direct verbal communication and electronic communication (which has comparatively very low use) have increased. This may partly reflect the privatization and shrinkage of the public sector, in which the unions were strong, but public opinion polls reveal that trade unions do not enjoy

high levels of confidence among Bulgarian citizens. This does not explain the lower use of joint consultation structures, though it has been argued that this may be because employers were concerned that their powers would be undermined, while trade unions were afraid of being ousted by other bodies protecting workers' interests (Vatchkova, 2000). The evidence shows Bulgaria lagging behind other countries in other areas too. Vatchkova (2010) points out that less information is passed to the workforce in Bulgarian organizations than in most throughout Europe – a fifth of the managers, even, are not informed about the company's financial results.

Cyprus

It has been argued that the IR system in Cyprus showed caution on the part of both employer and employees associations over recent decades. This was a result of the governments' policies towards the enhancement of active participation of workers, the limited involvement of the state, and the production of procedural agreements (Papalexandris & Stavrou-Costea, 2004). In particular, the IR system in Cyprus is based on tripartite cooperation. According to Soumeli (2009) there is a long tradition of social dialogue, where the application of IR policies and practices comes from the social dialogue between the government, the employer organizations and the trade unions. The main structures of indirect representation are the trade unions and safety committees (EIRO, 2009b). Collective representation is high, since three-quarters of Cypriot organizations with over 100 employees stated that at least three-quarters of their staff belong to trade unions (Papalexandris & Stavrou-Costea, 2004). The Cypriot trade union movement, both in the private and the semi-public sector, was firmly established and well-organised both in terms of direction and structure (Soumeli, 2009).

Employment has been based, to a large extent, on the provisions of collective agreements, either at the sectoral or the organizational level. However, the system can be defined as quasi-formal (Williams, et al, 2013), since there are some features that are less formal. A prime example is the lack of legal system related to employment relations. In the absence of relevant law, collective agreements are considered as 'gentlemen's agreements' (Yannakourou & Soumeli, 2005). In the last few years there has been growing pressure on Cyprus to harmonize its legislation with the EU and this has led to a number of terms and conditions of employment being legally enforced, providing minimum terms and conditions of employment for non-unionized employees and

employees in smaller enterprises and those that have not agreed to or signed a collective agreement (Soumeli, 2009; Yannakourou & Soumeli, 2005). However, the laws that exist are rarely enforced. In short the IR system in Cyprus appears to mix elements of anLME, since it is based on the liberal and voluntary tradition, with little legislative back-up (Stavrou-Costea, 2004). and a quasi-formal system reflected on the predomination of waged-informalization (Williams, et al, 2013) of a Mediterranean system, with a predominance of family-owned businesses, long-term employment, paternalism and little legislative enforcement .

Greece

Greek capitalism is internally diverse, reflecting specific historical legacies of a highly interventionist state and periodic experiments in centralized authoritarianism and regional diversity with large enterprises placed in a few major cities (Lane and Wood 2009). Moreover, Greece has a lot of similarities with most other countries in the 'Mediterranean and South Eastern model of capitalism' (Amable, 2001) or the so-called 'Mixed Market' Economies (Hall & Soskice, 2001b; Hancké, Rhodes, & Thatcher, 2007; Molina & Rhodes, 2007). Beyond these arguments through, it can be argued that Greece is a distinct case, having less common features with other especially Mediterranean countries like Italy and Spain (Psychogios & Wood, 2010). This is due to the situation in employment relations as well as on the unfortunate role of being a pioneer in implementing further neo-liberal reforms following the economic crisis that began in 2008, which may eventually lead to the development of new institutional orders (Sorge, 2004).

In this respect, the Greek IR system is a dualistic one: there is the heavily unionized and regulated state and large firms sector and there is the very large underground economy (Psychogios & Wood, 2010) with trade unions, works councils and health and safety committees (EIRO, 2009c).. In the SME sector there is a culture of non-compliance with labour law (Mihail, 2004). The lack of trade union representation in SMEs has not lead to the adoption of alternative forms of representation within those enterprises (EIRO, 2009c), so the resultant IR practices are likely to be non-procedural, flexible, highly personal, and at the same time arbitrary; this is often matched by poor terms of employment and working conditions (Psychogios & Wood, 2010). Hence, in Greece the system is dominated by both formalized/informalized industrial relations, while it follows a "market-oriented own account informalization" (Williams, et al, 2013 p.8).

The current debt crisis (2008-09) has further accelerated the declining importance of the state sector, which has negatively affected trade union membership and led to significant industrial conflict. At the same time the role of the state has been weakened since the debt crisis has resulted in an attrition of national autonomy, due to the involvement of trans-national institutions like the International Monetary Fund (IMF) and the leading Eurozone countries.

Serbia

Serbia stands around the middle of the group of ex-communist countries in terms of economic development, despite its recent turbulent history (Lane, 2007). The unique background of participative structures in the former Yugoslavian countries, greatly influenced by the system of self-government, developed in the second half of the 20th century (Svetlik et al., 2010; Szlávicz, 2006). Serbia had a decisive political role among the republics of the former Yugoslavia. Following the disintegration of the country, the Federation of Serbia and Montenegro took over as the legal successor of the State's rights and obligations. Since 2005, and the secession of Montenegro, Serbia constitutes as a separate state. It has, of course, had a troubled history over the last few years and this continues to be reflected in high unemployment and low growth rates, although the country has recently attracted considerable inward investment. Serbia is an example of "wild capitalism" (Upchurch & Marinković, 2011).

In the last decade, Serbia has shown a strong effort towards democratization of IR, since this is one of the necessary conditions for its European integration (Grosdanić, 2011). However, employee representation still seems to be uncertain (Mihailović, 2001). In addition to the old "party" unions in the Confederation of Autonomous Trade Unions of Serbia, there are numerous "new" trade unions, often set up in opposition to the former unions, many of which are not affiliated to any trade union centre (Arandarenko, 2001). The extensive fragmentation of the union movement means that they are generally weak and have little influence. They are highly competitive between and within themselves but quiescent as far as employers or the state are concerned. They are faced with numerous problems (Stajić, 2006), both of adjusting their own ways of operating and of achieving acceptance. In short, trade unionism and representation in Serbia seems to be weak, unclear and dominated by conflicts.

Slovenia

Slovenia shares some of the same history as Serbia in terms of being part of Yugoslavia but has developed very differently and is the most successful of the ex-communist countries in our sample (Lane, 2007). Historically, Slovenia was economically the most developed Yugoslav republic and the one most intensively connected with Western markets. Following a massive general strike in 1992, the privatisation process in Slovenia accentuated internal buy-outs where all key players – the state, managers and workers – were included in a major redistribution of the former social property. This strongly, and probably decisively, contributed to pacification of the strike movement at the time (Stanojević, 2003).

Accession to the EU in 2004 led to the development of transitional state-managerial capitalism. The institutionalised tripartite formation of wage restraint policies i.e. the chain of instrumental pacts (Brandl and Traxler, 2010), was assured by the relatively developed, highly centralised, inclusive collective bargaining system. The employment system in Slovenia is less formalised. According to Williams, et al, (2013) Slovenia displays a solidarity-oriented own-account informalization. The basic features of the system meant the core workforce enjoyed strong job and payment protection. Slovenia joined the Eurozone and a newly elected coalition government announced a package of radical neo-liberal reforms: which were opposed by the trade unions. In the context of the political turn to the right, the announced reforms, conflicts and new policies by the Chamber of Commerce and Industry, there was a rapid decline in trade union membership.

Indirect employee representation is mainly undertaken by trade unions and works councils. The majority of companies (60%–70%) have trade unions. Work councils can be found in around three quarters of large companies and in around a quarter of SMEs (EIRO, 2009d). Public opinion surveys reveal that over the last four or five years Slovenian trade unions have probably suffered the most dramatic membership loss in their recent history although they remain higher than most of the other countries in our sample. Relationships between the unions and the employers and government have continued to deteriorate, the unions are getting weaker and there is only fragmented dialogue

The rationale of the study

In IR terms we can categorise our selected SEE countries into two major groups. On the one hand, there are some post-communist states that are trying to promote their economies by formulating a more stable management system. Within this group, there are countries at different stages of development: Slovenia is a complete member of the EU and the Eurozone and its economy seems to be much more integrated in comparison to the majority of these states; Bulgaria, although a new member of the EU, is not fully financially integrated in the Eurozone; Serbia is not a member-state of the EU although its current government has a strategy to become a member in the future. On the other hand, there is Greece and Cyprus, which were never part of the communist bloc. These countries are also trying to find their own economic balance, though from different perspectives. Greece, a long-time member-state of the EU and part of the Eurozone, currently faces a huge debt crisis and an enormous deregulation of its systems (including IR) in order to meet international requirements and remain part of both the EU and the Eurozone. Cyprus, like Slovenia, is a complete member of EU and the Eurozone, is currently divided so that the northern 40% of the country does not recognise the authority of the government of the Republic of Cyprus (which, only recently had a communist president) and accepts strong pressures to integrate its system in order to follow its EU counterparts, despite the negative impact from the global financial crisis.

These are all countries in which there has been little research on industrial relations (Psychogios, Szamosi, & Wood, 2010a) and the research that has been done was generally undertaken before the 2008/9 depression and the resultant downsizing, job insecurity, etc. Moreover, the majority of the existing studies that can be found in SEE IR literature are generic and fragmented. Institutions are dynamic and evolving (Boyer, 2006). Therefore, there is little doubt that the process of change in regulation and practice in SEE countries has been an uneven, contested and uncertain process. The literature review of the SEE IR systems above indicates that purely dichotomous approaches to capitalist diversity cannot adequately explain the nature of institutions or practices in many transition economies, most notably in the SEE region. Particularly at this period of time, the countries in the region, for different reasons, have been undergoing a tortuous evolution, characterised by reforms introducing greater liberalization, Europeanization and coordination. Nevertheless, the ultimate direction for these countries remains unclear. In this respect, this study

aims to expand our understanding and knowledge of the IR system within the changing context of SEE states by empirically exploring similarities and differences. This study is a first attempt to close some of these research gaps.

Methodology

The SEE countries investigated in this study are Bulgaria, Cyprus, Greece, Serbia and Slovenia. The evidence comes from Cranet, a substantial international comparative survey of the senior human resource specialists in more than forty countries. The questionnaire is designed by a multi-cultural team and translated and back-translated (Brislin, 1976; Brislin, Lonner, & Thorndike, 1973) into the appropriate language or languages of the host country. The questionnaire is answered in about 70% of cases by the most senior person in the HRM department of the organization (and in the other cases, mainly the smaller organizations, mostly by the CEO or a senior manager whose responsibilities encompass, but are not limited to, HRM). Respondents are from organizations with more than 100 employees. The survey is a full population survey in each of these countries and it is broadly representative of the economy of these countries, though tending to over-represent the proportion of larger organizations. The survey questions are as far as possible restricted to factual issues with numbers or yes/ no answers. This facilitates translation and enables us to check with other databases on, for example, trade union membership, that our results are (for organizations of more than 100 employees) in line with existing knowledge, ensures that the results are not subject to too much perceptual or cultural interpretation.

Insert Here Table 1

Using this database, we explore a variety of IR issues in our selected countries. Response rates for these full-population surveys range, depending on country, from 14% to 20%. Table 1 shows the total sample from each SEE country in the study as well as how this number is distributed among SMEs and larger organizations. It also shows the sample of organizations in non-communist and post-communist countries.

More than 82% of the total responses are from organizations in Bulgaria, Greece and Slovenia, while the smallest samples come from the smaller populations of Serbia and Cyprus. The

majority of organizations (68%) are in the private sector while the public organizations constitute 18.5% and the rest are, more or less, equally distributed among not-for-profit organizations, mixed (public-private) organizations and other types of organizations. The sample is almost equally distributed among larger organizations and smaller organizations (see table 1). The majority of the organizations (66%) have a dedicated HRM department. rather than having HRM included in general administrative tasks. The data refer to organizations and were gathered in 2009/ 2010, including the latest changes following the economic crisis.

The respondents were asked about a series of IR issues and challenges associated with current organizational practices. To facilitate the data analysis specific control variables have been used, so that the effect of the independent variable can be tested in relation to them. Specifically, the control variables used are: (i) whether the data is from a country in the post-communist or non-communist group (we also checked for individual country), (ii) the size of organizations in terms of total number of employees, (iii) the type of organizations (local/National or international/MNC), and (iv) the sector in which organizations are operating (public, private and mixed). Some of these variables have been used in similar studies analysing their effects on the convergence of employment practices in Europe (see, for example, (Sahadev & Demirbag, 2012; Tregaskis & Brewster, 2006). The type of organization (local or international/MNCs) becomes significant since the majority of these economies are dominated by local SMEs, but at the same time there is a wave of MNCs that may wish to transfer IR policies and practices within their SEE operations (Martin & Cristescu-Martin, 2006). The dependent variables used refer to a variety of IR issues and practices and can be classified in the following categories:

1. Trade unions influence and developments: existence of trade unions and other representative bodies (work councils) and their degree and development of influence on organizational policies and practices.

2. Downward internal communications: the methods that management uses to communicate major issues to employees

3. Upward internal communications: the methods that employees use to communicate their views to management

Different sets of parametric tests were carried out using SPSS software. These tests investigate whether there are significant differences between groups, a methodology that has been used in similar studies (Tregaskis and Brewster, 2006). Independent samples t-tests were used to compare the mean scores of two different groups. One-way Analysis of Variance (ANOVA) tests were conducted with post-hoc tests (Tukey) to identify which groups differed. Additional tests, besides descriptive statistics, included bivariate correlations and chi-squares.

Findings

Overall, many of our control factors confirm that industrial relations in SEE follows similar patterns to those in the rest of the world. Thus, as anticipated, and as elsewhere in the world, larger organizations are more likely to include both a higher number and a higher proportion of trade union members, to recognise trade unions for collective bargaining, to have consultative or works committees and to be more influenced by the unions. They are also more likely to be members of an employers' association. And, again as expected, sector is an important element of the analysis. There are statistically significant differences between private and public sector organizations, with the mixed public/ private sector organizations aligning with the public sector ones: strong trade unions, active works councils, significant influence on management processes.

Inset Here Table 2

In more detail, Table 2 shows the correlation analysis made between the proportions of employees participating in trade unions controlled for the size of the organization. Clearly, the larger the organization, the more employees participate as members in the trade unions (*p=0.00*) and the more trade unions play a significant role and influence decisions and policies (*p=0.00*). Similarly collective representation of employees within larger companies and organizations means more recognition of these entities as part of collective bargaining. The same happens less within small and medium sized organizations (*p=0.00*). At the same time, the latter seem to neglect other representation bodies like work councils or consultative committees that are more common in larger organizations (*p=0.00*), confirming the evidence from western Europe that trade unionism and other forms of collective representation are correlated (Brewster, Wood., Croucher, & Brookes, 2007). Finally, Table 2 shows larger organizations, and especially those

operating in the private sector, tend to participate more in employers' associations in SEE countries (*p=0.00*).

Table 3 shows the extent to which trade unions influence on organizations is related to the type of organization. Within indigenous local organizations, IR practices play a significantly lesser role than they do in the MNCs. In other words, within international large organizations formalized IR practices and systems are more common than they are in other types of organizations. In particular, employee participation in trade unions (*p=0.00*), the influence of the latter on management decisions (*p=0.00*) and their involvement in collective bargaining (*p=0.001*) as well as the existence of other collective representation bodies (*p=0.001*), seem to be part of the agenda of large MNCs organizations, but less commonly so for indigenous organizations.

Insert Here Table 3

The third organizational factor, sector is shown in table 4. There are clear statistical differences between them. Public organizations are better well-organized and active in terms of IR issues - more trade unions (*p=0.00*), have more active members in them (*p=0.00*), more active work councils (*p=0.005*) and have greater recognition of trade unions for collective bargaining (*p=0.039*).The communist heritage in Bulgaria, Serbia and Slovenia seems still to influence the IR practices of public organizations, whilst at the same time, in both Greece and Cyprus there is also a long tradition of well-established and powerful trade unions in the public sector. The mixed public-private organizations in SEE countries are generally public enterprises where the main stakeholder is the state, but they have been put at arms-length in an attempt to get them to operate more like private companies. This does not seem to be altogether successful. In Greece, for example, some of them are monopolies and they tend to maintain strong trade unions with a considerable amount of influence.

Insert Here Table 4

Exploring geographical effects on IR systems in SEE

We explored the differences between the post-communist and non-communist countries: between

on the one hand Serbia, Slovenia and Bulgaria and on the one hand Greece and Cyprus which have a lot of common linguistic, political, cultural, historical and economical features although they maintain distinct characters.

Insert Here Table 5

Table 5 shows differences in trade unionism and collective bargaining between these two groups of countries. First, it seems that post-communist (PC) countries are dominated more by small and medium organizational entities, while in non-communist (NonC) countries the majority of the organizations do belong in a larger group (*p=0.00*), and many of them are the subsidiaries of MNCs. Moreover, it seems that trade unionism is less developed and organized in the PC countries compared to the NonC ones. Statistically, the latter have more active collective employee representation: more participation of employees in trade unions and employee representatives that have more influence on decisions, policies and practices of the organizations that employ them. Organizations in PC countries are less likely to recognize trade unions for collective bargaining (*p=0.00*) and less likely to be members of employers associations.(*p=0.00*). A critical explanation of the above results lies in the fact that the PC countries attempted to "run away" from their communistic culture and practice in order to promote their economies more within the European capitalistic system. In contrast, Greece and Cyprus have a long tradition of strong IR institutions that dominates both in larger businesses and the public sector.

Insert Here Table 6

The communist past does, however, seem to influence some management practices in PC countries, since they follow more formal methods of communication in comparison to NonC countries. Table 6 confirms that NonC countries use more informal and more modern (electronic) methods of communicating in comparison to PC countries. In particular, organizations in PC countries are more likely to utilize representative staff bodies to communicate major issues to the staff (*p=0.00*) and less likely to use verbal (*p=0.031*) and direct communication (*p=0.00*), and tend to use written or electronic ways of communication with employees significantly less (*p=0.00*): they prefer more official ways of communicating. They make less use of teams and

team briefings in order to communicate with employees in comparison to organizations in NonC countries (*p=0.00*).

<div align="center">*Insert Here Table 7*</div>

This formality in PC countries extends to formally briefing professional, clerical/administrative and manual staff about business strategy, financial performance and organization of work. Such staff tend not to be so briefed in the NonC countries (Table 7). In one respect at least, that of formally communicating with employees, it seems that the PC countries are closer to the EU model than the (longer established EU members) Greece and Cyprus where communication tends to be more flexible and informal. The above conclusions are replicated in upward communication systems.

<div align="center">*Insert Here Table 8*</div>

Table 8 shows that in PC countries there are more organised and centrally-decided practices for this communication process. For instance, organizations in PC countries are more likely to use workforce meetings (*p=0.017*) and suggestion schemes (*p=0.00*) for employees to communicate their views to management and less likely to have direct communication with senior manager, team briefings (*p=0.028*), and electronic communication (*p=0.026*).

Despite these overall findings, we carried out indicative tests of the differences within these groupings. The numbers we had for each country were too small to allow us to do anything more comprehensive. There were significant differences between the countries: despite a common soviet bloc or Yugoslav heritage for three of these countries, during which period there were claims that their IR systems were very similar, in fact each country maintains its own distinctive "recipe". This applies just as strongly when SMEs are examined separately. The statistical analysis shows strong distinctions between countries in SEE in terms of their IR systems. There are significant differences between SEE countries in almost every single employment relations issue. In other words, both trade union influence and developments, as well as internal (upward or downward) communications, seem to vary from country to country in our sample. Moreover,

our analysis shows that these differences are not only among large, mainly MNC organizations, but also among the SMEs that dominate SEE economies. In short, it seems that the extent to which both trade unionism and internal communication processes takes place within SMEs depends strongly on their country of location.

Conclusions

The overall results show many expected findings, which gives confidence in the data. Insofar as larger organizations are more formalised in their IR and public sector organizations are more heavily unionized, the SEE states are following world-wide and well-understood patterns. Similarly, the fact that MNCs show elements of adaptation to the local environment but also bring in more formalized practices reflects experience elsewhere (Brewster et al., 2008; Farndale et al., 2008). Despite anti-MNC rhetoric in some quarters, in these countries they tend to be more unionized and consult more. MNCs are distinct from endogenous organizations, supporting Morgan's (2007) view that MNCs "become a source of diversity inside institutional contexts" (p.139). It is true that MNCs in order to respond to a drastically evolved business environment, attempt to reshape local institutions like industrial relations by finding new ways of engagement with local societies and firms, but at the same time it seems to be influenced by a lot of local institutions attempting to follow their logic and adapt.

A major interest of the paper lies in the distinctions in IR practice within the overall findings between the ex-communist countries and the non-communist countries and the distinctions within those categories. There are clear differences between these groups in the IR practices of organizations. Despite this, a closer look within these categories indicates the power of the national "recipes", built on the culture, institutions and historical developments in each country. These findings suggest that transforming economies is, of course, complex and clusters of organizations within a country will not change radically, consistently or quickly (Whitley, 1999: 240-241). The emerging literature on comparative capitalism in the ex-communist states (Bandelj, 2009; Crowley & Stanojević, 2011; Buchen, 2007; Lane, 2007) suggests that most transitional economies are still far from any 'end stage', either in convergence with another variety of capitalism or as a fully formed model in their own right.

The findings raise issues in terms of the Hall and Soskice view that only 'pure' LMEs and CMEs can be successful. The multi-model theories of comparative capitalism (Amable, 2003; Whitley 1999a) offer a challenge to such theories, pointing to, for example, the Nordic countries as a separate category encompassing the most successful economies in the world. The only currently successful country in our database is Slovenia, which would give credence to the Hall and Soskice view but, as we have shown, whilst Slovenia may share some of the characteristics of a CME it has been moving away from that model quite dramatically. Do we see, perhaps, the emergence of a South-Eastern model of capitalism? It seems that both ex-communist and non-communist countries of South-Eastern Europe can be clustered under the same umbrella, at least in terms of industrial relations. Although these systems seem to have a lot of things in common with other systems like the Mediterranean model of capitalism (Amable, 2003) or the Mixed Market Economies (Hall and Soskice, 2001; Hancké et al., 2007; Molina and Rhodes, 2007), there are other critical features that make them a different case. In particular, their past history of authoritarianism (for both ex-communist and non-communist countries), their labour markets, the process of neo-liberal reforms, the relative size of their informal economies, the expanded undeclared work and the weaknesses of their institutions, contribute to understand these systems as quite distinct.

Our findings provide valuable information and insights into developments in south east Europe but they can only be preliminary. There is a wide field of research possibilities in the 'test-bed' region where institutions have been, and continue to be, changing faster than is typical elsewhere. Tracking those changes in all the countries – but particularly perhaps in Slovenia – will be a valuable task, and comparing them to elements of HRM such as the industrial relations we have focused on here, or to varying working practices or pay systems would be a valuable activity. Whether we see the development of a separate category of market economy for these countries or whether they diverge towards other forms will tell us much about the value of these kinds of analyses.

References

Amable, B. (2001), *The Diversity of Modern Capitalism*. Oxford: Oxford University Press.

Arandarenko, M. (2001), "Waiting for Workers – Explaining Labour Quiescence in Serbia." In S. Crowley, and D. Ost, eds., *Waiting for Workers – Explaining Labour Quiescence in Serbia,* pp. 159-179.

Babos, P. (2010), "Varieties of capitalism in central and eastern Europe: measuring the co-ordination index of a national economy." *SEER journal for labour and social affairs in Eastern Europe*, 13, 4, pp. 439-458.

Bandelj, N. (2009), "The Global Economy as Instituted Process: The Case of Central and Eastern Europe." *American Sociological Review*, 74, 1, pp. 128-149.

Batt, R., Holman, D. and Holtgrewe, U. (2009), "The Globalization of Service Work: Comparative Institutional Perspectives on Call Centers." *Industrial and Labor Relations Review*, 62, 4, pp. 453-488

Blanchflower, G. D. and Freeman. B. R., (1997), "The Attitudinal Legacy of Communist Labor Relations." *Industrial and Labor Relations Review*, 50, 3, pp. 438-459

Brandl, B. and Traxler, F. (2010), "Labour Conflicts: A Cross-national Analysis of Economic and Institutional Determinants, 1971–2002." *European Sociological Review*, 26, 5, pp. 519-540.

Botero, J. C., Djankov, S., La Porta, R. and Lopez-de-Silanes, F. and Shleifer, A. (2004), "The Regulation Of Labor." *Quarterly Journal of Economics*, 119, 4, pp. 1339-1382.

Boyer, R. (2006), "How do Institutions Cohere and Change?." In G. Wood, and P. James, eds., *Institutions and Working Life*, pp. 13-61. Oxford: Oxford University Press.

Brewster, C. (2004), "European Perspectives on Human Resource Management." *Human Resource Management Review*, 14, 4, pp. 365-382.

Brewster, C. and Bennett V.C. (2010), "Perceptions of business cultures in Eastern Europe and their implications for international HRM." *Human Resource Management Journal*, 21, 4, pp. 2568-2587.

Brewster, C., Wood, G. and Brookes, M. (2008), "Similarity, Isomorphism or Duality: recent survey evidence on the HRM policies of Multinational Corporations." *British Journal of Management*, 19, 4, pp. 320-342.

Brewster, C., Wood, G., Croucher, R. and Brookes, M. (2007), "Are Works Councils and Joint Consultative Committees a Threat to Trade Unions? A Comparative Analysis." *Economic and Industrial Democracy*, 28, 1, pp. 53-81.

Brislin, R. W. (1976), *Translation Applications and Research*. New York.

Brislin, R. W., Walter J. Lonner, J. W. and Thorndike M. R., (1973), *Cross-Cultural Research Methods*. London: Wiley Inter-science.

Buchen, C. (2007), "Estonia and Slovenia as Antipodes." In D. Lane, and M. Myant, eds., *Varieties of Capitalism in Post Communist Countries*. London: Palgrave.

Croucher, R., Wood, G., Brookes, M. and Brewster, C. (2012), "Employee turnover, HRM and institutional contexts." *Economic and Industrial Democracy*.

Crowley, S. (2004), "Explaining Labor Weakness in Post-Communist Europe: Historical Legacies and Comparative Perspective." *Eastern European Politics and Societies*, 18, 3, pp. 394-429.

Crowley, S. and Stanojević, M. (2011), "Varieties of Capitalism, Power Resources, and Historical Legacies: Explaining the Slovenian Exception." *Politics & Society*, 39, 2, pp. 268-295.

Dore, R. (2000), *Stock Market Capitalism; Welfare Capitalism*. Cambridge: Cambridge University Press.

EIRO. (2009a), *Bulgaria: Industrial Relations Profile.* (European Industrial Relations Observatory on-line report).
Available at: http://www.eurofound.europa.eu/eiro/country/bulgaria.htm, Last Update on 26 October 2009, Accessed on 27th March 2012.

EIRO. (2009b), *Cyprus: Industrial Relations Profile*. (European Industrial Relations Observatory on-line report).
Available at: http://www.eurofound.europa.eu/eiro/country/cyprus.htm, Last Update on 26 October 2009, Accessed on 27th March 2012.

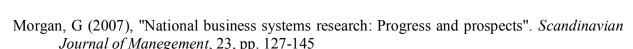EIRO. (2009c), *Greece: Industrial Relations Profile*. (European Industrial Relations Observatory on-line report).
Available at: http://www.eurofound.europa.eu/eiro/country/greece.htm, Last Update on 26 October 2009, Accessed on 27th March 2012.

EIRO. (2009d), *Slovenia: Industrial Relations Profile*. (European Industrial Relations Observatory on-line report).
Available at: (http://www.eurofound.europa.eu/eiro/country/slovenia.htm), Last Update on 26 October 2009, Accessed on 27th March 2012.

Farndale, E., Brewster, C. and Poutsma, E. (2008), "Co-ordinated vs liberal market HRM: the impact of institutionalisation on multinational firms." *International Journal of Human Resource Management*, 19, 11, pp. 2004-2023.

Georgiadou, P. (2011), "Report on the Greek Economy & Employeement." *European Industrial Relations Observatory*.
On-line Report Available at:
http://www.eurofound.europa.eu/eiro/2011/10/articles/gr1110029i.htm, Last Update on 7 December 2011, Accessed on 27th March 2012.

Goergen, M., Brewster, C. and Wood, G. (2009), "Corporate Governance and Training." *Journal of Industrial Relations*, 51, 4, pp. 461-489.

Gooderham, P., Nordhaug,O. and Ringdal, K. (2006) National embeddedness and calculative human resource management in US subsidiaries in Europe and Australia. *Human Relations,* 59(11), pp 1491-1513.

Grosdanić, R. (2011), "Annual Review 2010 on Labour Relations and Social Dialogue in South East Europe: Serbia." *Regional Project for Labour Relations and Social Dialogue in South East Europe*.
On-line Available at: http://library.fes.de/pdf files/bueros/belgrad/07849.pdf, Accessed on 27th March 2012.

Hall, P., and Soskice, D. (2001a), *Varieties of Capitalism: The instituional basis of competitive capitalism*. Oxford: Oxford University Press.

Hall, P. and Soskice, D. (2001b), *Varieties of Capitalism: the Institutional Foundations of Comparative Advantage*. New York: Oxford University Press.

Hancké, B., Rhodes, M. and Thatcher, M. (2007), "Introduction: Beyond Varieties of Capitalism." In B. Hancké, M. Rhodes, and M. Thatcher, eds., *Beyond Varieties of*

Capitalism: Conflict, Contradictions and Complementarities in the European Economy, pp. 3-39. Oxford: Oxford University Press.

Harcourt, M. and Wood, G. (2007), "The Importance of Employment Protection for Skill Development in Coordinated Market Economies". *European Journal of Industrial Relations*, 13, 2, pp. 141-159.

Holman, D., Frenkel, S. and Sørensen, O. (2009), "Work Design and Outcomes in Call Centers: Strategic Choice and Institutional Explanations". *Industrial and Labor Relations Review*, 62, 4, pp. 510-532

Howard, M. M. (2003), *The Weakness of Civil Society in Post-Communist Countries*. Cambridge: Cambridge University Press.

Iankova, E. (2002), *Eastern European Capitalism in the Making*. Cambridge: Cambridge University Press.

Jackson, G., and Deeg, D. (2008), "Comparing capitalisms: understanding institutional diversity and its implications for international business." *Journal of International Business Studies*, 39, pp. 540-561.

Katz, C. H. (1993), "The Decentralization of Collective Bargaining: A Literature Review and Comparative Analysis." *Industrial and Labor Relations Review*, 47, 1, pp. 3-22

Kostova, T. and Roth, K. (2002), "Adoption of an Organizational Practice by Subsidiaries of Multinational Corporations." *Academy of Management Journal*, 45, 1, pp. 215-233.

Kuruvilla, S., and Ranganathan, A. (2009), "Economic Development Startegies and Macro and Micro Level Human Resource Policies: The Case of India's Outsourcing Industry." *Industrial and Labor Relations Review*, 62, 1, pp. 39-72

Lane, D. (2007), " Post state socialism: a diversity of capitalisms?" In D. Lane, & M. Myant, ends., *Varieties of capitalism in Post Communist Countries*. London: Palgrave.

Lane, C. and Wood, G. (2009), "Diversity in Capitalism and Capitalist Diversity." *Economy and Society*, 38, 4, pp. 531-551.

Martin, R., and Cristescu-Martin, M. A. (2006), "Industrial Relations in Central and Eastern Europe." In M. J. Morley, P. Gunnigle, and D. G. Collings, eds., *Global Industrial Relations*. London: Routledge.

Mihail, D. M. (2004), "Labour flexibility in Greek SMEs." *Personnel Review*, 33, 5, pp. 549-560.

Mihailović, S. (2001), "Fragmentation of the Union Scene and the Potential of Synergistic Action – Main Research Findings." *South East Europe Review for Labour and Social Affairs*, 2, pp. 106-116.

Molina, O. and Rhodes, M. (2007), "The Political Economy of Adjustment in Mixed Market Economies: A Study of Spain and Italy." In B. Hancké, M. Rhodes, and M. Thatcher, eds., *Beyond Varieties of Capitalism: Conflict, Contradictions and Complementarities in the European Economy*, pp. 223-252. Oxford: Oxford University Press.

Morgan, G. (2005), "Institutional complementarities, path depedency and the dynamics of firms", In Morgan, G. Whitley, R. & Moen, E., Chnaging capitalisms? Internationalisation, institurional change and systems of economic organisation, Oxford: Oxford University Press, pp. 415-446

Morgan, G. (2006), "Transnational actors, transnational institutions, transnational spaces: The role of LAw firms in the intrnationalisation of competition regulation. In Djelic, M.L. & Andersson S.K. (Eds), Transnational governance, Cambridge: Cambridge Univesrity Press, pp. 139-160

Morgan, G (2007), "National business systems research: Progress and prospects". *Scandinavian Journal of Manegement*, 23, pp. 127-145

Nedialkova, A. A. (2001), "Bulgaria-economic development and franchising." In D.H.B. Welsh & I. Alon, eds., *International Franchising in Emerging Markets: Central and Eastern Europe and South America*. Riverwoods, IL: CCH, Inc.

Nölke, A. and Vliegenthart, A. (2009), "Enlarging the Varieties of Capitalism: The Emergence of Dependent Market Economies in East Central Europe." *World Politics*, 61, pp. 670-702.

Papalexandris, N. and Stavrou-Costea, E. (2004), "Italy, Greece and Cyprus: HRM in the South-Eastern Mediterranean Corner of the EU." In C. Brewster, W. Mayrhofer, and M. Morley, eds., *Human Resource Management in Europe: Convergence or Divergence?*.Oxford: Butterworth Heinemann.

Psychogios, A., Szamosi, T. L. and Wood, G. (2010a), "Introducing employment relations in South East Europe." *Employee Relations*, 32, 3, pp. 205-211.

Psychogios, A. and Wood, G. (2010), "Human Resource Management in comparative perspective: alternative institutional perspectives and empirical reality." *International Journal of Human Resource Management*, 21, 14, pp. 2614-2630.

Psychogios, A., Szamosi, T. L. and Wood, G. (2010b), "Human Resource Management in Comparative Perspective: Alternative Institutionalist Perspectives and Empirical Realities." *International Journal of Human Resource Management*, 21, 4, pp. 2614-2630.

Roney, J. L. (2000), *Webs of Resistance in a newly privatized Polish firm: Workers react to organizational transfor mation (transnational business and corporate culture)*. London: Routledge

Sahadev, S., and Demirbag, M. (2012), "Exploring Variations in Employment Practices in the Economies of Europe: Assessing the impact of foreign ownership and European integration." *Human Resource Management Journal*, 21, 4, pp. 395-414.

Sorge, A. (2004), "Cross-National Differences in Human Resources and Organization." In A.W. Harzing and J. Van Ruysseveldt, eds., *International Human Resource Management*. London: Sage.

Soumeli, E. (2009), Cyprus Industrial Relations profile: Cyprus Labour Institute (INEK/PEO).

Stajić, D. (2006), "The modernization of trade unions". Beograd: Institute for Political Studies.

Stanojević, M. (2003), "Formation of the Slovenian pattern: the strike wave and industrial relations 'rigidities'." *South East European Review*, 6, 3, pp. 17-30.

Stanojević, M. (2010), "The Europeanisation of Slovenian Corporatism: The Rise and Decline of Slovenian Corporatism: Local and European Factors." *IREC*.

Stark, D. and Bruszt, L. (1998), *Postsocialist Pathways*. Cambridge: Cambridge Univerity Press.

Stavrou-Costea, E. (2004), "The challenges of human resource management towards organizational effectiveness: A comparative study in Southern EU". *Journal of European Industrial Training*, 29, 2, pp. 112-134.

Svetlik, I., Barasic, F. A. and Kohont, A., Petković, M., Mirić, A. A., Slavić, A., Voput, Z. and Poór, J. (2010), "Human Resource Management in the Countries of the Former Yugoslavia." *International Journal of Human Resource Management*, 11, 5, pp. 807-833.

Schwartz, G. and McCann. L. (2007), "Overlapping effects: Path dependence and path generation in management and organization in Russia." *Human Relations,* 60, 10, pp. 1525-1549.

Szlávicz, A. (2006), "The Situation of Human Resource Management in Serbia." *Personnel Review* (May), pp. 28-37.

Thelen, K. (2001), "Varieties of Labor Politics in the Developed Democracies." In P. A. Hall, & D. Soskice, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press.

Tregaskis, O., and Brewster, C. (2006), "Converging or diverging? A comparative analysis of trends in contingent employment practice in Europe over a decade." *Journal of International Business Studies*, 37, 1, pp. 111-126.

Upchurch, M. and Marinković, D. (2011), "Wild Capitalism, Privatization and Employment Relations in Serbia." *Employee Relations*, 33, 4, pp. 316-333.

Van Jaarsveld, D. D., Know, H., and Frost, C. A. (2009), "The Effects of Institutional and Organizational Characteristics on Work Force Flexibility: Evidence from Call Centers in Three Liberal Market Economies." *Industrial and Labor Relations Review*, 62, 4, pp. 573-601

Vatchkova, E. (2009), "Managing Human Resources in Bulgaria." In M.J. Morley, N. Heraty, and S. Michailova, eds., *Managing Human Resource in Central and Eastern Europe*. New York: Routledge.

Whitley, R. (1999a), *Divergent Capitalisms*. Oxford: Oxford University Press.

Whitley, R. (1999b). Firms, institutions and management control: the comparative analysis of coordination and control systems. *Accounting, Organizations and Society*, *24*(5), pp. 507-524.

Whitley, R. (2006) Understanding Differences: Searching for the Social Processes that Construct and Reproduce Variety in Science and Economic Organization. Organization Studies, 27(8), pp.1153-1177.

Williams, C.C., Kedir, A., Nadin, S. and Vorley, T. (2013), Evaluating th extent and nature of the informalization of employment relations in South-Eastern Europe, European Journal of Industrial Relations, 19(2), pp.

Wood, G., Croucher, R., Brewster, C., Collings, G. D. and Brookes, M. (2009), "Varieties of Firm: complementarity and bounded diversity." *Journal of Economic Issues*, 43, 1, pp. 241-260.

Wood, G., and Frynas, G. J. (2006), "The institutional Basis of Economic Failure: Anatomy of the Segmented Business System." *Socio-Economic Review*, 4, 2, pp. 239-277.

Wood, G., Psychogios, A. Szamosi, T.L. and Collings, G.D. (2012), 'Institutional Approaches to Comparative HRM". In C. Brewster, and W. Mayrhofer, eds., *Handbook of Reserach on Comparatove Human Resource Management*. Cheltenham: Edward Elgar.

Wood, G. and Lane, C. (2012) Institutions, Change and Diversity. *In* C. Lane and G. Wood (eds.) *Capitalist Diversity and Diversity within Capitalism*. London, Routledge.

Yannakourou, M. and Soumeli, E. (2005), The evolving structure of collective bargaining in Europe 1990–2004, National report, Greece and Cyprus, Project report on 'The evolving structure of collective bargaining', A comparative analysis based on national reports in the countries of the European Union, Research project co-financed by the European Commission and the University of Florence, University of Florence and European Commission, .

Zambarloukou, S. (2007), "Is there a South European pattern of post-industrial employment?" *South European Society and Politics*, 12, 4, pp. 425-442.

Tables

Table 1: Sample of Organizations from each SEE Country (showing size of organizations)

SEE Countries	SMEs		LARGE		TOTAL	
	N	Mean	N	Mean	N	%
Bulgaria	194	74.88	73	915.57	267	31.8%
Cyprus	47	141.74	43	853.74	90	10.7%
Greece	66	178.62	148	2483.24	214	25.5%
Serbia	31	119.90	19	702.47	50	26.1%
Slovenia	130	153.39	89	1166.07	219	6%
Total	468	121.02	372	1586.07	840	100%
Non-Communist	113	163.28	191	2123.04	304	
Post Communist	355	107.56	181	1016.10	536	

Table 2: Participation in Trade Unions & Organizational Size

Group Statistics					
	Company Size	N	Mean	Std. Deviation	Std. Error Mean
Proportion of employees that are members of a trade union	SME	426	2,97	2,199	,107
	Large	347	3,86	1,921	,103

Independent Samples Test						
		t-test for Equality of Means				
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Proportion of employees that are members of a trade union	Equal variances assumed	-5,950	771	,000	-,895	,150
	Equal variances not assumed	-6,032	767,202	,000	-,895	,148

Table 3: Influence of Trade Unions & Organizational Type

Group Statistics		N	Mean	Std. Deviation	Std. Error Mean
	Organizational Type				
Extent to which trade unions influence organization	Local/National SMEs	379	1,08	1,146	,059
	International/MNCs	360	1,46	1,170	,062

Independent Samples Test		t-test for Equality of Means				
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Extent to which trade unions influence organization	Equal variances assumed	4,513	737	,000	-,385	,085
	Equal variances not assumed	4,511	733,211	,000	-,385	,085

Table 4: Trade Union Influence & Sector of the Organization

Descriptives				
Sector	N	Mean	Std. Deviation	Std. Error
Private	522	1,07	1,120	,049
Public	148	1,85	1,157	,095
Mixed	67	1,72	1,204	,147
Total	737	1,29	1,183	,044

Test of Homogeneity of Variances			
Levene Statistic	df1	df2	Sig.
,388	2	734	,679

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	83,013	2	41,507	32,190	,000
Within Groups	946,428	734	1,289		
Total	1029,441	736			

Multiple Comparisons				
Tukey HSD				
(I) Sector	(J) Sector	Mean Difference (I-J)	Std. Error	Sig.
Private	Public	-,777*	,106	,000
	Mix	-,642*	,147	,000
Public	Private	,777*	,106	,000
	Mix	,135	,167	,699

Mixed	Private	,642[*]	,147	,000
	Public	-,135	,167	,699

*. The mean difference is significant at the 0.05 level.

Table 5: Trade Unionism and Collective Bargaining in PC and Non-C Countries

t-tests			
	Non-Communist	Post-Communist	Indep. Sample Test
	Mean value	Mean value	Sig. (2-tailed)
Proportion of employees that are members of a trade union	3.75	3.14	0.000
Extent to which trade unions influence organization	1.57	1.11	0.000
chi-square tests			
	N	Pearson chi-square	Sig. (2-tailed)
Recognise trade unions for collective bargaining	713	83.051	0.000
Member of employers association	774	34.547	0.000

Table 6: Downward Internal Communications in PC and NonC Countries

	Non-Communist	Post-Communist	Indep. Sample Test
	Mean value	Mean value	Sig. (2-tailed)
Direct to senior managers	1.11	1.34	0.030
Verbally	3.02	2.84	0.031
Direct	2.75	2.32	0.000
Electronic ways	2.53	1.92	0.000
Team briefings	2.54	1.95	0.000

Table 7: Formality of Briefing Among Different Working Groups

Pearson chi-square Sig. (2-sided)			
	Business Strategy	Financial Performance	Organization of work
Management	0.237	0.123	0.025
Professional	0.000	0.000	0.000
Clerical	0.000	0.000	0.000
Manual	0.000	0.027	0.000

Table 8: Upward Internal Communications in PC and NonC Countries

	Non-Communist	Post-Communist	Indep. Sample Test
	Mean value	Mean value	Sig. (2-tailed)
Direct	2.09	1.94	0.103
Immediate supervisor	3.11	2.90	0.007

TU representative	1.22	1.31	0.354
Work council	0.59	0.85	0.005
Regular workforce	1.3	1.55	0.017
Team briefings	1.73	1.5	0.028
Suggestion schemes	0.94	1.26	0.000
Attitude surveys	1.15	0.99	0.113
Electronic communication	1.66	1.41	0.026