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**Hubert AMARILLO**

**WORKERS AND SPECIALISTS CONFRONTED  
WITH UNEMPLOYMENT IN RUSSIA :  
SOCIETAL INFLUENCES**

Paper submitted to the international workshop of

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*in collaboration with*

***CRIISEA, University of Picardie***

The origin of this work lays on the observation, during the 1990s in Russia, of an original socioprofessional composition of unemployment. White-collar workers (ITRs<sup>1</sup>) constituted the greatest part of the workers registered as job seekers, while the situations wanted by companies from job centres concerned skilled manual workers mainly.

This situation is a moot point for economics. It is noticeably distant from the transformation plans of the Russian industry, as they were developed by the so-called “standard” approach. This transformation would be directed to a rationalization of the labour factor and an increase in the activities which are not directly linked with production. It would thus happen to the detriment of the manual labour force. However, since the transition, we have observed that the position of the working categories in the producing process has been maintained.

Hence another question : how to interpret the recurring of a phenomenon which already existed in the previous socialist system, while the economical environment has been deeply altered ? What kind of analytical tools can we mobilize to understand this phenomenon?

Talking of which, we draw the hypothesis of a continuation of the practices of industrial work management relying on a social construct which structuring role and time-continuum indicate to turn towards a perspective which takes the role of institutions into account.

We suggest to interpret this social construct as the result of a set of social relations. These social relations can be observed at the firm level. They have led to the increase in value of the position of the working labour force in three fields : the system of “generation of competence”, the working process, and industrial relations of the socialist firm. On the other hand, the ITR categories are discredited and under-employed. But, to a large extent, these facts kept on happening after 1991.

This social construct has a certain consistency which will be qualified as “societal”. These interacting social relations endowed with a capacity of reproduction, would exert a “societal effect” on the labour market and would account for the battle of wills favourable to blue-collar workers who were already present during the Soviet era.

Firstly, we will present the characteristics of unemployment in Russia and will point up the limits of the standard approach to explain them. (I). Then, we will demonstrate how the contradictory situation of workers and specialists faced with unemployment can be explained by a societal effect (II). Using these results, this text will aim at showing – both from a methodological and a theoretical viewpoint – the interest of the societal analysis which enables to learn lessons from the transition process of postsocialist economies (III).

We will base our demonstration both on bibliographical informations and on empirical data issued from high priority sector company<sup>2</sup> monography we carried out in Russia during the first years of the transition.

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<sup>1</sup> Represented by the ITR group (Ingenierno Tekhnicheskoiye Rabotniki) including engineers and technicians.

<sup>2</sup> The Electric Measuring Device Production Amalgamation (EMDPA).

# **I – THE INABILITY OF THE STANDARD APPROACH TO EXPLAIN THE SOCIOPROFESSIONAL COMPOSITION OF UNEMPLOYMENT IN RUSSIA**

## **1.1. THE CHARACTERISTICS OF UNEMPLOYMENT IN RUSSIA**

Before the law of 1991 which again recognized the status of unemployed, open unemployment had disappeared from the soviet economy from 1929 to 1990. In this economy, enterprises suffered from chronic labour shortage linked to an extensive use of labour factor inputs and to ambitious plan targets. This generated an “*insatiable demand*”<sup>3</sup> for labour from soviet companies.

After 1991, despite the scale of the economic crisis, mass unemployment did not appear (CLARKE, 1998). No doubt that this can be explained by persistent forms of under-employment, the lack of real restructuring of enterprises, and the will to avoid breaking off the former social compromise.

This situation is accompanied by a persistent labour shortage. It is kept up by an important turnover of labour force in industry, because of numerous voluntary departures. They generate a high level of hiring, above all of skilled workers<sup>4</sup>.

This suggest to link the persistent labour shortage during the transition process with the special socioprofessional composition of unemployment in Russia. In september 1993, 89,3 % of the vacancies job centres proposed were manual worker jobs<sup>5</sup>, whereas most job seekers were former employees or white – collar workers. This gap still existed nine years later. Thus, in october 2002, 70 % of the vacancies the Moscow job centre offered were worker jobs, whereas 67 % of registered unemployed were specialists and employees.

Consequently, we aim at giving an explanation to the keeping of an important and unsatisfied demand for manual labour force and, this way, to better grasp the socioprofessional characteristics of unemployment in Russia.

## **1.2. THE LIMITS OF THE STANDARD APPROACH**

Applying the standard programme of privatization meant the disappearance of central planning and the cutting out of the centralized allowance of resources, especially the "salaries fund" assigned by the state to each company. This disappearance was supposed to favour the development of a genuine market of the work factor, allowing to determine the relative cost of the different working forces. The high cost of manual labour would lead to its decline, because of its poor efficiency and because of qualifications unsuited to the demand.

The organization of the Russian enterprise has followed an other direction. Privatization in Russia has neither led to an estimation of the cost nor to a rationalization of material and human assets.

There is still a strong preference for manual labour. The numerous subsidiary workshops prove useful in a context of price upsurge and barter. Central workers are kept in case the production might start again. Productivity investments are postponed.

Then, the forms of privatization implied to strengthen the role of the groups of workers in the management of the firm, as these groups were willing to maintain payments and employment. Hence a

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<sup>3</sup> Cf. KORNAI J. (1984): *Economics of Shortage*, North Holland.

<sup>4</sup> GUIMPELSON V. and LIPPOLDT D. point out the same fact in their case study (1997) : “Labour turnover in the russian economy”, in *Labour Market Dynamics in the Russian Federation*, OECD, Paris.

<sup>5</sup> Source: derived from the Federal Job Centre of Russia.

very different ruling of the firm from that imagined by the standard approach in which the interests of shareholders would prevail over those of employees.

What's more, the Russian industry knows a deepening of the previous economic order's pathologies (BURAWOY and KROTOW, 1992). Thus inter-enterprises barter has increased and the conglomerates and industrial complexes have strengthened their monopoly position. Monopolies have reinforced the production transfer to the groups of workers. The power of these groups is consequently closely associated with the global functioning of the transition process.

All in all, the standard approach has underestimated the role of social relations present in the forms of organization of the firms which triggered the original context of unemployment in Russia.

## **II INTERPRETING UNEMPLOYMENT IN TERMS OF SOCIETAL EFFECT**

### **2.1. PRIORITY GIVEN TO AN EDUCATION IN ACCORDANCE WITH THE FIRMS' NEEDS**

#### *2.1.1. WORKERS' TRAINING : TWO SEPARATE GROUPS*

The soviet educational system was composed of a general secondary education course and a professional secondary education course. General secondary education had a hierarchy with a "basic" teaching (*osnovnoïe*) which ended up with the 8th class and a "complete" teaching (*polnoïe*) until the 10th class.

Professional secondary education also had a hierarchy composed of specialized secondary schools (the SSOUZ<sup>6</sup>), generally bringing a higher qualification than professional highschoools (the PTUs<sup>7</sup>, integrated to firms) and with a better social value.

#### *a. A weak relation between training and employment*

Let's recall one of the definitions of the "educational relation" given by the societal analysis : "they are relations between the hierarchy of the positions offered by the educational system and that of the different categories of employment"<sup>8</sup>

The soviet system do associates training and employment. The ITR qualification can only be assigned to graduates from specialized secondary education (SSOUZ) or from higher education (VOUZ).

In point of fact, companies often use the term of "specialist" instead of "ITR". If this term is used to refer to holders of a technical or engineer degree, it applies by extension to every employee whose qualification, whether academic or from experience, is higher than the average. Some workers are called "specialists" and in that the status of ITRs seems barely protected.

Moreover, the workers' promotion on the companies' internal labour market largely contributes to the access of the ITRs' group, as the personnel manager of the EMDPA explains:

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<sup>6</sup> SSOUZ : Srednoïe Spetsialnoïe Ouchebnoïe Zavedenie : Specialized Secondary Schools

<sup>7</sup> PTU : Professionalnoïe Tekhnicheskoe Uchiliche : Professional Highschools

<sup>8</sup> Cf. MAURICE M., SELLIER F., SILVESTRE J. – J. (1979): "La production de la hiérarchie dans l'entreprise: recherche d'un effet sociétal", *Revue Française de Sociologie*, XX.

*“For example, a salaried has five years’ service and has done well with his work; the certification commission can confer him the qualification of engineer, even with secondary specialized training”*

The “specialist” category is thus the product of a conception of qualification which characterizes the soviet production system. The term is first used to differentiate skilled or very skilled workers from basically qualified workers. Any qualification makes a specialist.

*b. Heterogeneity of the manual workers group*

In the USSR, professional secondary education plays a part in the manual workers group's heterogeneity. Indeed, besides basic professional education leavers, part of the graduates from specialized secondary education hold workers' jobs. The opposition between these two sources producing working qualification dates back to the 1930s when under a logic of workers' promotion by the new régime, a sort of “working elite” was born, which all the more told it from the other manual labours (unskilled workers, etc...) and assigned to the skilled jobs generated by the rapid industrialization stage (BETTELHEIM, 1974 – 1983).

A sort of coherence emerges between the presence of a training course, specialized secondary schools and the constitution of the most qualified and professionally mobile working group.

**2.1.2. THE TRANSFORMATIONS OF THE SOVIET EDUCATIONAL SYSTEM : RAISING OF THE SCHOOL-LEAVING AGE AND EXPANSION OF THE BASIC PROFESSIONAL BRANCH.**

*a. Raising of the school-leaving age*

Between the sixties and the eighties, a raising of the school-leaving age can first be noticed. The course of study for fifteen-years-old school leavers deeply changed. While in 1965, more than 40% directly headed for a job, only 0.5% did in 1980<sup>9</sup>. This was due to the fact that more pupils were allowed to continue their studies and do the last two years of general education, and because of the expansion of PTUs. Consequently, there is a delay in entering the labour market. But it also means that little or unskilled jobs were more and more assigned to young people with a better level in general training.

*b. The decreasing place of higher education*

Another striking fact of the educational system is the constant decline of the part of each generation acceding to ITR level trainings. In 1965, more than 80% of 10th class leavers continued studies in higher educational establishments (VOUZ) or specialized secondary establishments (SSOUZ) (cf. chart1). In 1980, they were only 30%. The principal cause of it is the increase in the number of registrations from the 8th to the 9th class in general education, which increased competition to accede to higher education.

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<sup>9</sup> Cf. MARNIE S. (1986) : “Transition from School to Work : Satisfying Pupils’ Aspirations and the Needs of the Economy”, in LANE D. (ed.) : *Labour and Employment in the USSR*, Brighton, Wheatsheaf Books Ltd. et DUNSTAN J. (1985) : *Soviet Education Beyond 1984 : a Commentary on the Reform Guidelines*, Compare, 15:2, pp. 161-187.

**Table 1**

Course of study of 10th class leavers from 1965 to 1980 (in percentages)

	1965	1975	1980
VOUZ	41,4	15,8	16,3
SSOUZ	42,4	16,0	15,6
PTU	-	12,9	26,9
Job	16,2	55,3	41,2

Source: Marnie (1986), p. 212; DUNSTAN (1985), pp. 164 - 165

### *c. Expansion of the PTU system*

On the other hand, the PTU system has known a great expansion. Apart from the course of study of 8th class leavers to the 9th which reads like the continuation of the general education branch, in 1980, the PTUs constituted the first course of study ahead of the SSOUZ and the VOUZ (cf Table 1)

Nonetheless, this expansion revealed insufficient for the planners. When launching the 1984 school reform, their target was to steer the leavers towards PTUs rather than towards the 9th class of general training. The reason for this change may have been the imbalance between the job categories available on the market – mostly workers jobs – and the training of new coming pupils. The lack of workforce could be an other reason : the early direction towards PTUs helped job offer increase. This reform was criticized and more or less abandoned in 1988. But on the verge of the fall of the system, the reasons which led to this reform – important demand of working labour and shortage of workforce – remain.

### *2.1.3. A DEEP TRANSFORMATION OF THE PUPILS' COURSE OF STUDY AFTER 1997/98*

The respective place of every important educational system course of study noticeably changed around 1997/98 when the last important crisis of the Russian economy occurred. (Table 2). The system of PTUs knew an important diminution of its graduate numbers (-21.5% between 1993/94 and 2001/02) while specialized secondary education (SSOUZ) progressed a little and higher education knew the greatest increase among all the courses of study.

**Table 2**

Division of secondary and higher education graduates (in thousands)

	93 / 94	97 / 98	01 / 02
Graduates from professional higher education	445	458	720
Graduates from SSOUZ	546	538	593
Graduates from PTUs	922	800	759
9th class leavers	1 878	2 073	2 265
11th class leavers	987	1 159	1 473

Source: *Rossia v tsifrakh, kratkii statisticheski sbornik* (2002), Goskomstat Rossii, Moscow

However, on the labour market, during the transition as before, the most qualified people are disadvantaged.

Before the beginning of the transition, diplomas already didn't protect from unemployment. An American survey highlighted a positive relation between the level of qualification and the level of

unemployment : though 0,7 % of the persons without any training after secondary education were unemployed, 0,9 % of the persons with a secondary professional training diploma and 1,5 % of those with higher education didn't have a job<sup>10</sup>.

The first years of transition confirm this apparently paradoxical relation between training and employment. According to SOLLOGOUB (1993), "*unemployment is higher among the workers with a higher education than average*". In January 1993, 55.8% of the jobless were graduates from higher education or from general secondary education. In the same way, a quantitative survey led between 1991 and 1997 (GERBER, 2002) shows that the relation between diploma standard and employment is not systematically positive in Russia. Most of the highest qualifications are not shown to advantage in the Russian industry.

This part showed that from the 60s to the 80s, the soviet educational system had steered towards an increase of professional education in relation with companies. This system maintained an intermediate technical course which produced a more qualified labour workforce than others. As to the access to higher education, it remained limited and was widely far from the industrial world. These characteristics, which still stood until the late 90s, finally met the companies' high demand for labour workforce, which internal labour market predominated over graduate qualification as regards the organization of professional mobilities. The new educational system trends in Russia, characterized by the growth of general secondary education and higher education question about the ancient structuring between training and employment as it was constructed in the soviet "educational relation".

The following part is to examine an additional dimension, the "organizational relation", so as to go further into understanding the societal coherence which led to the characteristics of unemployment in Russia.

## **2.2. AN ORGANIZATION IN PRODUCTION WHICH PRIORITIZES MANUAL LABOUR**

The "organizational relation" comprises the social relations related to production and its organization. The main characteristic of this relation in the soviet enterprise is the power of skilled workers groups because of the companies' preference for manual labour and the control of production. This power is consistent with the forms of organization in companies (shortages, old equipments). The priority of the employment policies led by the managements, as much before the fall of the system as after, is to maintain workers collectives. On the other hand, the ITRs' downward mobility, aggravated by a deterioration of payment and working conditions, illustrates the unfavourable position of these categories within the production social relations.

### *2.2.1. MAINTAINING WORKERS COLLECTIVES*

#### *a. An organization in production which favours manual labour*

In soviet type economies, work organization is characterized by a withdrawn attitude of the working collective. It is made clear by an internalization of the tasks rather than an externalization towards production units outside the company and by an optimization of internalized knowledge rather than a specialization based on specific trades. These behaviours, clearly opposed to the economical logic of western companies, are yet consistent with the economical unity to which they belong, for they constitute a response to the shortage risk peculiar to the socialist economy. The increase in repair or semi-finished goods annex workshops largely meets the difficulties generated by the supplying

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<sup>10</sup> GREGORY P. R. et COLLIER I. L. (1988) : *Unemployment in the Soviet Union : Evidence from the Soviet Interview Project*, American Economic Review, 78 : 4, pp. 613 – 632.



problems. In the seventies, the integration process entailed with the creation of “production amalgamations” and “industrial amalgamations” led to reinforce the trend to internalize the functions and to decrease specialization.

These forms of organization of companies contribute to a strong preference for manual labour for several reasons. First, the work demand for the numerous annex workshops must be met, these workshops being not only assigned to the creation of capital goods, but also to the creation of consumer goods where the shortage risk prevails. Second, because the shortage of manual workers has the same role as the buffering of material means (solutions to the shortage of workers) and enables "mobilizing surges" when the production plan must be finished off (for instance, the "rushes" of the end of annual plan or “*sturmovscina*”), and more work resources are needed. Third, because of a phenomenon of work substitution for capital when the shortages appear in capital goods. Finally, companies “*tend to maintain an important part of employment in manual labour on account of the vulnerability due to the irregular supplying of mechanized systems.*”<sup>11</sup>

More widely, the preference for manual labour is rooted in the soviet system logic of extensive accumulation, as the planner is inclined to create work places.

For SAPIR, priority given to manual labour is explained, besides technical and economical causes, by the “*power structures inherited from the period of social ascent*”<sup>12</sup>. The author reminds us that from 1928 to the fifties, the soviet enterprise workshop was a “*busy area*”, and “*for about twenty-five years (...) the workers' condition was marked with the perspective of social ascent*”.

This period of social ascent might have been auspicious to the increase in power of promoted people coming from the workers' group (the *vydvyzency*), these people having developed a conception of work and production control favourable to this group. The power of the *vydvyzency* would have been maintained within the organizations hierarchy until the 80s, which once again accounts for the support brought to manual labour.

#### *b. Division of authority in the workshop : brigades and worker control*

This favour given to manual labour can be found in the spreading of worker control exerted on production as well as on different workforce control variables.

Observing the functioning of collective forms of work (brigades) constitutes an appropriate way to study the forms of autonomy and worker control.

At first brigades exert a control over production organization. The hierarchy leaves an autonomy for the brigade leader to share out the tasks in accordance with the workers. Within the brigades, the teams and their members have a freedom to really control the steady flow and intensity of production. The demands about the work to do are essentially based on quantity and those about the available means to fulfil it are quite lax. This autonomy may solve the failures of the soviet economy.

Brigades also exert their autonomy as far as the workers' salaries are concerned. Within each brigade can be distinguished influential or "leading" workers who manage the salaries fund and share it out among the members. Together with this payment method, a system – also decentralized – of assessment and stimulation exists, the work sharing ratio (KTU). It consists of a self-marking, according to which the workers make their own calculation and allot this ratio to one another.

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<sup>11</sup> See SAPIR J. (1992) : *Le rapport salarial soviétique au risque des lectures occidentales*, séminaire : Le travail : marché et organisation, LERPSO – CNAM, Paris, novembre 1992, p. 3.

<sup>12</sup> See SAPIR J. (1992) : *Le rapport salarial...* , p. 4.

Brigades thus have an autonomy faced with the foremen and the workshop foremen. The role of these last two staff categories is less focused on controlling than on negotiating with other workshops and with the management in order to meet some of the workers groups' demands as to production or payment organization.

As for the term of “leading” workers, it brings to mention the existence of a hierarchical authority within the working class. These leaders both have a worker status, which means that they are committed into the direct production of goods, and a superior status, for the worker duty confers an authority on some dimensions of work and production organization.

*c. The worker control since the end of the soviet system : the example of workshops leasing.*

Leasing or renting (*arenda*) stems from a 1989 law. This text is part of a panel of reforms which progressively aim at changing legal basis as well as the types of exercise of economic activity.

The study of the transition of some workshops to the status of leased company makes us observe a reinforcement of the workers collectives' power. It relies on a growing legal and organizational autonomy faced with the parent company brought by the new status.

These autonomous forms of organization developed within the *arenda* inherit from the experience gained in the soviet enterprise and from brigade work. Most often, they benefit from the support of managements, because they permit to ensure production in a less certain environment more steered by demand. Furthermore, the *arenda* allows to preserve directly productive workforce, whereas administrative staff is considered unproductive and costly.

The words of the personnel manager of the EMDPA clearly show these managing choices : “*Our salaries are low (...) because of the maintain of managing administrative staff*”.

For a workshop collective, a way to lighten the financial weight of this staff and to favour worker jobs consists in creating a workshop leased to the parent company :

“*... to maintain the administrative authorities to a minimum, having higher profit and giving it back to the workers, the workshop's collective has decided, voted and signed an agreement to become a leasing company*” (a foreman from a leased workshop)

This attention paid to worker collectives by managers, while the ITR group turns out to be distinctly disadvantaged, seems in keeping with the continuation of the behaviours observed in the soviet enterprise.

*d. Worker control and breaking up of the economic system*

Beyond the internal functioning of enterprises, the worker collectives' power seems closely linked with the global functioning of the transition process. As BURAWOY and KROTOV write it (1992, p.21) : “*Worker control of production deepens as monopolies become stronger and supply shortages intensify*”. For instance, the monopolies controlling resources become trade companies which transfer production to their worker collectives.

For these authors, the ancient system still recurs and even knows a deepening of its pathologies. Inter-companies barter has grown and the conglomerates and amalgamations have reinforced their monopoly.

### 2.2.2. THE UNFAVOURABLE SITUATION OF ITRS

We have just seen that the hierarchy of the qualifications in the soviet enterprise strengthened the position of the worker groups. Correlatively, it made the position of professionals little favourable. This preference for labour work can first be observed through a phenomenon which characterizes the soviet economy, the phenomenon of downward social mobility of ITRs. It comes with a deterioration of the terms of payment and the working conditions of this group during the decades which precedes the fall of the soviet system.

#### *a. The downward social mobility of ITRs : companies' practices...*

In the companies, two logics lead to the downward mobility of ITRs. First, the central managers of the economy are favourable to a reduction in the weight of “non-industrial” working categories, i.e., according to the soviet terminology, undirectly productive. Second, the labour shortage leads to favour internal professional mobility towards these employment categories. These logics tend to reinforce just before the fall of the system, because the economical and financial difficulties make companies accelerate the conversion of “non-productive” jobs into directly productive jobs.

*“... We have a situation in which leaders and specialists were numerous, and in the sphere of production, the workers were not in sufficient numbers. And we have met the problem consisting in proposing workers' positions to managing people. The redundancy of specialists took place in 1990-91, and we offered them workers' jobs. And as the workers' jobs at the assembly shop are good, (...) a lot of them have accepted”.* (The personnel manager of the EMDPA)

#### *b. ... and general data*

As a whole, the soviet economy was characterized by a significant proportion of specialists working as workers. This phenomenon is all the more important as it went growing with time.

In 1985, 10.1 % of graduates from higher education and 42.2 % of those from specialized secondary education worked as workers. The proportion of workers among these graduates was noticeably lower ten years before (respectively 5.6 % and 32.1 % for each category). This difference between training and employment is more pronounced for the specialists with a technician level, for whom the worker status has become a very important part of the professional perspectives on the labour market.

#### *c. The low level of ITRs relative salaries, a factor of downward social mobility*

The study of the evolution of salaries in terms of major socioprofessional categories shows that the soviet planner has tried to narrow the gap between wages between professional categories, this has favoured worker groups and disadvantaged the ITR category (table 3). Thus, the ITRs relative salary plummeted from the 60s to the 80s.

**Table 3**

Average wage in the industrial sector by job categories expressed in comparison with the average wage in state sector employment, 1965 - 1985

	workers	ITRs
1965	1,05	1,54
1970	1,07	1,46
1975	1,10	1,37
1980	1,10	1,26
1985	1,11	1,23
1965 – 1985	+ 6 %	- 20 %

Source : GOSKOMSTAT

For the companies, lowering ITRs wage is a means of limiting their “wage fund” rather than the workers'. This practice can still be found after 1991 in the companies surveyed, which try to reduce the volume of ITR staff so that skilled workers will keep an attractive wage level.

The low level of ITRs salaries finally brings an additional explanation to their downward social mobility. A broad study led in the 80s had shown that a great majority of graduates employed as workers had refused the jobs of ITRs they had been offered. These graduates reproached ITR jobs with a too low wage, and with a too important workload for the salary given.

*d. The labour market segmentation approach*

The segmentation theory gives a general interpretation of the disadvantaged place held by the ITRs on the labour market

The soviet labour market comprises a primary and a secondary segment (MALLE, 1986). Secondary labour markets are based on less interesting compensation systems. They display unfavourable characteristics for the skilled workforce : limited promotion prospects, the use of obsolete technologies and a limited interest for high technological knowledge, the lack of trust in the most qualified people suspected of instability.

Consequently, the most qualified workers preferably move toward primary labour markets which tend to reach saturation with regard to some skills and professional fields. According to MALLE, the existence of many qualified and badly paid white collar workers, with uncertain promotion prospects proved the crisis of upward social mobility, on more and more saturated primary labour markets. Managers, on primary segments, can use their power on the staff in order to be more selective in hiring new employees, and forcing them to do jobs which level is under their qualification.

*e. The situation of ITRs becomes more serious after 1991*

The transition process didn't radically change the work process in enterprises. The demand for the most qualified workforces didn't increase. On the contrary, in the firms we have surveyed, the workers / ITRs ratio increased. A survey ILO carried out in 1995 finds the same : total industrial employment was mainly composed of manual workers (four employees out of five), the share of unskilled manual work even continued to increase in 1994 - 1995. As for hiring, it mostly regarded manual workers.

We have studied the “organizational relation” of the Russian enterprise through the opposition between workers and non-workers. What came out was that the companies' organization forms, associated with political leaders' macrosocial choices have led to a preference for working labour force. The “organizational space” as structured in relation with the planner's orientation thus led to social relations in which the working-class group has an advantage over the ITR group, as this space greatly keeps on structuring the Russian companies' management forms after 1991.

We are now going to analyse the “industrial relation” as the third direction allowing to explain the coherence and the “societal effects” to which we are trying to give prominence.

### **2.3. WORKERS' NEGOCIATING POWER DURING AND AFTER THE SOVIET SYSTEM**

The “industrial relation” studies the social relations established around payments and the control of demands. We shall also study these relations when they are associated with employment, new stake in the period of transition.

### *2.3.1. THE MAINTAIN OF HIGH FRINGE BENEFITS AFTER 1991*

The payment system used in the soviet enterprise offered relatively high fringe benefits compared with wages.

The objective of this system was to pay central workers better and to settle them down, knowing that the monetary forms of income offered but a limited access to some goods and services, and played a restrained stimulating role.

The important place taken by these fringe benefits thus appears linked with that acquired historically by some categories of manual workers – especially in priority sectors – as far as social relations in production are concerned.

After 1991, the proportion of fringe benefits remains strong in companies. This reality is not in accordance with the standard transition plan which expected a growing monetarization of economical relations and more particularly of the relations between employees and employers. It is inherited from the structure of the soviet payment system (SPITZ and VINOKUROVA, 1994, p.1). The high proportion of fringe benefits turns out to be coherent with the will of companies' managements to maintain the position of central workers collectives within the production system.

### *2.3.2. THE FIGHT TO MAINTAIN EMPLOYMENT : WINNERS AND LOSERS*

The staff cuts threats hanging over little before the transition become more precise with the 1991 redundancy laws. Yet, in the surveyed companies, there had been few redundancies. There was a multiplication of the forms of under-employment, and part of the staff cuts was hidden under the term of voluntary departure. Finally, some worker groups keep the ability to quit voluntarily the company, or to threaten to do so.

a. At first, managements limit redundancies and keep employees in the company without their having to work. They are essentially low-skilled workers and/or touched by a decrease in production. These latter agree to have “unpaid leaves” because they keep an employment legal bond which allows them to preserve the social advantages related to it. For instance, in a EMDPA assembly shop with 150 employees (principally low or in-between qualified women) only fifty or so employees still had a full-time job.

*“ The others (the 100 left), are only on paper... It is hidden unemployment. Officially, the worker is on the list, he hasn't been made redundant, but he is told : you can't come, write down on the attendance sheet "unpaid leave", we don't need you at the moment”* (a workshop foreman).

Nevertheless, this under-employment can be considered as a form of labour hoarding, which managements justify with a possible production recovery.

b. Moreover, at the workshop's level, brigades' members have an autonomous decision-making power on the departures. This self-selection also illustrates how the group's pressure may turn redundancies into voluntary departures.

*"Redundancies? A very painful thing. Here, everything is inspected, you take your notebook and you say : 'My friends, I have a redundancy job to do (ordered by the management) and five workers have to go'. And you start looking at everything : 'And you, how is it going at home? You may leave on*

*your own accord, or initiative? Just write a voluntary redundancy demand to me...'. If the answer is no, then you tell her the truth without batting an eyelid : 'Your work is not conscientious enough (...), I don't want you' (a brigade leader to her workers).*

c. With an autonomous functioning status (*arenda*) within the combines, some skilled worker groups manage to negotiate conditions to maintain their job. Yet this strategy points up the employees' unequal capacity to defend their job, some of them being deeply weakened by the new management and market conditions.

### **2.3.3. HOW TO DEAL WITH DEMANDS**

“work collectives” are a representative entity of the employees. A collective is composed of the whole staff of a company including the management.

From the mid 70s, the soviet leaders seem to have wished for more active employees' holdings. The 1977 soviet Constitution (8th Article) thus comprises an article about the “working collectives”, which specifies their participation to debates and decisions at the firm level as well as the state level. Despite this text, during the soviet era, the role of working collectives remains quite feeble as far as the representation of the staff interests are concerned.

After 1991, in many companies, working collectives acquire more importance. They appear as the the only organized power with a plain worker identification. Opposite, we notice the void provoked by the end of the Party as a governing body on the workplace, as well as the suspicion of workers about the “official” trade unions re-created as alternative trade unions.

Furthermore, the new shapes of big industrial companies (autonomous workshops) lead to a bigger decentralization of stakes and negotiations. The relevant level to grasp negotiation is that of the workshop and not only that of the whole company.

*b. Privatization : sharing the power with central workers groups*

The Russian privatization is a source of power for some workers groups<sup>13</sup>. It gives them the possibility to delay the strategic restructurings of the companies and to preserve employment. It facilitates the setting aside of the professional groups which could apply control techniques on the labour force and of white-collar workers who would spread their controlling and leading functions over production.

## **III - INTEREST OF THE SOCIETAL APPROACH AND LESSONS SO AS TO READ THE POST-SOCIALIST TRANSFORMATION**

### **3.1. STRENGTHS AND WEAKNESSES OF THE REASONING AND OF THE TOOLS USED BY THE SOCIETAL APPROACH**

#### **3.1.1. METHODOLOGICAL PREMISES : STRENGTHS AND WEAKNESSES**

*a. Appropriate premises : inductive approach and endogenous aspect of the analysis categories*

The first interest of the societal approach lays on its inductive process. It draws lessons from the observation of real experiences to deduce general ideas. These latter differ from the classical notion

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<sup>13</sup> See the results of the study by TURUNEN J. (2004) : “Leaving state sector employment in Russia”, in *Economics of Transition*, vol. 12 (1) pp. 129 – 152.

of generalization which prevails in the standard scientific reasoning associated with the deductive logic, such as economical modelization applied to the transition of postsocialist economies.

This approach is also relevant because it socializes the categories it examines. Thus, the “unemployment” category in Russia must be related to the social conditions of its production. It is the expression of specific modes of managing and organising the division of labour and social relations. It loses the paradoxical aspect lent by the classical economical analysis. On the contrary, it acquires a contextual social rationality where the standard approach promotes a determinist view of the transition.

#### *b. A difficult integration of dynamics and a minimization of the external variables*

Even though some authors have introduced dynamics in the societal analysis<sup>14</sup>, priority given to the endogenisation of the explanation can be reproachful. This explanation tends to favour “self – maintenance” – thus reproduction – processes and makes it difficult to understand changing phenomena. It may lower the reach of some change logics at work in postsocialist economies.

Moreover, putting internal coherence (national) forward reduces the role of external variables (internationalization). When prioritizing internal coherence explanation, the societal approach does not necessarily ask questions about the limits of the system taken into account. Yet, the tightening of Russia's external constraints and the direct foreign investments probably play a part in the dimensions of our study subject.

### *3.1.2. STRENGTH OF THE SOCIETAL SALES PITCH*

The first property of this approach is to make apparently paradoxical facts understandable, because it shows their interdependency and their coherence with a wider social set. Consequently, it proves the existence of a relative rationality, instead of referring to the logic of absolute rationality of the standard approach.

Its strength also comes from its ability to understand the relations between enterprise and society, actors and spaces, and so between micro and macroeconomical or macrosocial facts. Indeed, the phenomena observed within the company (management, division of labour, social relations) have only sense in their relation with wider social constructions. Hence, two methodological additions of this approach to analyse the transition : it allows to learn lessons from local research teachings ; it is based on a several levels analysis (micro, meso, macro).

The societal approach allows to deal with the specific and historical question within social phenomena, and so considers understanding the transition as a non-determinist process.

To draw out this theme about the specificity of social facts, we shall get close to a relativist conception of qualification as defined by Pierre NAVILLE<sup>15</sup>. According to him, qualification is a “*social estimation of the relative working value*”. So, fundamentally, if a society confers a strong value on the activity of a worker with a high training level and with hierarchical responsibilities, this high value is but the result of the value given by that society and at one point to that work. NAVILLE stands up for the idea of a relativity in the value of work, and for the relative value of a specific work compared with an other one. This idea allows to understand that in the soviet – then postsoviet – economy, a very different hierarchy of qualifications from that existing in market capitalist economies can exist.

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<sup>14</sup> See the contributions of the authors to the book “*Embedding organizations. Societal Analysis...*”

<sup>15</sup> Cf. *Essai sur la qualification du travail*, Paris, Marcel Rivière, 1956.

Finally, the societal approach helps seize the relations between statics and dynamics. The social constructs and the processes which produce them, being historical, thus incidental, both have a capacity of “self – maintenance” and “non – identical reproduction”.

### **3.2. THE LESSONS FROM POST-SOCIALIST CHANGE**

#### *3.2.1. THE SOCIETAL APPROACH ENLIGHTENS THE QUESTION OF REPRODUCTION OF PAST SOCIAL FACTS*

The labour market illustrates the question of reproduction : persistent labour shortages, maintaining working autonomy forms, difficulty to retrain and rejection of ITRs categories can be observed ... For the societal approach, these facts are not imbalances compared with a transition of the market alleged “normal”. They lead to draw the hypothesis of the existence of the structural realities which bear them. These realities are called “spaces” by the societal approach. These spaces are structured sets but they also structure the social reality : therefore they contribute to the reproduction of societal sets. But it is not an identical reproduction, because the spaces are influenced by the effects of the social actors' dynamics.

Apart from the structuring characteristic of the spaces, the societal approach lays the emphasis on their mutual coherence, which is also a factor of reproduction of the social facts.

What's more, the idea of reproduction allows to make the forms of privatization of the Russian companies more understandable, these companies being dominated by insiders, in particular by the salaried. It indeed stressed the central position of the worker actor in the social relations around the companies organization. And the interdependency between these different social relations (organization, training, payment system) reinforces the position of this actor within the forms of enterprise governing in Russia.

#### *3.2.2. THE SOCIETAL ANALYSIS ALSO HELPS THINK ABOUT THE DYNAMICS OF SPACES, AND, BEYOND, OF SYSTEMS*

##### *a. From the dynamics of spaces ...*

If the societal analysis insists on coherences, it also deals with their dynamics. Yet, these dynamics notably comes from the tensions between the spaces studied. As MAURICE (1999) underlines it, interdependencies “*may as equally well be an expression of cooperation as of competition, of consensus as of opposition, of tension or of conflict*”<sup>16</sup>.

The interdependencies observed before the transition presented tensions. For instance, the “qualificational space” knew an increasing tension between the planner's objectives, focused on the will to answer the demand for blue – collar workforce and to reduce the labour shortage, and the social choices expressed by the population for an extension of secondary education and higher level trainings. This tension can read as a phenomenon which contributes to a dynamics of spaces, going as far as to the transition process.

J.-J. SILVESTRE's typology<sup>22</sup> (mechanical, organical, structural), about the dynamics of “qualificational space” enlightens us about employment transformations in Russia. In this country, the principal mode to react to the changes boosted by the transition was of “organical” type. It means that the post – soviet “societal grouping” reaction consisted in appealing to already installed fundamental functioning principles. Thus, social relations remained favourable to “central” workers' interests in terms of income and employment. The firms often supported new forms of decentralized management

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<sup>16</sup> See “*Embedding organizations. Societal Analysis...*”, p. 18



which enabled to renew these workers' autonomy. On the other hand, the strong increase in higher education is a “mechanical” type of the educational relation transformation, because it is unfamiliar to the depth of the ancient “societal patterns of coherence”, which associated a predominant secondary professional teaching and production system centered on the use of semi-qualified workforce.

*b. ... to that of systems*

Furthermore, the resort to the notion of “societal effect” to explain the specificity of Russian unemployment leads to wonder about the origin and the ultimate nature of the facts accounting for this reality. What comes under a societal effect, and what comes under the system ?

According to FRIEDBERG<sup>17</sup>, societal analysis is a kind of systemic analysis because it studies actor systems. This analysis is interested in the the social construction of partial institutional arrangements at different levels of society. And it is interested in “ *the systems effects of these partial institutional arrangements, that is to say their endogenous dynamic and retroactive feedback loops which may account for their unidentical reproduction* ”<sup>18</sup>. The “societal effects” thus can be considered as an other kind of system effect, this system being non-universal.

Another idea, that of social phenomena (enterprises, actors) embedded<sup>19</sup> in the society they develop in, comes under the hypothesis of a system effect.

Nonetheless, when opposed to the theory of convergence, the societal analysis stands back from the dynamics of systems theory. Because it first relies on internal coherence and the endogenous aspect of the explanation, it shows the strictly specific character of “societal groupings” put forward and the logical impossibility to suppose a merging of several of these groupings in a systemic totality. The social facts contingency, their historicity, the role held by the social actors in the dynamics of spaces – thus the specificity of their action – are directed to the same way.

Let us remind that the neo-classical doctrine of the transition could be but a “new form of the theory of convergence of the systems”<sup>20</sup>. In accordance with this doctrine, the final balance situation, known beforehand, was market economy, and strictly determined the shorter way from the starting point represented by the socialist economy. The reasoning mode of the societal approach is unfamiliar to this doctrine's vision.

In the end, if we had to define a general system, to a certain extent “*a societal system without boundaries*” (MAURICE, 1999, p. 32), we would start all over again from the hypothesis of a “*system of actors and spaces (both structured and structuring)*”, forming supra national entities that contribute to the interdependence of societal “groupings”.

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<sup>17</sup> Cf. FRIEDBERG E. (1999) : “ Societal or systems effects ? ”, in MAURICE M., SORGE A., : *Embedding organizations. Societal Analysis of Actors, Organizations and Socio-Economic Context*, John Benjamins, Amsterdam, Philadelphie.

<sup>18</sup> Idem, p. 70.

<sup>19</sup> The idea that social facts were embedded in economy has been developed by POLANYI K. (1983) : *La grande transformation*, Gallimard, Paris.

<sup>20</sup> Cf. CHAVANCE B. (2003) : “ Les théories économiques à l'épreuve de la transformation post-socialiste ”, Document de travail, CEMI – EHESS, Paris.

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