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TITLE **FORMAL AND INFORMAL RELATIONS :
COMPARATIVE CASE STUDIES OF THE
PRIVATISATION OF RUSSIAN AND BRITISH
RAILWAY REPAIR PLANTS**

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Formal and Informal Relations: Comparative Case Studies of the Privatisation of Russian and British Railway Repair Plants.

Marina Kiblitskaya

Thesis submitted for the degree of PhD

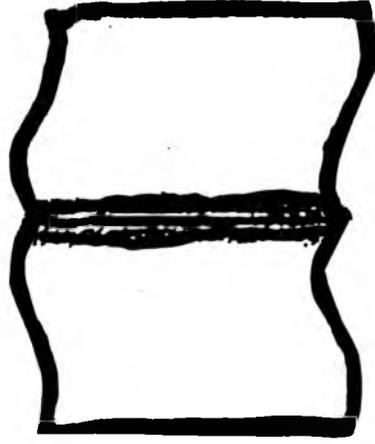
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THIS VOLUME HAS A VERY TIGHT BINDING

IN PLACES



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Abstract

The thesis examines the role of formal and informal relations in the social organisation of production through a case study of two railway repair plants, one in Britain and one in Russia, both of which privatised in the course of the research.

Although many Western commentators have noted the importance of informal relations in the social organisation of production, very little systematic research has been devoted to this theme, while in Russia it has only just begun to be a legitimate object of research. Moreover, most of the studies of informal relations have viewed their role within the framework of workers' resistance rather than seeing them as a universal aspect of social organisation which perform functions for all actors and which are a contested terrain. This thesis studies informal relations as a field of conflict and compromise between workers and managers.

The thesis is based on fieldwork carried out in both plants over the period 1993–7. In each case special attention is paid to a number of key areas of informal organisation: the management of the production process, the determination of wages, the differentiation of the labour force, the role of line managers and relations with customers.

Both enterprises were state enterprises at the beginning of the research and were surprisingly similar, with a very formal hierarchical management structure and an extensive network of informal relations. The rigid planning system led to similar problems of meeting the plan, and similar informal solutions to those problems.

In both plants the initial preparation for privatisation was associated with formal initiatives to restructure the internal relations of the plant, but these had very little impact. The striking contrast came when the plants were fully privatised. While privatisation for the Russian plant was a means of consolidating its privileged monopoly position, leading to few real changes within the plant, the British plant was subjected to a very radical restructuring which sharply reduced the significance of informal relations, although these changes were not made without resistance and informal relations began to take on new forms. In both plants the power of workers was at the same time being sharply reduced by the growing threat of redundancy.

Acknowledgements and Declaration

I am grateful to George Soros, whose financial support made the research possible.

I must also record my special gratitude to my supervisor, Simon Clarke, who gave me a lot of help and advice during the years of my studying at Warwick University. I am also grateful to Peter Fairbrother for his help in the organisation of my research. I would like to express my gratitude to the managers of the two plants, who gave me access to the enterprises, and to the employees of those enterprises for their enthusiastic co-operation. Thanks to my friends for their support and help during my study.

An earlier version of Chapter Four was published in Simon Clarke (ed.) *Management and Industry in Russia*, Edward Elgar, Cheltenham, 1995. All of this chapter was written and based on research conducted during my period of registration.

Introduction

In this introduction I will outline the theoretical assumptions used in my dissertation, review the substantial literature on formal and informal relations and on core and peripheral workers in the enterprise and I will survey some recent case-studies in enterprises devoted to the investigations of the co-existence of formal and informal relations.

Theoretical assumptions

The most fundamental aspect of the development of the social relations in any industry is that these social relations have a very complicated nature. People construct the rules and people violate the rules. That is why the processes of social interaction could be formal or informal. *By informal relations, I understand the multiple types of relations between people which arise in the process of production as well as in processes outside production and which are characterised by co-operation and co-ordination of people without using any formal rules and regulations.* This relation could be as a substitution of the formal one. Or sometimes these relations could be an additional resource in order to ease some of the processes within the organisation. But because the rules and regulations constructed by people do not always correspond with all their requirements, the rise and circulation of informal relations come to be an inevitable part of any organisation.

At the same time, the development of any type of relations inevitably corresponds with the group of people in whose interests they are implemented. That is why the construction of any kind of relations could serve the interests of definite classes. In the following thesis, I would

argue that the formalisation of some processes which are taking place in the organisation (or sometimes also the process of informalisation) is always taking place in the interests of particular groups of people. Very often the mutual distrust of different groups of people creates defensive mechanisms, which could be used by one group against the others. And people could use formal/informal relations as a form of such defensive mechanism. In chapter 3 I will describe such a situation, when in the interest of the upper managers several regulations were worked out which banned strikes and picketing in the Russian plant. At the same time, the opposite example could be given, when the workers try to by-pass the formal rules and regulations in order to fulfil the plan quicker. In these circumstances again, the informal processes are organised in the interest of particular groups of people. Thus, the usage of formal/informal relations is a part of the bargaining between different groups of people.

When we enter the world of work, the relationships between the employer and the employee have particular importance. In many cases the use of informal relations is a part of the bargaining process between the employer and employee. At the same time, one of the explanations of the existence of informal relations was given by John MacInnes, who wrote

In essence much of labour's bargaining power (whether formally organised into a combination or not) depended on the ability unilaterally to restrict what the employer could get from the workforce: whether by means of go slow, or by the enforcement of custom and practice. In a very real sense the ability formally or informally to bargain the terms of co-operation with the employer were a form of working class property rights. However, they could not, except in exceptional

times, be admitted to exist by employers, who had at least to profess to believe in their prerogatives and 'right to manage'.¹

I believe that in many cases the formalisation of the processes within the organisation happened in accordance with the desires and wishes of those on the top. It does not necessarily exclude the interests of the employees, but it mainly serves the particular interests of a particular class.

Thus, in my dissertation I would argue that in each organisation there is a co-existence of formal and informal relations. People create formal rules and regulations in order to help in resolving some problems within the organisation. Nevertheless, the creation of formal rules and regulations takes some time. At the same time some processes and problems need to be resolved as quickly as possible. And if there are rules and regulations which do not correspond with the formal rules, created in the organisation, inevitably some informal rules will be constructed, which will play a role of substitution or as a means of by-passing the system of formal rules.

Consequently, this dissertation examines the way in which different groups of people, participating in the organisational world, construct their relationships within the enterprise. Mainly because the world is class structured, therefore, the manipulation of the formal and informal rules *leads to the utilisation of the different formal or informal relations in the interest of the different groups, sometimes opposed. Different groups within the enterprise use different strategies in order to resolve the problems of a particular group. That is why the*

¹ MacInnes, 1987, p. 12.

formal and informal relations are a very useful mechanism of manipulation in the interests of different groups of people.

The nature of the labour relations is really difficult to analyse, but as John MacInnes stressed, one of the important parts of the labour relations consists of

The labour contract between employer and worker. This usually sets out the rates and method of payment, and makes some description, explicit or implicit, of the sort of work and effort the workers deliver in return.²

I would argue in my thesis later that usually in different organisations we can observe the situation, when the agreed formal contracts are broken by at least one of the parties involved. For example, I will show how the formalised payment system constructed in the Russian plant (although it was never organised on a fair basis), during the transition to the market economy, was absolutely transformed into the new half-formal or often even fully informal system, based on very vague characteristics.

The other reason for the rise of informal relations is that life is much more complex, and it is very difficult to confine it by a set of formal rules and regulations. Again, if we look at the employer-employee relations, we can see that a lot of things could not be defined precisely. I fully agree with Baldamus's consideration on this matter when he wrote,

Who can define ability, restricted output, capacity ('fullest' or otherwise)? If the intensity of effort expected from the worker is left undefined, then, surely, everything else that is stated about wages,

² MacInnes, 1987, p. 130.

hours, and method of payment is equally indeterminate ... the formal contract between employer and employee is incomplete in a very fundamental sense.³

Then, all lacunas, which were left beside the formal agreement, are the subject for further negotiations and renegotiations between the employer and employee.

Moreover, as John MacInnes argues, the position of managers within the organisation is very difficult, because they have

mutually exclusive and contradictory aims, which they must try to reconcile. On the one hand, there is a need to enforce order, create stability and predictability, make rules and enforce them: to create a formal division of labour and police its operation. On the other hand, there is the need to foster innovation and change, ensure creativity, and encourage informality, autonomy, self-responsibility and flexibility. It is frequently difficult to reconcile these mutually contradictory goals in practice, and impossible to lay down a general policy that spells out in advance how they are to be reconciled in every particularity. Thus, there is always a difference between what has been called the 'espoused' and 'operational' policies of managers towards labour. The first refers to their formal rules, the second to the informal processes of compromise and trade-off by which they are applied.⁴

Informal relations could be developed on different levels of the organisation. It could involve the relationships between individual members of the organisation or they could be organised between different groups in the organisation. We should stress that the system of informal relations could penetrate every organisation (independently of its political system) and

³ Baldamus, 1961, pp. 90-1.

⁴ MacInnes, 1987, p. 131.

different levels of the organisation: they could be developed in the workplace, in the shop, in the company, or in the industry as a whole. At the same time, the focus of our investigation is mainly limited to the development and transformation of informal relations within two companies.

Britain and Russia differ markedly in terms of development of the political system, and the form of the state. At the same time we should stress that several features of labour relations have some resemblance. For example, according to John MacInnes

British management did not develop any distinct strategy for dealing with or managing labour. It did not see any distinct need to plan in detail the social relations of production: how labour was to be trained, motivated, deployed and developed. These matters were often left to local management to work out informally.⁵

If we look at Russia's relations of production, we can also see that Russian managers governed a lot of processes informally. At the same time, the use of informal relations in different countries still has some distinctive features, which we have to examine.

Therefore, the focus of the thesis is twofold. First, at a general level it reveals the identification of the processes of informal relations which are taking place within any industrial enterprise. On the basis of my case-studies, I argue that these processes are not merely peculiar to a particular state: they are occurring all over the world in any industry.

⁵ MacInnes, 1987, p. 131

Second, at a lower level of analysis a cross national study permits the examination of variations of the informal relations and what circumstances influence those variations.

Comparative studies as a strategy of doing research

My interest in comparative research did not happen by chance. More and more people in the world would like to know how do people in other societies live and how their everyday life has developed. That is why for me, as a part of the modern world, it was particularly interesting to see the everyday life of other people in a different country. From the one side, the investigation of the stranger could be very primitive, because he could ask questions and get answers, which are well known by the native people, from the other side, the research of the stranger could be really revealing, because he/she could see some things, which are quite common in the native culture, and mainly because of that fact it does not attract the particular attention of the native researchers, while the view of the stranger on the common things could be really interesting. Moreover, the stranger could pay particular attention to the same processes, which are taking place within the enterprise, but the basis of these processes could be absolutely different.

At the same time, because for many years in Russia the quantitative tradition of doing research prevailed, and the tradition of doing qualitative research is only now developing, there are some prejudices about using qualitative methodology not only in investigation of the processes within one country, but also for exploring different countries which may have so many differences that it is impossible to compare them. My own experience proved the hypothesis that by using qualitative methodology it is possible to compare not only similar

countries, but also absolutely different countries (for example, in terms of their belonging to absolutely different political systems). And the results of such comparison could be very productive not only in terms of creating new theory, but also in general understanding of the real world by one particular researcher.

In the modern world there are a lot of ways of researching social life. And in my opinion, the more different strategies will be used by researchers, the more accurate view of the modern world the whole society will get at the end. Because only the diversity of views could represent the real diversity of the world. The comparative strategy of doing research gives us a possibility to look at the processes that are taking part in different countries, but to develop a comprehensive view. There are different opinions about the using of case studies in investigating social life, but I liked the explanation of the case-study, given by Charles C. Ragin in his book:

Case-oriented methods are holistic - they treat cases as whole entities and not as a collection of parts. Thus, the relations between the parts of a whole are understood within the context of general patterns of covariation between variables characterising the members of a population of comparable units. Second, causation is understood conjuncturally. Outcomes are analysed in terms of intersections of conditions, and it is usually assumed that any of several combinations of conditions might produce a certain outcome. These and other features of case-oriented methods make it possible for investigators to interpret cases historically and make statements about the origins of important qualitative changes in specific settings.⁶

⁶ Ragin, 1987, p. x.

A primary goal of my research was to identify the common features in different environments, and to define the key factors which influenced the most noticeable differences in common processes that were taking place within two different organisations.

To highlight the specific features of transformation from public into private I will compare two plants with similar labour process which are situated in different countries. It happened that I began the investigation of the Russian plant in October 1992. From 1992-1994 I was participating in the project 'Restructuring of Management and Labour Relations in Russian Industrial Enterprises', funded by the ESRC and led by Professor S. Clarke and Doctor P. Fairbrother. One of the Russian plants was selected as an object for detailed investigations. Later, when I began a post-graduate student at Warwick University, it was my intention to find a similar enterprise in Britain, which fulfils approximately the same tasks.

Global restructuring

Various factors have emerged in the last decades in different countries: although there are a lot of differences between different countries, nevertheless there is a strong linkage of processes that are taking place in different countries. The ideas of competitiveness and productivity increase have penetrated almost each country in the world. At the same time, a lot of literature has been devoted to the processes of globalisation. The slogan of Theodore Levitt 'think global, act local' became a leading rule of one of the best (in terms of profitability) multi-national companies in the world. At the same time, despite the very frequent usage of such words as internationalisation and globalisation, I agree with P.

Burnham who wrote that *'the key processes of internationalisation are poorly understood and weakly theorised.'*⁷

The world is always transforming and national economies of different countries are in the process of constant transition. We can see that globalisation penetrated different arenas of social life. From the one point, the move towards the marketisation of economies was part of the processes of transformation in Britain as well as in Russia. But at the same time, when we are trying to scrutiny these processes at the very low level, we can see all the disparities and differences in the strategies on the national level. At the same time, whatever processes have taken place in the real world, it is clear that common processes widespread all over the world nevertheless will always have their own features.

This dissertation is written on the basis of case studies conducted in two different countries, which passed through the processes of privatisation. Nevertheless, despite the similarities of the title of the processes that were taking place in these countries, the deeper investigation of these processes showed us that these processes are more complex than appears at first glance. Thus, from the one side, the processes in different countries have their own national features, and therefore it is really difficult to compare them. From the other side, despite all the differences in the implementation of the common processes on national grounds, the production itself and the presence of people within production lead to the situation that some processes inevitably will be duplicated in different countries. That is to say, there are some

⁷ Burnham, 1996.

universal rules which govern the social processes in production. And that is why such processes are necessary and possible to investigate.

Although the process of globalisation itself is very questionable, nevertheless, we cannot ignore that the processes which are taking place in different countries have very many common features, and the changes which are taking place could be really significant and have their own distinctive national features for this particular country, but at the same time they could represent the variation of the world economic processes.

I hoped that my investigations would enable me to illuminate some of the informal processes which are taking place in a modern organisation. The most difficult thing which I faced was the problem that these informal processes are usually not on the surface of the enterprise, and therefore they are hidden from the researcher, especially from the foreign researcher. At the same time, I hope that a number of sociological methods helped me to investigate people's experience, their everyday life.⁸

I hope that the processes described on the pages of this dissertation will make a contribution to the understanding of the world of the modern organisation. It draws particular attention to

⁸ One of the few Russian sociologists to write on this theme wrote '*when we observe the processes existing in our economy, inevitably there are a lot of questions raised: "Is it rational? Maybe it should be done in another way?" Then there is a feeling, that all these are very peculiar - a managerial theatre of the absurd. At the same time it would be incorrect to speak about the irrationality of the managerial actions of particular groups. They could be irrational in some very concrete case, but in the whole sense they are rational and can be analysed. Let's try to find out this rationality in a very inviolable sphere of activity of the management apparatus - in the system of hidden communication of the management groups*', Pavlenko, 1989, p. 190.

the interrelations between formal and informal relations within a modern enterprise, and describes how complex could be such processes.

Literature review

Literature devoted to the socialist labour process

There was a lack of empirical research of Soviet enterprises during the whole Soviet era, and such investigations as were undertaken were characterised more by rather general philosophical than particular sociological views. A lack of real empirical evidence from the shop floor led to the situation in which what was discussed in the scientific literature was not the real processes of labour collectives, but what should be. A lot of research was conducted according to a theoretical scheme which had been worked out in the minds of Soviet sociologists and all the subsequent research findings were polished and embedded into this already constructed theory. A little research was devoted to the real processes which were taking place in the Soviet production process, but the most hidden area of this research was the processes of informal relations in the enterprises of the former Soviet Union. I first became interested in these questions in those days because my father, who worked in one of the transport ministries in Moscow, travelled a lot, all over the country, visiting almost two hundred different plants, and told me real stories from the plants - how he was met by the people from the plant, how the work is organised - and his stories sounded very different from the material which I could find in the official literature. May be this influenced my desire to reveal the real plant's life and make it public.

The literature devoted to the socialist labour process was mainly very theoretical. Some sociologists considered the sociological aspects of Communist attitudes towards the labour process and the basis of the development of communist labour. In the sociological circles of the 70s and the beginning of the 80s there were very popular discussions devoted to the problems of the elimination of socio-class differences, and non-antagonistic relations in socialist production.

At the same time, 'applied sociology' was mainly concerned with the motivation of labour activity, labour adaptation and psychological climate of the labour collective. There were a lot of sociological publications with innumerable amounts of measurement of labour satisfaction, the psychological climate of the socialist collective, problems of leadership and so on. Since the 70s theoretical as well as applied sociology concentrated on the questions of construction of enterprise social development plans.

Other popular issues were socialist competition in production as well as the reduction of absenteeism and labour turnover. In the late 70s and the beginning of the 80s the most popular issues became the 'human factor' and 'social factors' of the effectiveness of labour. Usually the research was based on quantitative data and rested on a restricted empirical base. The critique and the main problems of the Russian sociologists were pointed out by one of the current Russian sociologists, A. Kravtchenko, in his recent book *The History of the Western Sociology of Work*, where he tries to compare the western and Russian approaches in sociology :

Russian sociology is more theorised than western sociology. The western sociologists prefer to resolve problems by the means of their private theories (theory of middle range?), while Russian

sociologists resolve the same problems with global theories. The western sociologists try to prove things which we, in our sociology, only show and explain. And, at the end, our western colleagues don't want to draw theoretical conclusions, if there is no clear empirical evidence of these processes, and if these conclusions aren't confirmed by the empirical data. By contrast, our scientists tend to global theorising, while the results of the surveys don't allow us to go beyond the level of the enterprise.⁹

Sociological literature and labour sociology also became a mirror of the political processes which were taking place in Russia. And when at the XXVII congress of the CPSU the further development of collectivist principles was stressed, it was immediately developed in the sociological literature. In one of the text-books for high school students, it was stressed that collectivism is a very important feature of the socialist labour process, and that:

as there will be the improvement of all the units of the economic mechanism, the development of the collectivist principles of labour will be an objective necessity.¹⁰

The idea of transformation of socialist into communist labour also played a negative role in the development of the Russian sociology of labour. And any phenomena which did not correlate with communist behaviour according to this doctrine were ignored by Soviet sociologists.¹¹

⁹ Kravchenko, 1991, p. 39.

¹⁰ Dikareva and Mirskaya, 1989, p. 101.

¹¹ At the same time an echo of real industrial life and the main relations which penetrated labour relations under socialism were represented in the oral history of the everyday life of people, in the form of sayings, proverbs and phrases. The most useful dictums I would like to note here: 'You do something for me - I will do something for

The dichotomy of formal and informal relations was unfortunately among such phenomena. In the sociology of labour this dichotomy was deeply criticised, mainly because of its western origin, and some authors stressed that the view of reality through the prism of the formal and informal has nothing in common with a Marxist approach. However, as the following chapters will show, the Marxist approach could be combined with a sociological analysis of the coexistence of formal and informal relations in organisation.

At the beginning of the 90s, the necessity of investigating the informal and unofficial as another side of reality was announced so, for example, one of the text-books for the students of sociological departments in the universities stated:

Non-official rules of the games, which are hidden from the uninitiated, need to be sociologically investigated, whenever they might arise: in production, the sphere of trade or in the management sphere.¹²

At the same time, despite this declared necessity, the main issues which were studied by sociologists in Russia continued to be very far from the investigations of the interrelations between formal and informal relations.

The analysis of the sociological literature of the last 5 - 7 years has shown that, with a few exceptions, there have been no serious investigations of informal relations in production. Moreover, as before, there is a lack information about detailed analyses of the life of

you'. (Similar to the English equivalent - 'you scratch my back and I'll scratch yours'). To speak against the boss is to piss against the wind', 'You are the boss - I am a shit, I am the boss - you are a shit'.

¹² Kravchenko, 1993, p. 86.

industrial enterprises. The majority of publications are concerned either with the very abstract theoretical analysis of economic processes, or are devoted to macro-processes in Russia. And mainly public opinion polls, the sources of federal statistics and, more rarely, interviews with experts, are taken as the basis for the analysis.

So at the very beginning of my research project I was faced with a lack of Russian literature devoted to case studies of enterprises. If in the western countries the case study method had become very common, in Russia and the CIS countries unfortunately it is quite unknown even among professional sociologists and only now some literature about it is appearing. An analysis of the contemporary situation with regard to the case-study method is presented in the first thesis devoted to this method. This thesis was defended at the Moscow Institute of Sociology by Irina Kozina, a sociologist from Samara. In her thesis she stressed that

If in western countries the use of the case study strategy is a quite common practice, in this country (Russia.-M.K.) we can talk only about *very rare cases*.¹³

So the analysis of the Russian industrial case-studies was based on the primary research in which I took part and that of my collaborators, supplemented by monitoring of the local and national Russian press, within the collaborative research project, funded until April 1994 under the East-West Programme of the ESRC, on the 'restructuring' of management and industrial relations in Russia', directed in Britain by Simon Clarke and Peter Fairbrother.

¹³ Kozina, 1996, p.4.

At the same time, it would be wrong to consider that the literature devoted to the labour processes in production, which were taking place not only in Russia, but in the whole block of Soviet countries, did not exist at all.

We should only stress, that such literature was hidden from those sociologists, who were conducting their research in the 70s and 80s in those countries, and mainly, the serious sociological literature, concerned with the real processes of the Soviet production system was only published in the West. And only now, when the boundaries between the West and the East have been destroyed, can we read the best examples of such sociological investigations. One of such masterpieces was the book of Miklos Harazti, *A Worker in a Worker's State*. His book was one of the excellent examples which could be regarded as a counter-argument of the sociologists who stood on a realistic position to the Hungarian pseudo-specialists in the sphere of labour. In his book Miklos Harazti questioned the piece-rate system in the Hungarian labour process and he paid attention to the hidden processes of violation of the norms and regulations under the socialist labour process. At that time, when pseudo-scientists glorified the piece-rate system, he wrote:

Under the piece-rate system, and any other forms of payment by results, its breach is both inevitable and tolerated. A piece-rate worker does not earn money just by working, but rather because he works without observing the regulations.¹⁴

¹⁴ Harazti, 1977, p. 44

At the same time, Harazti touched another very important problem - the division between them and us. He proved that within the so-called socialism system, within the labour process there is a clear boundary between the workers and the management.

Based on a scientific organisation of labour, Soviet production always has been strongly technologicistic. That is why the whole social organisation of labour was determined by technological characteristics. In theory the Soviet production process was very formalised, but in practice, because of the very high level of instability, when there was a constant shortage of materials and parts, continuous breakage of equipment and so on, the labour process relied on the activity of human beings. Moreover, the very existence of production was possible only because people violated the formal rules and laws. The system of the Soviet labour process was penetrated by the informal relations.

Among the western literature there were some issues, which were thoroughly scrutinised, for example the negotiations of the plan targets with the top authorities, the horizontal and vertical connections of enterprises, and the use of informal channels in this connection, as well as the reality of scarce resources. The discrepancies of the Soviet planning system were seriously analysed in the works of D. Dryker.¹⁵ But at the same time there was a lack of material devoted to the internal functioning of the enterprise. The most vulnerable point in my view was a lack of information about *the shop-floor relations, how the work was organised within the workshop and which mechanisms are used to make the workers work.*

¹⁵ See for example: Dryker, 1981 .

The main preliminary information which I obtained about the reality of shop-floor relations within the Soviet Industry was the study of Michael Burawoy, building on his study of the labour process from within in industrial enterprises in Syktyvkar. His previous Hungarian study,¹⁶ was very revealing for the understanding of the system of piece-rates within a socialist enterprise as well as for the understanding of interrelations between formal and informal relations on the Hungarian shop floor. A lot of the processes which were taking place in the Hungarian enterprise were observed later in my study of the Russian enterprise. The article devoted to the Hungarian factory was also very important as the comparative analysis of two factories where Burawoy worked: the Hungarian 'Red Star' and the very similar factory in South Chicago. In this article the system of formal and informal relations at work was described very clearly. Despite the label 'socialist production', the ethnographic study of the everyday lives of the workers on the Hungarian shop floor reveals the relations of awful exploitation of the workers by the managers and the whole political apparatus. This study very openly showed us that the mythical socialist labour without conflict doesn't exist, and the very high level of exploitation of the workers leads to plenty of conflicts on the shop floor. To some extent my investigation, as will be shown later, is an attempt to show the real processes on the Russian shop floor and to reveal all its hidden agenda: disparities, disputes, negotiations and confrontations as they exist in the everyday life of the factory.

The other most valuable source of the real processes which were taking place in Soviet industry was the works of Don Filtzer, who used an extensive range of materials, but mostly

¹⁶ Burawoy, 1985.

official documents and newspaper sources. But still his works didn't reveal the real situation on the shop floor. He argued in his books, that the Soviet labour process had some contradictions. First of all Filtzer considered, that

The Soviet Union is a 'class' society, whose reproduction is based on exploitation. There is a ruling stratum, an elite, based in the bureaucracy, but not coterminous with it, which extracts a surplus product from a workforce.¹⁷

One of his main statements was that there are some similarities in relations between the workers and the elite between capitalism and socialism. He stressed:

The elite's relationship with the workforce was essentially unstable, reflecting the inherent instability of the Soviet system of production. At a general level, the elite-workforce relationship was reproduced in a fashion *similar to that between capitalist and workers under capitalism*. The elite controlled the means of production, while the worker controlled only her or his labour power.¹⁸

Since the very beginning of the Soviet state labour relations in Russia developed in the following direction: in order to stabilise its position, the ruling elite was trying to atomise the workforce and to undermine potential opposition. Since 1929 in Russia any forms of collective protest were suppressed. Strikes became illegal and if strikes arose, the organisers were arrested. The trade unions were absolutely helpless, because they implemented the

¹⁷ Filtzer, 1992, p. 122.

¹⁸ Filtzer, 1992, p. 127.

government's policy. The division of labour and individualisation of the labour process led to such a situation, when for workers

The only room for manoeuvre was to attempt to exercise control over the immediate work situation. This meant not simply high absenteeism or labour turnover, but more importantly the reappropriation of partial control over the labour process itself.¹⁹

According to Don Filtzer, in the environment where there were always breakdowns of process of production, irregular supplies and frequent plan changes, the workers found ways to exercise control over work speeds, the intensity of their labour and the quality of their work.

So, in the Soviet labour process most things were out of control, so the managers were trying to influence the factors they could. The managers tried above all to fulfil the plan, but they were afraid of overfulfilment, because it could lead to a higher plan, they tried to organise new supply channels if necessary and to find out ways to co-operate with workers.

Here we should stress that the position of middle managers in enterprises in Russia has always been ambiguous. Because they had to control workers, they were put in a position of power over the workers. From the other side, in order to fulfil the plan and to preserve their position, they had to co-operate with workers, that is why they usually tried to implement different techniques in order to reduce the destructive effects of the workers' militancy.

The workers, where possible, tried to go slow, to organise interruptions or other means of control of the labour process. In the circumstances, where there is a high labour turnover and

¹⁹ Filtzer, 1992, p. 129.

high labour shortage, for managers it was almost impossible to overcome this established system. That is why the workers' control over the labour process was quite considerable. And a very complicated system of bargaining over areas of control was constructed. And this is one of the main differences with the capitalist labour process. If in capitalist enterprises collective arrangements between management and workers regarding dispute resolution were constructed, in Russia there were no institutionalised mechanisms for negotiations between the workers and the management and up to the present time the system of bargaining does not exist. The mechanisms of bargaining vary from enterprise to enterprise and from industry to industry. Thus, in Soviet industry there was created such a situation, when negotiation about the plan targets or material supplies or any other problems in production passed through a system of informal negotiations between the workers and the management. Because the industrial relations in production were highly individualised, the negotiations very often were made between individual workers and management. Because the workers control the labour process considerably, the managers very often were forced to make concessions to the workers. Thus, on the shop floor in Soviet industry a system where informal relations played a substantial role in industrial relations was constructed.

The main difficulty of generalisation about the informal relations on a Russian enterprise is

the fact, that there are so many important variables, and because the scope of informal relations is so great that personality can play a decisive role in defining the characteristics of a particular shop or enterprise.²⁰

²⁰ Clarke, 1995, p. 8.

Here, trying to compare the informal relations within the western enterprises, we should stress that within western enterprises the gap between formal and informal relations is more narrow, as is the extent of informal relations. That is to say, if in the Russian enterprise the labour process is mainly fulfilled through the system of informal bargaining between different groups or individuals who try to by-pass the system of formal relations, in western reality the formal system is sometimes supplemented by the informal one. Although the balance of the formal and informal is very unstable, and varied from enterprise to enterprise in any country, still, there are general macro-characteristics, which could give a general idea about the extent of usage of these or those relations.

The most effective and substantial analysis of informal relations in Soviet production was made by Samara researcher Sergei Alashev,²¹ who participated in the research project on the 'Restructuring of Management and Industrial Relations in Russia'. His main argument is that informal relations in production appeared because of the inadequacy of the formal regulations to the requirements of production. He made a thorough analyses of different types of informal relations and then he examined the changes in the role of informal relations which are emerging as a result of the transition to a market economy: the disappearance of some informal relations, their institutionalisation into formal ones, and the emergence of other informal relations in different spheres of enterprise activity.

²¹ Alashev, 1995.

Literature devoted to the capitalist labour process

If the descriptions of shop floor realities were very rare in the Soviet production process, by contrast, there was a lot of literature regarding the capitalist shop floor. At the same time, even if there were a lot of publications regarding the capitalist labour process, we should stress that among these publications there was still a tendency towards very detailed analysis, and there is a lack of attention to the problems of informal relations as such. Let's consider the main issues, which were discussed in the sociological literature.

The sociological literature, where to some extent the problems of formal/informal relations were touched, can be divided into two different categories:

1. Theoretical issues, where the problems of informal relations were touched to some extent.
2. Case-studies and surveys, where the problems of informal relations were investigated.

Theoretical issues

Theoretical issues concerned with informal relations of the capitalist labour process are almost non-existent in modern sociological literature. The reason for this lack of attention could be that this issue is considered as unfashionable by modern sociologists. Otherwise it could be difficult to explain, why there is no literature regarding this matter. The most comprehensive view on the nature of informal relations and the reasons why they exist in organisations was developed in the late 50s by the American scientist Melville Dalton who, in his book *Men who Manage* pointed out that the world of organisation is very comprehensive

and, in order to understand it, it is necessary to 'look at the interdependence of facade and interior' of any organisation.²²

The further analysis of the theoretical literature has shown, that the focus of theoretical debates moved away from the analysis of informal relations. Mainly the debates were focused around several issues which were considered as the most basic features of the production process.

A key debate about management in capitalist society was focused on the labour process debate. The analysis of the labour process developed by Marx was updated by Braverman who, in his influential book *Labour and Monopoly capital* (1974), pointed out the following key features of the capitalist labour process:

- the separation of conception and execution (or manual and non-manual labour).
- the division of labour which is achieved in this century by scientific management (Taylorism).
- the tendency in the capitalist labour process is towards deskilling and fragmentation of work and a structure of planning, co-ordination and control of the labour process.

The other very intensive debates were devoted to the problems of control of labour under the capitalist labour process. Karl Marx revealed the fundamental conflict underlying the relationships between capital and labour and therefore the relations between management and

²² Dalton, 1959, p. 218.

the workforce need to be seen in the light of this basic fact. Therefore, if there is management control over the workforce as a driving force of any production organisation, then there will be attempts from the controlled group to overcome this control and to find different ways of escaping from this control.

Some issues of informal relations were touched in the sociological literature concerned with resistance in organisation.²³ Watson (1987) made a review of some forms of employees' resistance, as for example, cheating and fiddling, rule manipulation, joking and horseplay. But mainly because his focus was on the employees' resistance, there was no serious discussion regarding the interdependence of formal and informal relations. At the same time, we should stress that all types of resistance could be regarded only as a part of the whole set of informal relations within the organisation. And the world of informal relations embraces not only resistance and negative responses of the employees, but also different kinds of positive actions: all the actions which are characterised by a lack of formalisation.

From my point of view the problems of de-skilling, control of work, resistance in organisations and others are interrelated with the problems of formal and informal relations, but among the modern sociological literature there is a lack of attention to these issues. Although there are some publications which analyse the problems of informalities,²⁴ nevertheless there is almost no literature regarding the questions how they are organised, how

²³ See for example: Jermier (1988).

²⁴ An analysis of formal and informal relations has been developed by several authors in a range of sociological literature: Boer (1990), Chisholm (1989), De Certeau (1984), Fitzpatrick (1988), Kolb and Bartunek (1992).

they operate on the shop floor, whether there are any specific features of the use of informal relations within the state sector or within the private sector and so on. To some extent these problems are touched by those who did case studies in enterprises.

Case-studies

My intention is not to show the whole history of the investigation of informal relations in the labour process through the centuries, so my particular attention concentrated on the second half of the twentieth century. At the beginning of this period the most interesting case studies of informal relations at work were made by the famous American sociologists D. Roy, who paid a lot of attention to informal relations on the shop floor.²⁵ He worked for nearly one year as a drill-operator in one of the machine shops of a steel processing plant, and he kept a daily record of his life on the shop floor. The focus of his interest was the structure of inter-group connections and work behaviour at the machine level.

Huw Beynon presented one of the most comprehensive socially constructed views of the day-to-day realities of the workers and shop stewards in one of Ford's plants.²⁶ In this study he described in a very revealing manner the unknown sides of work, and paid a lot of attention to the informal relations among the employees, shop stewards and other people at work and after work. This book opened a new era in the realistic description of enterprise life. Another

²⁵ See for example: D. Roy (1955), Roy (1952), Roy (1953).

²⁶ Beynon (1980).

excellent example of case-studies, where the problems of formal and informal relations were discussed, is represented in the collection of books edited by A. Zimbalist.²⁷

I found a very interesting view on the issues of informal relations in the works of Louise Lampere and Nina Shapiro-Perl. Lampere presents evidence from the Apparel Industry which she gathered on the shop floor. The most interesting examples concerned the way in which work was organised. Within the workshop informal rules were established among the employees. These rules were transmitted to the newcomers, and if someone did not agree with the rules, he had to obey, because even the instructors and the head of the training department had to accept the informal rules established on the shop floor. At the same time, Lampere describes different informal techniques which women on the shop floor invented in order to secure their positions. And although the work force was divided along age and ethnicity, nevertheless 'within a particular department, especially among experienced workers, there are other signs of resistance to management control of production and attempts to protect their collective interests.'²⁸

Nina Shapiro-Perl presents other evidence from the Costume Jewellery Industry in Providence, based on ethnographical fieldwork carried out by the author. One of the main issues, which she was interested in was the organisation of the piece-rate system within the factory. Her main finding from my point of view was concentrated in the following words:

²⁷ Zimbalist (1979).

²⁸ Lampere (1979).

Piecework provides the illusion that one's payment is related to one's productivity.²⁹

The same opinion was pointed out by Braverman:

The pay of labour is a socially determined figure, relatively independent from productivity.³⁰

The main observation of Shapiro-Perl was that:

On the shop floor, piecework becomes a battlefield between workers and management. Every day workers challenge the management's manipulations of the piecework system and develop their own strategies of resistance, though they may not fully realise the significance of their actions.

Further, the author have examined some of the strategies that workers used to fight management's manipulations of the piecework system. They used their informal mechanisms in order to control the production time: they tried to speed up during time study and to go slow, if it was in their interests. If to generalise, she examined the strategies that workers from different countries have used for centuries.

There were some other case studies in which the authors to some extent paid attention to the dichotomy of formal/informal relations, among them books of R. Cavendish *On the Line*, S. Westwood *All Day, Every Day*, Collinson D. *Managing the Shopfloor*³¹ and so on. The most important feature which characterises all the case studies by these authors is that they consider the world of work as a class-constructed reality. They look at workplace relations through the prism of a 'them and us' perspective and they show us the struggle of workers

²⁹ Shapiro (1979).

³⁰ Braverman, 1974, p. 98.

³¹ Cavendish (1982), Westwood (1984), Collinson (1992).

against the administration who invent the exploitative system or against the new subtle techniques which are invented by the company's managers in order to increase productivity. It means that the Marxist approach is very much alive in the thoughts of modern sociologists and there is not any substantial replacement for his theory.

It was true in almost all cases that the main aims of research were a bit different than those of informal relations, and authors tried to reveal other problems of the everyday life of people in the factories. And only because the everyday life of people is always interconnected with formal and informal relations, especially in the world of work, the authors could not ignore such important things. At the same time, we should stress, that at the moment we have a lack of case studies, where the main focus of the research was the investigation of the interconnections of formal and informal relations. That is why in my own research, the results of which are represented in this thesis, formal and informal relations in production process were chosen as the main focus for sociological investigation.

To some extent the problems of informal relations has been touched in various surveys. Mainly surveys touched not the problems of informal relations, but the usage of formal agreements and formal contracts in industrial relations. Edwards did a special survey which was devoted to the development of formal *industrial* relations on the railways. At the beginning she stressed that although there were a lot of different reforms of formal industrial relations, nevertheless 'the effect of these reforms is difficult to evaluate because of the lack of detailed empirical investigations of the formalised system'.³² It is stressed in the article

³²Edwards, 1987, p. 63.

that in the late 70s and the beginning of the 80s some surveys were conducted investigating the questions of formal written procedures at the workplace level,³³ but mainly they were concerned with workplace industrial relations and the system of collective bargaining. At the same time, formal and informal relations as a whole system of the organisation, which penetrates all level of the organisation have hardly at all been investigated in the sociological literature. At the same time, while investigating the formalised system of collective bargaining on the railways, Edwards has pointed out that despite the extreme degree of centralisation and regulation in the organisation of the formal system of industrial relations on the railways and a system of collective bargaining that is also highly centralised and 'rule bound', in fact there are a lot of informal activities from the side of the LDC representatives, who engage in a variety of informal actions in order to overcome the obstacles, presented by the formal system.³⁴ From her article it is apparent that trade union representatives engage in a 'wide range of activities, which fall outside or, in some cases, contravene the formal rules of the system'. The main question which is raised by Edwards is: what is the relationship between the formal system of industrial relations and representative power? And one of her suggestions, developed from her survey, is that 'representatives, who engage in informal activity will be more powerful than those who operate within the confines of the formal

³³ See for example: Daniel and Millward (1983), Thompson and Beaumont (1978), Edwards (1978, 1983), (Edwards and Lloyd 1980).

³⁴ Edwards, 1987, p. 71.

system'.³⁵ Her main conclusion is that '*formality* does not produce uniformity and predictability at the workplace level and it does constitute a valuable power resource which can be used to the benefit of either side and in particular to that of management.'³⁶ I would like to continue her thesis and say that the *informality* could also be used as a valuable source of power. The intrinsic feature of any social process is the appearance of social relations, which could be formalised or informalised. Labour process theory, with its origins in the work of Karl Marx, seeks to uncover the social and economic interests of particular groups of people. But from this fact also arises the suggestion that because of their intrinsic antagonism, these groups of people will search for some mechanisms (formal and informal) in order to secure the position of their particular group. Thus, the question of formal and informal relations is inseparable from the questions of socially constructed reality and class-constructed society. And the usage of informal relations could be considered only in conjunction with other theories.

'Core' and 'peripheral' workers

The distinction between core and peripheral workers plays an important part in the informal organisation of the workplace, in Russia even more than in Britain. We will explore the similarities and differences through our case studies, but here we will look briefly at different approaches to these concepts in Russia and the West.

³⁵Edwards, 1987, p. 73.

³⁶Edwards, 1987, p. 86.

'Core' and 'peripheral' work in the western tradition

There has been a long tradition of concern about those groups of workers who were included in the category 'the peripheral labour force'. In the last decades of the 19th century, the 'casual' worker was one of the important points of Charles Booth's classic study of London working class life. Booth investigated the life of working people in London, and for this purpose he divided the population into eight categories, three of were concerned with:

1. The lowest class of occasional labourers, loafers and semi-criminals.
2. Casual earnings - 'very poor'.
3. Intermittent earnings. (Booth, 1892-97, 1, p.33.)

Booth considered the problem as related both to the demand for and supply of labour of this particular kind. It is necessary to say that from the beginning the conception of peripheral workers was connected with labour market segmentation.

In the 30s, this framework was developed in the US and some western countries for systematically analysing the participation of the adult population in the world of work. But it was very urgent at that time, because there was a high rate of unemployment and people were looking for jobs. For example, the population of the US was strongly divided between workers and non-workers. But the patterns of workers' participation in the world of work was much more complicated than the simple division between workers and non-workers. In order to understand this complication, a lot of conceptual frameworks were developed, among which was the conception of 'core' and 'peripheral' workers. At the

beginning the 'peripheral' workers were regarded as those who 'held a job some time during the proceeding year but who worked less than full time throughout the entire twelve months' (Morse, 1969). This conception was quite behavioristic, because it defined as 'peripheral' all those who worked less than full-time for the full year, but it did not include those who wanted to work but not full time (married women and students). Then, in the sixties in the works of some American writers, like Morse and others the concept of peripherality was expanded to include many discreet subgroups.

This concept got a new sense in Britain in the early 80s in shaping debate about labour market flexibility and employment restructuring. This conception was closer to the enterprise level and to some extent reflected the real situation in industry. Some authors argued that employers organised their work force in a segmenting way so that there is a great division among employees between the 'core' of full-time workers, and the 'periphery' of part-time, temporary, subcontract and 'outsourced' workers. The term 'flexibility' was applied as 'the solution to recession, heightened competition and uncertainty. ... but also it has been applied to all forms of employment outside the full-time, "permanent" contract such as part-time and temporary work'. (Pollert, 1988).

John Atkinson and Denis Gregory argued that 'the division into "core" and "peripheral" groups can take many forms, and employers have a whole range of options open to them to fragment their workforces in ways which suit their particular circumstances.' (Atkinson and Gregory, 1986, pp. 12-16.) They opened discussion about 'numerical flexibility' and 'functional Flexibility' of firms. Their point of view was that a new division of labour had arisen, and firms try to achieve greater flexibility by the reorganisation of their workforce.

Trying to analyse the 'new-style flexible firm', they assumed, that 'such a flexible firm divides its workers into 'core' and 'periphery' because it seeks different kinds of flexibility from each group' (ibid., p.13). Explaining the model of the flexible firm, they stressed that the flexible firm could employ a number of external sub-contracting groups, temporary staff and some self-employed people for a short term. Such kinds of groups provide the 'numerical flexibility'. But these workers are excluded from career status. The 'core' workers provide 'functional flexibility' through lowered job demarcations and multi-skilling, new skills in different job but 'enjoy greater continuity of employment than peripheral workers' (ibid., p.13). Atkinson and Gregory stressed, that they used this model of the 'flexible firm' as 'an analytical tool' in order to understand what is going on. And they pointed out some difficulties which arose with this framework, because some of the firms (especially foreign-owned) exactly demonstrate this segmentation, but some don't. But the whole debate about this issue revealed a new look at the division of labour and segmentation of the labour market.

Core and peripheral relations in Russia

The debate which developed in the 80s was almost unknown among Soviet sociologists. And this approach, which helps us to consider the division of labour within Russian conditions, wasn't developed. That is why I consider that it will be interesting to apply this approach to former Russian conditions and to investigate what changes have happened during the last decade. I would think that the implementation of this framework in Russian reality could also help us to understand the main differences between 'Russian' and 'western' labour forces and the segmentation of the labour market, as well as similarities

which are now appearing on the Russian stage. Let's consider now, what were included in the 'core' and 'peripheral' work forces in Russia in the past and how it is changing in new conditions.

1. By 'core' workers traditionally in Russia we understood the workers, who were involved in the *main production process*. For example, in my enterprise, which repairs carriages for the underground, the 'core' workers would be those who are involved directly in the process of repair of these carriages, and those who are engaged in the re-assembling and assembling work (electricians, fitters, and so on).

Besides, by 'core' workers, historically management understood a special category of workers, who had worked in the enterprise for 20-30 years, had a great commitment to the enterprise, and had a big sense of loyalty towards management's decisions. Such 'skilled' (*kadrovye*) workers always had a more privileged position within the enterprise in comparison with new 'unverified' workers. In some Russian enterprises the 'core' workers are legally put into a privileged position in the collective agreement, because if they have worked for the enterprise for 10-20-30-40 years, they have some extra money for their length of service, but even if it is not formally registered in the collective agreement, the division between old skilled workers, so called 'old inhabitants', and others still exists and is important in informal relations. (For example on my plant - there is a clear division between 'old' workers - *stariki* - and new workers - pupils). And there was a mutually advantageous approach between such 'core' workers and management: managers gave them the better and more skilled tasks and in return for this, the workers gave managers their support and loyalty.

So, such workers have a more privileged position because the management usually provided them with some extra payments, extra bonuses, more profitable work for those who work on piece rate. If there is some distribution of goods or places in the recreation areas or for the sanatorium, such workers got them in the first place. Selection for promotion is also usually made by middle management in accordance with the loyalty of this person to the management. So, from the point of the administration, such workers were a highly valued full-time work force whom they can rely on. Thus, managers will consider some workers as 'central' workers not only for their skills, but mostly for their contribution to their managerial authority and to their position.

2. By 'peripheral' workers we understand the full-time semi-skilled or unskilled workers, whose status is much lower than 'core' workers, who, as a rule, work on the enterprise for a shorter time than some of the 'core' workers. By low status we mean also the lower status of the occupation. If the occupation was traditionally one of low status, then it automatically confers low status upon the individuals or groups who are involved in it. One of the examples of such low status occupations might be cleaners. It is everywhere regarded as a low status job. And the cleaners are regarded as peripheral workers. Usually, they are involved in a shorter day's work. They work for 3-4 hours a day, or could have variable work schedules.

Also by 'peripheral' workers were meant the workers who provided some additional work for the enterprise, for example, repair workers, who were engaged in the repair of some parts or equipment, tools, i.e. the workers who were involved not in the main process of production, but in subsidiary production.

3. At the same time within the main production, there was one more division between those who fulfilled the main work and those who do additional, less skilled work so that within one brigade there might also be a division between 'core' and 'peripheral' workers.

4. Also those who did work which was not connected with the main production process at all were regarded as 'peripheral' workers. For example, on the plant for repairing electric trains, the director understood that it is a very profitable business to produce parquet floors for the Russian market, so he organised such a workshop. Workers such as those who are working within this workshop would be regarded as workers of a non-production process because this is not a core process of this enterprise.

5. Such 'peripheral' workers who work part-time, several days a week or several hours a day almost didn't exist in Russia. It happened very rarely, if some person had good connections with the director of the enterprise, or the bosses of the personnel department, who might allow such work. Mainly it was women who had babies who did such part-time work. In modern conditions, when there are difficulties with orders and a lack of work within the enterprise, the administration is forced to work a four day week, but sometimes this situation concerns all employees, not only part of them.

6. We also should distinguish this view of core and peripheral workers from a *scientific* position, which might be objective and include different divisions among the workers, from the position of *managers* within enterprise, who consider 'core' workers first of all from the point of view of loyalty to their decision-making policy, and peripheral workers those on whom they can't rely. The managers also understand divisions between 'core' and 'peripheral' workers from the point of view of the technological process, but they always

try to use this division for the control of workers. We can give one example of such a situation, when the managers try to use the situation with low-skilled workers. It is very common within the enterprise to put a low grade worker on higher grade work. It is very widespread for the women who work on the cranes. And it is a prerogative of the shop chief to give them a higher skilled job. But because of this situation, the person who was put in a higher position will depend on the shop chief and foremen and will do everything they want.

From the point of security, all these workers we have enumerated above ('core' as well as 'peripheral') have a secure state job. And their position is much better than those who are working in many private firms or co-operatives, because such work is still regarded as unstable and insecure. Work in state and former state enterprises provides more security and has a more stable position and for some workers, who are involved in the most profitable activities, they can also provide high wages, as we shall see with the development of small enterprises in our Russian plant.

Different countries – similar relations on the shop floor?

Russia and Britain represent very different cases in modern development. They both have their own environment, different political systems, different ideology, but at the same time it does not mean that it is not impossible to compare these two countries. Despite huge differences in these countries there are some common features. And here we should stress that there some processes that have the same characteristics in different societies. And one of these processes is the process of labour. And we should remember the words of Karl Marx,

when he wrote, 'the labour process is the universal condition of exchange of substances between man and nature, the eternal natural condition of human life, and therefore it does not depend on any form of life, in turn, it is inherent in all social forms' (*Capital*, Volume One, Chapter 5, Paragraph 1).

And here it is very important to stress that whatever conditions could be in the labour process, there always would be a place for informal relations: they existed, they exist and they will exist. Perestroika, restructuring in the former Soviet Union and economic recession and transformation of some of the public firms into private companies in Great Britain did not destroy the informal relations in these two countries. Having considered above a number of problems with modern research about formal and informal relations, we would like to point out, that the informal processes have become an integral part of the processes of everyday life of people. Why is it so? From the one side, the existence of the informal relations is very common, because the main feature of the informal relations is their flexibility, quickness and a lack of any paper work. That is why it is very difficult sometimes to find the real documentary evidence of the informal deal.

Informality always has an impact on the formal system. From our point of view, the system of formal and informal activities are interrelated and supplement each other. M. Laquerre, in his book devoted to the informal city, argues, that 'the informal system is included in the larger formal space. The reality of informality is seen as related to the topography of the formal

societal system and constitutes a province of that system'.³⁷ Trying to understand the interrelations of the formal and informal relations he suggests that:

The informal system is also seen as *a reaction* to the formal system, especially when it is superimposed.

The informal system appears also *as a challenge* to the formal system.

The informal system appears as *a substitution* for what is missing in the formal system.

The informal system is *complementary* to the formal institutions.' (Ibid., 1994, p. 160- 161).

Let us consider what role the system of informal relations plays in the modern labour process and how it is changing today.

The structure of the thesis

The rest of the thesis is organised as follows:

The thesis is divided into two parts, the first of which will be devoted to the description of the processes which were taking place in the British plant. Chapter 1 describes the processes in the British plant from the beginning of my study till the end of July 1995, when the plant was taken over by Swedish-Swiss company ABB. Chapter 2 moves on to examine the specific issues of privatisation and restructuring within the British plant and what changes have happened on the shop floor. The second part will be devoted to the description of the processes in the Russian plant. Therefore Chapter 3 introduces the Russian plant, presenting

³⁷ Laquerre, 1994, p. 160.

the history of the Russian plant and then exploring changes in its economic situation up to and including 1993, with the issue of formal and informal relations being explored by looking first at the management structure, and then at the payment system and conflicts around payment. Chapter 4 examines the failure of the plant to fulfil the plan in May 1993 and the whole set of objective and subjective reasons which influenced this failure. This chapter reveals the nature of the formal/informal relations within Russian production as they were.

Chapter 5 is devoted to the changes which took place within the Russian enterprise after privatisation. It first looks at changes in the management structure and the economic situation and then goes on to consider the extent of changes in four main areas: the relations between the core and the periphery, changes in the payment system, changes in industrial conflict and changes in formal and informal relations. The main conclusion is that despite all formal processes towards privatisation, nevertheless there were not so many changes within the enterprise after privatisation, and in many spheres there is a continuity of processes which were taking place before privatisation with those which happened later. And in some spheres, as for example in the payment system there was a real increase of informality.

Chapter 6 presents a comparative analysis of the two plants from the sociological perspective. The main conclusion of this chapter is that, despite the same processes which were taking place in different countries, nevertheless, the plants went in opposite directions. At the same time some processes which happened within both enterprises showed a common tendency to the further development of informal relations.

Chapter I. The Doncaster Plant before Privatisation

The early history of the plant, 1847-1987

The plant has a very long and interesting history. It began in 1847, when the Great Northern Railway started negotiations to purchase land in the town. Two years later work had commenced. The first new locomotives emerged from the works in 1867. In 1869 the famous '8ft single' appeared with its giant driving wheels. By the beginning of the XXth century the plant had progressively increased in size and the new Crimpsall Repair shop was opened in 1901. Before the First World War the Doncaster workshops employed over 2,107 employees covering all the major crafts.³⁸ The 2107 employees were split up as shown in Table 1.1.

The work conditions at that time were reported as follows:

Until January 1872 employees at the plant worked a fifty-eight and a half hour week. From Mondays to Fridays inclusive they started work at 7 a.m. and finished at 6 p.m., being allowed an hours break from 1-2 p.m. On Saturdays work finished 'early' at 2 p.m..³⁹

What was the discipline at the Works at that time is revealed by the following paragraphs:

Discipline at the works was strict. A man had to present himself at the checker's cabin by the entrance gate to his department when the works' hooter sounded at the start of the day's activities.

³⁸ Bagswell, p. 35

³⁹ Bagswell, p. 37

He called out his works number to the clerk in the cabin and received in return a metal disc with his number on it. This would be returned at the end of the shift. Every other Friday he was given a brass disc instead of the usual tin one. At the end of that day's shift, in return for his disc, he was given a pay tin containing his wages for the past fortnight. He pocketed his cash and returned the tin box.⁴⁰

The job was 'overlooked', listed on Patrick Stirling's return of October 1870, was to enforce good discipline throughout the works. They would ensure that those guilty of disobedience to orders, or found 'dipping' or 'waxing', i.e. stealing material or tools, were dismissed and sometimes, in addition, prosecuted.

During the First World War the plant produced ammunition and other material for the war effort.

After the First World War the main activity of the plant was building vehicles. On the 22 February 1923 Mr. H.N. Gresley was appointed as Chief Mechanical Engineer at Doncaster.

Gresley's policy was to continue using the best designs of locomotives from the pre-1923 companies and to develop them with his own innovations. He appreciated that improvements in design were urgently needed, particularly on the locomotives, serving the Scottish lines.⁴¹

In 1924 at the British Empire Exhibition in Wembley the 'Pacific' locomotive Flying Scotsman was the best performer. A lot of important locomotives were produced in Doncaster between the wars, included Silver Link, Pacific A4 Mallard, Cock of the North and so on.

⁴⁰ Management Committee Minutes 30 August 1874.

⁴¹ Bagswell, p. 54.

During the Second World War the works produced tank turrets, naval guns, aircraft wings and so on. One of the consequences of the war was the opening up of employment opportunities for women. 'Most of the women came to the plant works because they had received 'call up' papers in which they were offered the alternative of joining the armed forces or doing work in the factory.. .. When they moved into the works they were given jobs in the different departments and shops.'⁴² They've done all kinds of jobs, they've been painters and crane drivers, cleaners and fitters and so on.

The women worked a 12 hour shift: either the day shift from 6 a.m. to 6 p.m. or a night shift from 8 p.m. to 5 a.m., but overtime was often worked from 5 - 7:30 p.m. from Mondays to Thursday inclusive. Women, employed to fulfil the men's responsibilities achieved equal pay with men after thirty-two weeks. The total bonus received by men was greater than that received by women.

For the whole long history of the plant, there were a lot of worker dynasties. Whole families from the community were proud to send their representatives to the plant. Below you could see one of the worker dynasties.⁴³

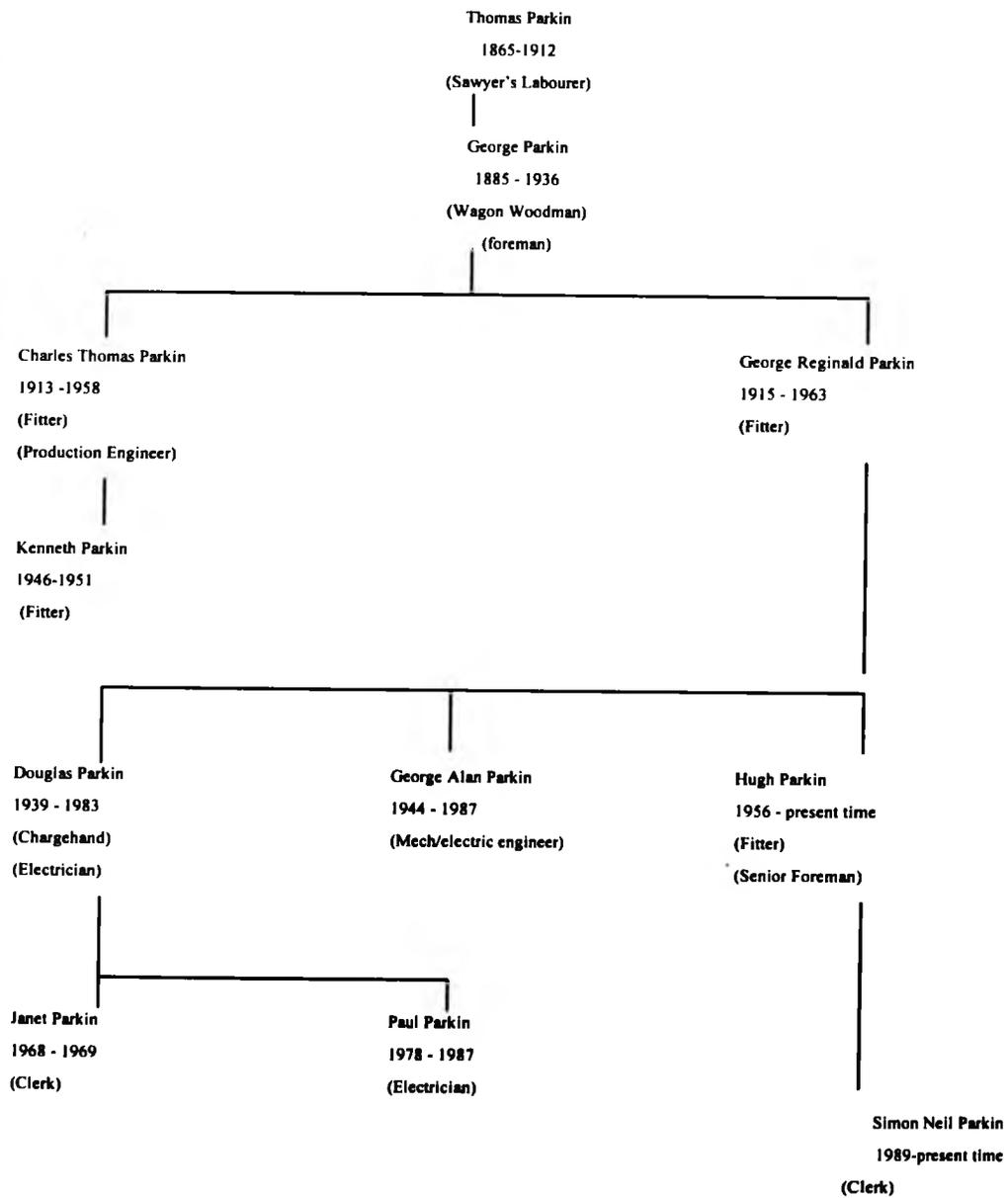
⁴² Bagswell, p. 71.

⁴³ The description of the dynasty was given me by Hugh Parkin, the Senior Foremen, who is still working in the plant.

Table 1.1. Pre-war employment at Doncaster plant

LOCOMOTIVE SHOPS		LOCOMOTIVE DEPARTMENT	CARRIAGE SHOP
7	overlookers	7 overlookers	4 overlookers
123	erectors	140 engine drivers	25 machine men
56	fitters	141 firemen	3 smiths
93	tuners	169 engine cleaners	4 tinmen
79	machine man	23 cokemen	47 painters
67	smiths	41 fitters	4 carriage washers and cleaners
53	spring makers	2 turners	5 gas makers
15	boiler smiths	2 machine men	89 carriage woodmen
5	copper smiths	6 smiths	99 wagon woodmen
14	steam hammer men	9 boiler smiths	44 carriage fitters
173	strikers	2 copper smiths	16 carriage trimmers
6	pattern makers	6 copper smiths	11 sawyers
11	joiners	6 strikers	119 labourers
2	saddlers	1 joiner	2 clerks
14	puddlers	1 bricklayer	5 wagon cover repairers
2	grinders	7 carriage washers	7 grease factors
4	messengers, office boy and cleaners	8 stationary enginemen	
12	brass moulders	4 wagon woodworkers	
5	coke burners	4 carriage fitters	
8	painters	32 carriage examiners and greases	
5	bricklayers	51 labourers	
2	gas fitters	1 timekeeper	
4	stationary engine man	2 clerks	
5	gas makers	2 harness repairers	
28	iron moulders		
120	labourers		
6	time keepers		
5	watchmen		
18	clerks		
4	draughtsmen		
946	TOTAL	661 TOTAL	500 TOTAL

Worker dynasty in Doncaster plant since 1865



At mid-century the Doncaster plant employed around 5 000 people - it was in fourth place after Swindon (10100), Derby (8 800) and Crewe (7173).

In 1970 Doncaster Works and the rest of the Railway Workshops became a part of British Rail Engineering Limited (B.R.E.L.). Since the 80s in Britain the recession and the decline of production have continued. In the Government there were strong voices against state influence on the economic life of the society. That is why the new trend appeared, the main aim of which was the question of the financial and economical survival of the state sector. B.R.M.L. was organised from the former B.R.E.L. after another phase of restructuring in the late 80s.

The recent history, 1987-1993

The government decided to implement the new commercial practices into the enterprise's activity, to give more commercial freedom for managers, and to force the state sector to compete with the private one. It led to the situation, when the managers of the state enterprises were forced to reorganise the industrial relations in order to survive in the hard competition. To follow the policy of commercialism, and in order to be more attractive for buyers, in 1987 the whole plant was divided into three parts.

1. The wagon manufacturing and repair facilities were sold to R.F.S. Industries, a consortium financed by several banks.
2. The National Store, under BR direct control, and holding the spares for the entire BR network.

3. The remaining area of the Works based around the Diesel Locomotive Repair Shop has been reorganised to form B.R.M.L. Doncaster Depot. BRML was characterised by a declining workload for several years. At the same time there were at least 3 other depots, which were doing the same job in the whole of Britain (Wolverton, Crewe, and Derby).

Although restructuring was taking place, the Workshop itself had a limited amount of investment.

The B.R.M.L. policy

In 1989 B.R.M.L began to implement a new policy. The main idea of that policy was the very fashionable principle - 'Human Resource Strategy'. It included a number of principles, which we will try to enumerate below:

1. The first principle concerned the remuneration and the application of the basic pay. According to this principle, all the members of staff would have the same status. Each grade would have a salary band recognising level of skills, experience, achievements and qualifications.
2. The second principle introduced was that the current incentive scheme, which was implemented in 1978, would be abolished and consolidated into the salary of those who were receiving it.
3. The third principle suggested that all enhancement rates would be simplified and rationalised, instead of a multiplicity of formulas for payment relating to premiums for shift work, there would be a common basic minimum salary, and a common maximum salary band.

4. The core part of the new B.R.M.L. policy was the fourth principle, which was devoted to the creation of a simplified grading structure based on a *flexible team working* concept, of which the basic principles would be:

- team responsibility for tasks undertaken;
- training for the staff to meet all the tasks (that meant, multi-skilling and multi-tasking).
- staff would be required to be fully flexible within each team to required levels.

The first step in the implementation of the new policy was the introduction of the new Profit Related Payment Scheme. The scheme assumed two sum payments annually to all employees, based on a 50% share of profits made by B.R.M.L. above that budgeted for. Another 50% would go for company capital investment.

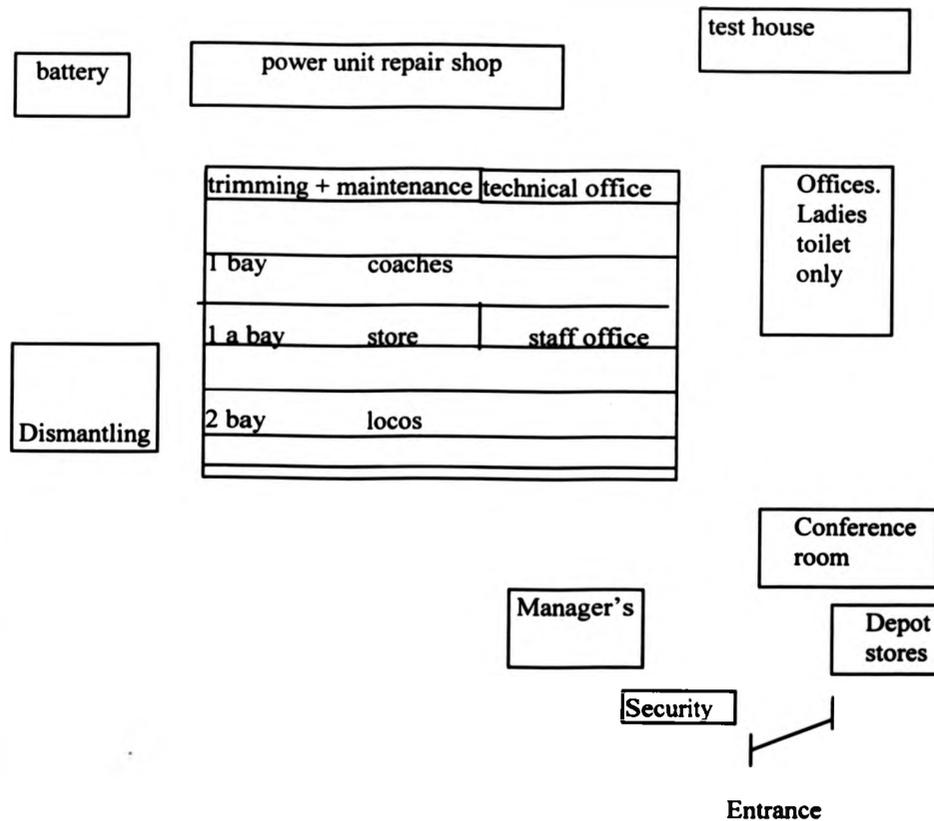
In connection with reorganisation, the number of employees by 1990 was 771. Since 1985 the number of apprentices also decreased and the plant stopped recruiting people.

Recent developments

Since 1990 the plant was among the sites of BR offered for privatisation. The whole atmosphere of uncertainty and the scared feeling affected the people within the plant. During the 5 years since 1990 the people didn't know about the future of their company. The most vulnerable points were the conditions of people's service and pensions. The number of people employed has decreased considerably and by March 1994 there were 619 employees at the plant. Among them 400 - core workers. By March 1995 in the workshop 483 person were

working of whom 90 were salaried staff. As regarding the local conditions there was a high level of unemployment, no industries, a shortage of job vacancies. The city and the Railway were inseparable.

Plan of the plant



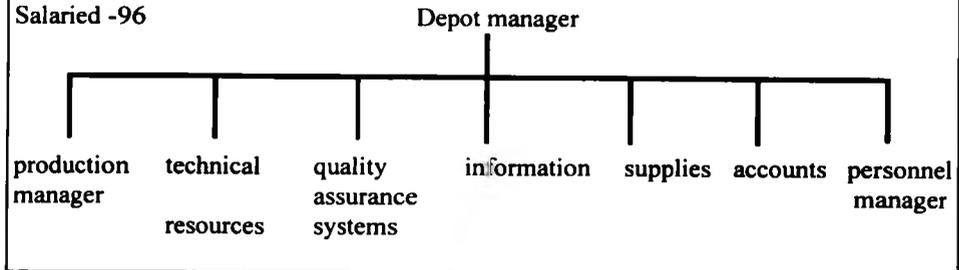
Production organisation DRML 1994/1995

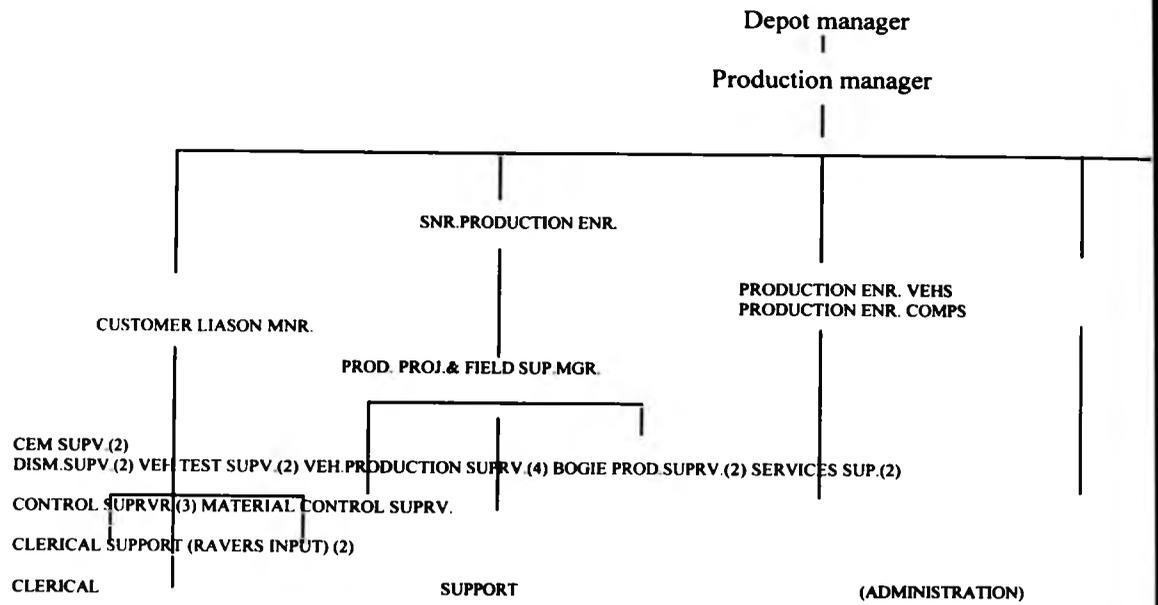
Manpower: June 1995

627 included 23 female

Waged 531

Salaried -96





The organisation of production

When BRML was formed in 1987 the main aim of this organisation was to provide dedicated facilities for the overhaul and repair of locomotives, coaches and multiple units from its four sites in Eastleigh, Wolverton, Springburn and Doncaster. In general terms Eastleigh was responsible for electric multiple units, Wolverton for coaching stock, Springburn and Doncaster for locomotives and diesel multiple units. All these Depots were totally dependent on sales. The shift towards commercialisation forced the management of the Doncaster Depot to reconsider the policy of specialisation. That is why by the year 1993, the Doncaster Depot repaired almost every vehicle running on the British railways, including the locomotive range from class 31-s built in 1950, to the latest Class 91 InterCity 225, Regional Railways coaches, carriages for the London underground and so on.

Thus the Doncaster Depot was providing service in the following areas:

- cost effective maintenance - locomotives
- unscheduled component exchanges - locomotives and D.M.U.'s
- scheduled examinations/ overhauls - D.M.U.'s
- scheduled examinations/ overhauls - Parcels vehicles.
- damage repair - all vehicles.
- modification/Experiments - all vehicles.

The plant does repair of the following trains:

1. Regional Railways
2. InterCity.
3. Network South East.
4. Red Star.
5. Unexpected orders from British Telecom, pits and so on.

The Doncaster Depot overhauled a wide variety of Diesel Multiple Units from the first generation of DMUs to the modern ones. There was an overnight bogie change facility, with vehicles coming in after the evening rush and returned to service for the morning peak.

The watchword at this depot was 'Cost Effective Maintenance', the speedy turn-round of vehicles achieved, in part, by a policy of 'component exchange'. Although the staff was generally fully capable of undertaking repairs, the practice was to exchange the damaged worn out component for a new one, to minimise delays.⁴⁴

The stages of overhaul

All the vehicles should pass through the stage of preliminary examination, where the special examiner will check what work should be done. Then the vehicle will be transferred to the dismantling and parts repair.

The bodies are lifted from the bogies and placed on stands - the bogies and bodies are overhauled simultaneously.

⁴⁴ Bagswell, p. 107.

The bogies are dismantled and cleaned;

Wheels are checked and the profile is turned if necessary;

All axles undergo ultrasonic tests to ensure there are no defects;

Meanwhile the body will have its seats and tables removed, upholstery, carpets and cushions replaced as necessary.

The air conditioning unit is removed and a replacement fitted, electric and air systems checked and overhauled along with draw gear and couplings;

After the bogies are refitted the vehicle is transferred for the repaint.

The repaired vehicle is then assembled in its formation, each coach overhauled to a schedule that brings the set of vehicles together simultaneously.

The DMU and the locomotives are tested in the testing house for a certain time in order to check that all the parts are working well.

The technology

In 1950/60 the Railway rolling stock was completely changed. Diesels and electric locomotives substituted the old steam locomotives. With the spread of railway electrification the trains were provided with semi-automatic and automatic electrical systems. By the beginning of the 80s the steam loco absolutely disappeared. This was a revolution in the methods of traction. Technological and economic revolution led to the introduction of high-speed trains from 1976 (InterCity 125s). These new trains have brought a lot of automatic control. It required new methods of repair and new equipment for repair.

With the changes in trains, the work pattern in the workshops has changed as well. Much of the earlier labour in the workshops was heavy and arduous. Muscular strength and stamina were required to hold down a job in the foundry or blacksmiths shop, or when a man was employed as riveter or coppersmith. Men learned their particular manual skills gradually over a period as long as twenty years. With the disappearance of steam, much of the heavy work also disappeared. An increasing proportion of the labour force was employed fitting electrical, rather than mechanical equipment. In the carriage works the use of plastic rather than wood greatly reduced the demand for skilled carpenters. The new passenger trains were much more sophisticated than their steam-age predecessors. Air conditioning, power address system and automatically opening and closing corridor doors, which were unknown in the rolling stock of the 1950s, became standard for many coaches being built in the 1970s.

In general, the Doncaster plant was operated with technological equipment that was mainly out of date (built in the late 60s and the beginning of the 70s). The railway system belonged to the public sector of the economy, which is why there were not so many subsidies, especially by the time of privatisation when investment had fallen to nil. With all this old technology like mobile cranes and pneumatic machines, the Doncaster plant could maintain the rolling stock of the British Rail, but there was not so much chance to break through and buy modern equipment because of absence of investment. Several things, like a guillotine scissors, were bought in 1994, but still it was a tiny part of the whole equipment.

During the last ten years new train models have appeared world-wide to deal with repairs on a corrective rather than preventive basis. A whole-train diagnosis system was developed. Malfunctions are located and indicated in the driver's cab. A diagnostic computer produces

state analyses, which can be used for immediate malfunction reporting or can be stored for workshop evaluation.

At the time research was done the Depot was faced with very high competition with the others for workload contracts. ABB transportation and BR Engineering have invested heavily in modernising the repair facilities at Crewe and Derby. As a result of all these investments, the repair statistics at Derby and Crewe were 15 % better than BRML.⁴⁵

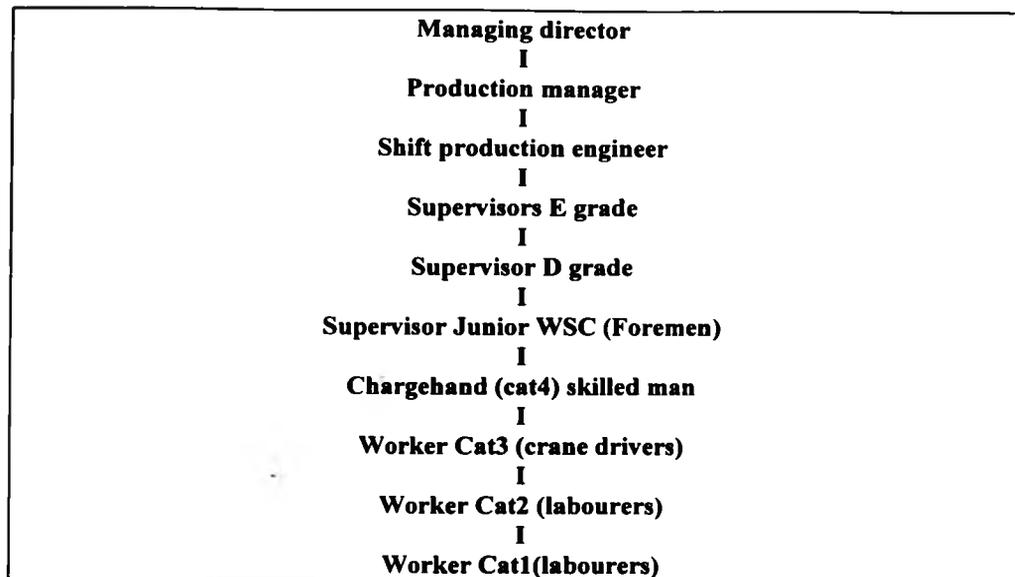
During the last few years the number of aluminium-bodied vehicles on BR has increased. BRML lacks the equipment to handle the new technology. That is why, even if they had an excellent record in repairs (the plant has adopted the European Foundation of Quality Management model), without the investment it was difficult for the plant to compete with the other depots.

But it is necessary to mention that, despite the increasing number of aluminium vehicles, 70-80 % of the running rolling stock consisted of the high speed trains built in the 70s. And it is not a very quick thing to change the whole rolling stock. That is why the Doncaster Depot could maintain repair of the majority of trains.

Organisational process

Since the very beginning of the century within British Rail a hierarchical structure of organisation of labour dominated. By the beginning of my study on the plant there was the following organisational structure:

⁴⁵ *Financial Times*.



According to the workload for the following month, the production manager made a priority of vehicle repair for each particular day. Together with the shift managers they considered the workload for the whole shift. Then the work tasks were divided between different supervisors according to their specialisation. The supervisors defined particular tasks to fulfil for the foremen, who accordingly transferred the further detailed tasks for the shift to the chargehands. And the chargehands distributed the amount of work for the gang⁴⁶ between the workers.

⁴⁶ A gang is a formal collective organisation of workers, usually 10-12, combined on the trade principle: fitters, electricians, platers and so on.

Here we can see that above the workers there was constructed a hierarchical system of organisation of production and control of labour.

The model of organisational structure described above had very much in common with Weber's model of bureaucracy. The organisational structure itself was based on a clear-cut hierarchy of authority of pyramid shape, with clearly defined duties and responsibilities at each level and command exercised down a vertical line.

Subsequent research has shown that where bureaucratic principles were properly implemented organisations experienced many dysfunction. Merton (1957) argued that Weberian-style bureaucracy became rigid and inflexible...

Organisational members tended to follow the rules slavishly, regardless of whether in fact these were a rational and efficient way of dealing with an issue, to become committed to the formal procedures in a ritualistic manner that ignored the goals the rules were intended to realise....Specialisation could lead to a narrow and restricted outlook that would provide incapable of solving new problems....

The various managerial strata in large, impersonal and centralised bureaucracies tend to become isolated from each other, develop their own internal group solidarity, and withhold or distort information. In these circumstances a group can maximise its freedom of action to bend the rules to suit their own goals rather than those of top management, protect itself from outside interference and protect individuals who fail to do their own job properly.⁴⁷

⁴⁷ Hill, 1984, pp. 78-9

Commercial organisations have rarely met all the classical criteria because practising managers have usually been unwilling to tolerate dysfunction. It is no surprise that much of the research into bureaucracy was carried out in public service organisations that were largely unconcerned with profit-making within a competitive market and valued impartiality and predictability above else. Business normally retains an element of personal discretion and arbitrary authority, unless obliged to do otherwise by legislation or trade union pressure.

The kind of organisation of production described so far covered only the hierarchical structure of the plant. The hierarchical organisation of production was supported by a very complicated horizontal structure: within the plant were a lot of departments, big and small, responsible for different types of work. Sometimes they had double responsibilities. This complicated system of organisational process had a profound effect on workers' consciousness, as we will show later.

Informal relations on the plant

Interconnections of formal and Informal relations

The internal world of an organisation is more complex than appears at first glance. And sometimes it is very obvious that in reality the real processes that are taking place within the enterprise are much more complicated than people could imagine. As M. Dalton confirms:

division of labour, departmental identification, personal ambitions, turnover etc. - stimulate multiple informal phases in the organisation which fluctuate in their distance from the aims and methods of the formal phases....

For centuries observers and leaders have remarked on the distinctions between expected and unexpected behaviour in organisations. The fact that the distinctions continue to be made under various names points to an apparently universal condition. From at least the time of Augustus Caesar,⁴⁸ these dissimilarities were recognised and incorporated in the terms *de jure* (by right) and *de facto* (in fact), which are roughly equivalent to legal or official and actual but unofficial.⁴⁹

I would argue that every organisation, no matter to which industry it belongs, in which country this industry is situated, is characterised by the co-existence of formal and informal systems. Usually in formal system there is a well-defined formal structure, which describes all the responsibility and power characteristics on each level. The formal system is created during some period of time, based on the analysis of different situations in the past, it implies the belief that these formal rules and obligations will help the organisation in resolving its problems for a long period of time. That is why the formal system usually implies stable conditions for a certain period of time. And in some cases it is helpful. But life is richer than an artificially created schema, which is why the formal systems sometimes do not correspond with the wide variety of life situations. And in order to compensate for this imperfection of the formal system the informal one appeared. In turn, the boundaries of the informal system are mainly ill defined, it characterised by a very uncertain structure. But its main advantage over of the formal one is that the *informal* system is very flexible, does not required the creation of any formal regulations (oral or written) and resolves problems as quickly as possible.

⁴⁸ See Argyris, 1957.

⁴⁹ Dalton, 1959, p. 219.

The processes within the organisation sometimes are very complicated. It is not possible to predict everything. Planning, schedule changes, supply problems, rush orders, the formal system is useless for doing all this things, since all this problems were not possible to predict in the formal system. Moreover, some authors stress that

the process of aggregate planning, master and operations scheduling and inventory control while benefiting from a formal system, are by and large handled by an informal system since the formal system is perceived to be inadequate to respond to the information needs of the workers. The informal system evolves over the years in response to the shortcoming of the formal system and it results in close relationships between individuals who are involved in the production process.⁵⁰

As we can see further, informal relations govern life in production and it is a natural process which is part of the 'universal principles'. Our enterprise was not an exception to this rule. Within our enterprise also the relations were organised through the dichotomy of 'formal/informal', 'official/ unofficial'.

Some processes within the enterprise were handled by an *informal system*, because the formal system seemingly was perceived to be inadequate to respond to the needs of the people. This informal system developed during the years in response to the shortcoming of the formal system. The main cause of creation of the informal system of relations in the plant was the very clumsy system of organisation of production: there were a lot of people responsible for the same operations, duplication of functions and a very unclear system of

⁵⁰ Formal/Informal systems and MRP implementation //Production and inventory management - First Quarter, 1986. p. 118

responsibilities. Usually in such circumstances people create a system which helps them to make easy their relations with others.

Traditionally Doncaster was a city of trains. Railways were one of the biggest employers in industry and a lot of people from Doncaster were employed by British Rail. A lot of people from the local community were working there. There was a continuity in work histories when the members of one family were working on the plant. The supervisors, foremen - they all came from the local environment. That is why there were a lot of *informal connections*, which you couldn't find in other enterprises. Within production a set of informal connections was also constructed. A lot of things support this idea: the open day fairs show us how important for the local community was the Doncaster plant, because a lot of their relatives and friends are working or have worked there.

When I studied the enterprise, the situation was very informal. I could see it in different contexts. And there was also a mixture of formal regulations and structure, within which was embedded the informal context.

For example, for meeting the production requirement the General Director organised a formal procedure of meetings twice a week (on Wednesday and Friday), where all the supervisors discussed their production problems. But the way these meetings were conducted was absolutely informal. Communications between the chargehand and foremen and the workers were based mainly on informal relations, as were relations with the customers. The informal structure created its own sources of power. In some circumstances, like, for example, with overtime, the informal processes become one of the means through which employees seemingly received financial and moral job satisfaction. And I fully agree with the authors,

which supported my idea, when they were writing:

The informal structure creates its own sources of power, influence, and decision making; moreover, it becomes an outlet through which employees seek and seemingly receive job satisfaction.⁵¹

Formal and informal relations from the point of view of the General Director of the plant

I raised the question about the existence of informal relations in the plant in an interview with its General Director, who was in the post from 1992 till 1995. As he stressed in his interview, he was a railwayman, and was always interested in all railway activity. As further circumstances showed, he was respected and liked not only by managers but also people on the shop floor. Here is his opinion:

As regards those question about formal things and informal things - you have to have all those things in the fingertips. I was aware of that kind of coexistence of formal and informal relations, because in the whole railway industry, and Doncaster was no exception, there was a formal structure, there was a management hierarchy, there was all sorts of things, organisation of gangs, we had grades on the shop floor, there was demarcation on the shop floor, and then you had chargehands, supervisors, managers - all those things form the railway's formal structure. And there was a sort of formal policies and from the top down there was the law of the land. You had to comply with all the railway regulations, because any vehicles should correspond with the railway safety regulations. And that to me is very formal in the way the work had to be done. And I believe

⁵¹ Ibid.

that from the skilled man who served railway apprenticeships, the whole culture of work that there are rules by which you work. So there was a structure to which people work. So there had to be a certain basic quality and I believe it was there.

There was a history of work traditionally, because they could not send locomotives out that then come off the rails. Right. They also knew that if things were majorly wrong, the locomotives came back. So they had to do it sort of right eventually, so they might as well do it right the first time.

Discussion on formal/informal: the role of informal relations can be illustrated in a number of activities.

Overtime

During the years overtime was one of the sources of improving the income of workers. After a number of interviews with workers and middle managers I found that the workers consciously tried to slow down their work in order to receive overtime. It was most profitable for the workers to work overtime that is why they constructed a conspicuous informal system of organising their work, and any attempt from the top to change planning or scheduling of manufacturing operations was faced with a hidden resistance from the workers. The organisation of work traditionally was constructed in such a way that workers had their own power to organise and plan their work. So, they had sufficient freedom to turn it in their favour. To what extent the atmosphere in the plant was relaxing is clear from the following citation:

Once we get on the job we discuss what we are going to do and how much we are going to do....

If you are a good worker you can be trusted to organise your own job, which is appreciated by the chargehand as it saves him a bit of time.

The atmosphere here on the works is very relaxed and friendly. If you get on with your job nobody will bother you (Extract from the diary of the working week of a worker in the wooden gang, March 1994). There is no pressure. Nobody told me: 'do this and that in these two hours.' The chargehand at the beginning of each shift gives us an amount of work we have to fulfil. Then I plan my time (Interview with a worker, plant 'Vagrem', 1995).

In the interviews a lot of workers honestly recognised that it is profitable to work overtime, and some of them confirmed that without the overtime they would struggle to survive:

It is profitable to work overtime. That is why during the day we are not in a hurry.

Without overtime -our salary is around 12 - 13 thousands pounds a year. With *overtime* - 20 thousand per year (Interview with a worker, plant 'Vagrem', 1995)

The amount of overtime usually was calculated from historic records. So, for the workers it was quite profitable that there was no such system as work records. There was a hidden desire to keep the same amount of overtime in order to sustain the same standard of living. The main reason for doing overtime was explained to me by one of the workers on the shop floor:

- Why do you do overtime?
- In order to sustain the acceptable standard of living, which I have got used to having.
- What standard of living do you mean?
- Good house, but not those blocks of flats, which you used to have in Russia. Quite a good car with modern design from a good firm, and not a car like your Russian 'Lada' (Interview with a worker, plant 'Vagrem', 1994).

It was interesting that the workers, appreciated how much they worked overtime, even with some jokes:

I have worked here 31 years (51 with overtime).

According to the Law, the workers could not work overtime more than 72 hours per week.

But the number of workers who reached this limit was very high.

The financial attractiveness of working overtime is clear from the next extract:

Since September I used to work 7 days a week. 8 hours a day. Everything for the sake of overtime.

You can understand me: If I have during the week 180 pounds - 2 days work on Saturdays and

Sundays I have 210 pounds (Interview with a worker from the wooden brigade, plant 'Vagrem',

1995).

The aims of the workers were sometimes absolutely opposite to those of management: if the managers were conscious about fulfilling the plan and getting the job done with minimum financial expenses, the workers cared about their money. Here is an opinion of managers:

We are trying to reduce overheads, including overtime. All the job has to become competitive. So we are trying to restrict overtime.

During 93/94 there was a further movement towards budget constraints. At the same time, while the increase in overall working time was approximately 7,226 hours for the period 93/94, over the same period the plant expanded approximately 75,271 hours in overtime. So, the official figures showed us that the managers did not have very much success in reducing overtime. It is obvious that workers tried to do as much as possible to get overtime, because they understood, that:

- All our prosperity is overtime. At the beginning of the financial year there is not that much overtime.

- And you consider overtime as a way of making money?

- Oh, yes.

- And is management reluctant to give you overtime?

- They want to do it on the cheapest rate, obviously (Interview with a worker, plant 'Vagrem', 1995).

But the situation with overtime was not so simple as it appeared at first glance. The top managers could not benefit from overtime, because their work didn't include overtime. But as regards the middle managers, they benefited from overtime in the following way:

First of all, it is they who distributed overtime among the workers, and in such a way they constructed their informal power on the shop floor. The way they distributed overtime went through informal channels and if the workers didn't obey, they could have troubles in the future:

Officially - it is voluntary, but in reality they force us to work overtime.

I don't want to be involved in any disputes with the foreman. I am afraid of troubles from him.

Overtime is voluntary. So if you don't want to work overtime - you shouldn't. But you've got to be nice with the foreman, because if you don't - you will have a lot of troubles.

Secondly, foremen and chargehands were allowed to have overtime themselves, with the help of which they were trying to improve their own financial situation.

But even with the distribution of overtime, there were some people in a more privileged position than other workers: trade union leaders. They could be free from overtime if they wanted to:

I don't want to spoil relations with the chargehand. Even if I don't want to work overtime - I will do it. I am not a trade union leader, who never ever worked overtime. But I am only a worker, I don't want troubles.

Traditionally the plant operated in a 'meeting the target' environment, where at the end of each period there was pressure on workers to fulfil this target. That is why in order to meet the target there was a lot of overtime, sometimes up to 72 hours per week. And even if the workers liked overtime, it was too much for them. But, as revealed by the previous quotation, they could not argue with the foreman, because he could use his power - formally or informally.

Informal relations with the other gangs

The formal system, designed for all production operations and communications, in many of the practices used to be handled informally. This situation concerns the relations between the gangs. It is obvious that informal relations were constructed as a substitute for the clumsy and inflexible system of formal regulations. The following interview with a sheet metal gang confirms this idea:

- Do you have communications with other sections?
- Oh, we have our mates.
- Do you ask them to do something for your job?
- Oh, yes.
- And all goes according to some procedure? You should fill in some documents?
- You should do, but you don't.

- What does it usually look like?
- It is like favour to favour. Theoretically everything should go through the chargehand, but it doesn't go that way.
- How does it work?
- Usually you just ask the guys from the other section to do it. If they don't, then you go through the chargehand.
- Does that happened often?
- No. (Interview with a sheet metal worker, plant Vagrem. 1995)
- If you need assistance from the person from the other gang, how do you usually arrange this
- According to the rule, we should fill in the formal application. But we do informally the same things for them. Favour to favour.
- There is flexibility in a minor way. We trust each other. So we do a lot of things together 'without putting things in writing' We are very good at producing paperwork (Interview with workers in the wooden brigade, plant 'Vagrem', March 1994).

Promotion

When I talked to the head of the personnel office, he explained to me the formal procedure for promotion within the plant. He explained to me that each vacancy was usually advertised in a special Vacancy List each month. In these vacancy lists all the vacancies within BR were enumerated. People have the opportunity to apply for this job. Then all the applications for a particular job will be collected together and after one week the senior managers would collect

people for interview. Usually they select for an interview no more than 10 people. According to his words the promotion is made on the basis of the following characteristic:

- qualification
- experience on the job
- attitudes to learning the job.

Also he would consider suitability for the job as well as seniority.

The personnel manager assured me that everybody on the plant has got an equal opportunity by law. I wanted these words to be tested on the shop floor. That is why I asked the workers about the system of promotion and the main criteria for selection for the upper positions. As a matter of fact, not one worker mentioned the formal system of promotion. According to the workers, the main things which were the main criteria for promotion were the following:

more friendly getting on with your boss

attending sport facilities with your boss (Interview with workers in the wooden brigade, plant 'Vagrem', March 1994).

When I talked with the head of the supplies department, he told me his own way of selection for promotion. He said, the main criteria for him were:

1. Experience.
2. Work record.
3. Sick days off.

Apart from the criteria written above, each head of department could add their own criteria. The head of the supply department said that one of the main things for promotion in his department was how much time a person spent out sick. Thus, according to his view, the equal opportunity policy does not work, because women with kids would have many more days off than men.

A lot of workers mentioned in the interviews the better possibilities for promotion for trade union leaders within the plant. Here are several quotations on this matter:

Trade union leaders - they are also corrupt in this country, like in Russia, maybe not in terms of money, but in terms of promotion. They could be promoted quicker. (Crane Driver, 6.04, 1995).

There used to be a system of promotion based on a higher grade duty. Now it has collapsed. The management - they create jobs for themselves. They bothered only about themselves - they don't want to be dirty. The selection for managerial positions is not necessarily the best man for the job.

A shortage of materials

The organisation of supply in the plant had a really long history. Before 1987 the plant had its own warehouse. After 1987, when the company was split up into three parts, one of the parts became The National Supply Centre. The National Supply Centre supplied approximately 85% of all parts. 15% came through the contracts with other suppliers. Mainly it was contracts with British suppliers, but not very often it could be suppliers from outside - Sweden, Austria and so on.

Besides, the plant had its own store, where at the beginning of my study there were around 9 000 items. Among them 5 000 items were repairable, that means that they have to be repaired

at other plants and then come back. In this office 13 people worked. The stockist people guarantee 24 hours delivery within the plant.

My first visit to the Depot was very revealing regarding supply, because I was thinking that Western enterprises work as regular as clockwork. But things were very far from such perfection.

My first interview with the head of the supply department almost proved my first feelings. When he knew that a Russian lady would come to visit him he prepared a speech. He said in a patronising manner:

We never started from nothing, unlike you, Russians. We have chosen our suppliers for years, based on the following qualities:

1. Can you supply?
2. How much can you supply?
3. How much time it takes?
4. What will be the quality of the delivery? (Interview with the head of the supply department, March 1994)

It sounded very good, but I wanted to know what is happening in reality. In reality I found that the English Railway plant faced big supply problems with the deliveries of parts. At the beginning of my research, when I came to the shop floor, I found that for some reason the parts, which had to be delivered on the 21-st of March, still had not been delivered by the end of the month. When I asked the workers from one of the brigades what they usually do in these circumstances, they answered me with a deep frankness that they used to steal parts

from the other equipment and that they call it 'cannibalisation' (Interview with a sheet metal worker, plant Vagrem. 1995).

We rob Peter to pay Paul. We used to steal the parts from one vehicle and put it into another which is due to be repaired in time (Interview with a sheet metal worker, plant Vagrem. 1995).

We rob off the bogie or do cannibalisation (Interview with workers of the bogie gang, March 1994).

- Do you usually have all you material and everything in time?

- No. You can't get it fast.

- What do you do then?

- We do a patch job. Make it's own. Or we do cannibalisation as in other sections (Interview with a sheet metal worker, plant Vagrem. 1995).

At the same time the worker explained how they should do it:

Sometimes we do cannibalisations, but the customers are also aware about this that we've taken some parts. So we have to do it secretly (Interview with a sheet metal worker, plant Vagrem. 1995).

Thus, the individual and group interviews on different levels of the enterprise have shown that the enterprise was faced with problems of deliveries and as a consequence of it with the shortage of a broad range of parts and material.

Someone might think that it was a difficult time for the enterprise for several reasons, and that these things had been happening in the plant for a short period of time - and in such circumstances it is understandable. I would argue that because the research was conducted from 1994 to 1996, each time I visited the enterprise the workers reported to me about the

same problems with materials. Moreover, as the literature confirms, it is not the case only for this plant. Such things are quite common all around the railway industry. Hinkley (Hinkley, 1993) confirmed it in his research. He investigated several maintenance depots. Here are his findings in one of the Depots:

The only factor identified as one which attacked morale was a factor outside the control of the depot. This was availability of spares which was a limiting factor in the efficiency of the fitters effecting repairs. The consequence of, as they saw it, the National Spares Centre failing to keep them supplied with sufficient spares was that they had to 'rob' other vehicles of parts in order to complete the repairs of the vehicles in for its maintenance. It became a standing joke that every depot has its own 'Christmas tree' - a vehicle standing idle which was regularly stripped of parts in order to keep other vehicles on the rails.⁵²

But life is always moving, and so is the situation with cannibalisation. For example, it had changed in Doncaster depot a little bit by 1995 - if before the workers could do it easily, the privatisation process with rolling stock has brought some complications into a workers' life. As distinguished from the earlier time, the owners of the rolling stock were divided into several private companies. It means that the workers could not steal from one vehicle some parts and put them into another one - because the vehicles now belonged to different clients.

The following extracts from interviews will prove my words:

- There is a shortage of material. We are working on the loco. The new seats should be put in. They were in the store at Christmas time. But they are all finished, no seats there. Since Christmas

⁵² Hinkley, 1993, p. 94.

- nobody has checked. They didn't know they are missing. Now it is March. This afternoon they wanted to put the new seats in, and somebody realised that they are out of stock. Now, they've got to wait until the new seats arrive. It could take one day or one week. Nobody knows. So now we've got to finish all the testing first, and then to put in new seats. They didn't order them in time. I think it's a chargehand fault.

- You can't take them from the other loco?(M.K. - interviewer).

- Before, when we had only one customer we've taken the items from one loco and put it into another. We had to do it secretly, but we used to do it. Now the system has changed. We have different customers, and they are aware of this practice. They warned us: 'Don't take anything off. It's stealing' (Interview with a worker from the wooden gang, March 1995).

Although in some circumstances, when the parts are difficult to distinguish from each other, the workers still continue to do it, but on a smaller scale.

When there is a problem with supplies, the workers or the managers should manage the situation and arrange things in a such way that the work would be done. Sometimes they should manage it quickly, when there is no time to wait for the spare parts. How they tried to manage it is clear from the following diary of a worker from the wooden brigade:

The screws that I want are out of stock which comes as no surprise. The next batch is not due for another week so I have to make do with a smaller size. Next after setting up my air drill I am ready to fix the packing (Extract from the diary of the working week of a worker in the wooden gang. March 1994).

The small spare parts are always out of stock. Besides, in order to order some parts there are a lot of bureaucratic things: it is necessary to fill in some documents, to give it to the

chargehand, then he should transfer this document to the store... It is understandable that it drives the workers crazy:

If you require anything from the stores you have to get a ticket from the chargehand. You then take the ticket along to the stores where it is exchanged to get the material (if in stock) (Extract from the diary of the working week of a worker in the wooden gang. March 1994).

In one of the interviews, a worker told me that in his section there is a constant shortage of small screws, while there are a lot of long ones. When I asked him how he used to manage it, he explained to me:

They (managers) want the job to be done. That is why I cut off the long screws in order to get small one (Interview with a worker, plant 'Vagrem', March 1994).

The moral on the shop floor was formed over a long period and the main idea was 'everything for the sake of production'. Very often it is done at the expense of quality.

The shortage of parts could partly be explained by the situation with the National Supply Centre (NSC). Before reorganisation in 1987, the NSC was part of the plant store and supplied only the plant. After reorganisation, as was mentioned before, this part of the plant became the National Store, a privatised company under direct BR control. It was holding the spares for the entire BR network. And because it became the National store, it made things worse for the plant because it sends parts not only for the plant, but also for the whole BR network. As a result there is a lot of orders, a small number of staff, and constant delays with deliveries. According to the workers, the supply from the National Centre became very bad.

Here is an opinion of one of the workers:

Still there is a problem to get the material on to the work. The National Supply Centre is past the gates. But sometimes it is more difficult to order from that centre, than from Scotland (Interview with a worker in the wooden gang, plant 'Vagrem', March 1994).

In the supply department the people understood that it caused a lot of problems to work with this clumsy NSC. That is why they decided to work with small firms:

It is better to work with small supply centres. First of all - they are small - and they have not much paper work. Because in the big centre we have always such problems. We call them and tell them that we have sent them the order, but they tell us, they have not got it. Then they will get it, but we've lost the right time. In the small firms there are no such problems. Besides, they, as a rule, want to keep their good reputation, they are living in a world of competition, so sometimes they themselves deliver us parts as quick as possible. So now we have a lot of suppliers from the small firms (Interview with a clerk in the supply department, March 1995).

So by March 1995 the Supply problems were still very sharp at the enterprise. Some people considered the cause of it as internal problems:

I think that we have a not very effective system of ordering. A clumsy system, people sometimes forget to order. There are, of course, some other problems (Interview with head of dismantling shop, March 1995).

It is interesting that people in different shops repeated the same things that people forget to order. Another worker said:

You can come to the person responsible for ordering things and explain to him what you need. He seems to understand what you want and says to you - okay. Then there is a phone call, or somebody calls him, and he forgets what he was asked to do (Interview with a sheet metal worker).

Or, as I cited about the seats, someone didn't order them in time. One of the workers thinks that it was a 'chargehand fault'.

One of the explanations of what was happening inside the plant was the following:

Inside the plant there was constructed a very clumsy bureaucratic procedure from the one side. People tried to substitute it with the informal verbal system on the other side. People on the shop floor adopted the combination of these two systems spontaneously. Besides, the industrial process was very complicated, there were a lot of levels which duplicated each other, and the substitution was not good enough. So, there was a mess in the system of ordering things.

It was clear that the bureaucratic procedures of ordering things were preventing the Doncaster plant from meeting demands for repair. The plant definitely needed a new system. How it was changed in future we will explain in a later section.

Relations with the customers

When I entered the plant in 1994 I was interested in the mutual relations between the plant and the customers, because in Russia - it was a subject of constant conflicts. I tried to find out what was the situation on the British plant. In the following paragraph I would like to reveal my findings on this matter.

The relations with the customers first of all were based on some kind of planning. When the plant worked out the workload for the following year - there was constant communication with the customers on the matter of the amount of work they required from the plant. The maintenance repair was based on a mileage basis. After a certain amount of mileage, the

vehicle should have passed to maintenance repair. So the customer, according to the law, was obliged to send the vehicle for repair. Thus, on this basis a pre-planned workload was constructed on the plant, which gave a rough idea about the character of future repairs. The customers and the plant worked out a mutual contract: the plant was obliged to do some repair for the customers, and the customers were obliged to pay for this job. This pre-planned repair was called *normal* work or *classified repair*.

In 1994, when my research began, both the customers, the company which possessed the rolling stock, as well as the plant belonged to British Rail. So, if in theory there were some mutual calculations of how much customers owed to the plant - in practice it was not real money - it was a circulation of papers.

All the vehicles when they came to the plant from the customer for repair have to be inspected. A very skilled worker will investigate all the systems and parts of the vehicle in order to find out some faults, defects. If they have any defects which were not agreed about with the customer, the plant should communicate with the customer and ask them: would they like them to repair this defect. If yes, than this work was called *abnormal* - that is work beyond the planned normal work or *unclassified repair*. And of course it should be mentioned that all the work should be done according to the health and safety specifications.

Thus, there was constant communication with the client on the matter of repair of the vehicles. Mainly - the clients were known 'for ages', relations with the clients were very good that is why the communications with them went very often through *informal* channels. The client could call and ask for certain kind of repair and the plant always said 'yes'. Sometimes

the plant could not fulfil their promises, the client was not pleased with it, but because they were parts of one chain, there were no financial or other sanctions for this.

The workers also worked according to the customer specifications. All the staff should know the specification – different customer - different specification.

Making the plan

One of the most exciting and wondrous things at the British plant was planning. All processes within the plant were planned and calculated. The plant was operating within the financial year, which began on the 1st of April each year. The financial year was divided into a set of periods. The workload was calculated within each period. The plant operations should be planned and carried out in the following manner:

1. The workload depended on the customer's requirement and usually was worked out at the end of the previous financial year.
2. Output should be delivered to customers in accordance with a predetermined time schedule, which was agreed as a '21 day repair'.

At the end of each set of periods and the financial year as a rule the pressure on the workers increased considerably. In these circumstances everybody on the shop floor tried to fulfil the plan. But very often quick could not be well. And, as happens in many enterprises throughout the world, the workers tried to cut corners in some operations, especially when they were under pressure to finish their work on time. So there were areas, where the requirements of the customers were not always satisfied. And if in theory the workers confirmed the slogan

that 'the customer is always right', in practice not all the obligations to the customers were kept, and the repair was not always done according to rules.

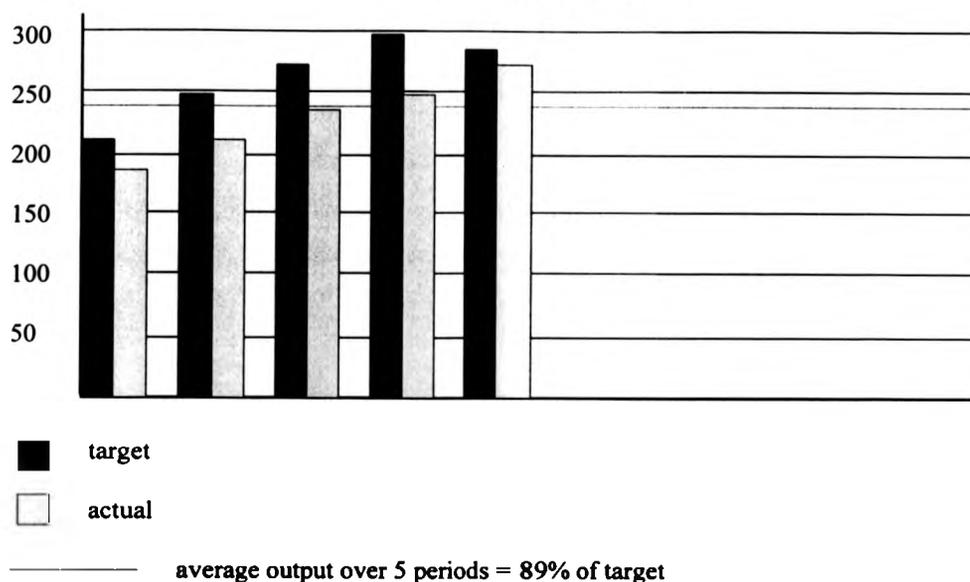
It doesn't mean that delivery of all the vehicles was delayed to the customers, but it would be unjust not to mention it at all. Because the plant could not always fulfil their promises for repair on time, on the shop floor a special jargon arose. For example, all the foremen and managers on Monday morning received a sheet, where the plan of repair for the following week was written down. But below we will quote what people called that sheet:

We call it 'weekly liar', because it never comes up to the expectations.

We never met 21 days targets.

As a matter of fact, delays in delivery of the repaired trains were not very common, but occasionally happened within the enterprise. Because of the situation with the supplies described above, or some breakages in the equipment, or reasons caused by organisational processes:

Output statistics period 1993/1994



In case of delay, usually an informal conversation took place between the customer liaison manager and the client on this matter. The plant would apologise for the delay, explaining what is the reason of it. The main intentions of the managers were of course to minimise the delays within the plant.

Sometimes the customer and the plant could agree to make concessions to the plant. I saw a clear example of this when I came to the plant the second time. It was the end of the financial year and the end of the month. It was supposed that all the electric trains and all the works should be repaired by Thursday evening, on the 31-st of March. To the mutual disappointment, when there were only two days left, the engine blew in one of the vehicles, which had been sent by the Regional Railways for classified repair. The plant had no additional engine in stock. It could take several days to get an engine. But even if they had it,

they had no time to check the vehicle in the testing house, because the testing time was 72 hours. For the plant it meant that they could not get payment for the repair. As a worker on the loco explained:

We've done all the program, except for one. It has blown up in the test house. They could not repair it - not enough time. And they've got no time to take the engine off and to put in a new one, because there is no spare engine.

In these circumstances the following brilliant decision was made: to call the Regional Railways and ask them to do a favour: to accept the vehicle as repaired and make them pay for the fulfilled repair of the vehicle. As regards the unrepaired engine - to put it into unclassified repair for the following year. One of the clerks in the control department wrote the following message to his colleague:

Mike! 189-051 has failed on engine. Production manager asked me to book it off AND RE-BOOK IT AS AN UNCLASSIFIED REPAIR CHANGE, SO THAT WE CAN GET PAID FOR CLASSIFIED REPAIR. I have booked everything on and off. Inform Regional Railways of this matter when possible.

Thanks, Matthew. 31.03.94

As I clarified later in the control department - the client (Regional Railways) had no objections to this because they understood that it was not the fault of the depot. - the fault was in the defective engine which was delivered to the depot. So, in most of the cases their relations with the customers were warm, informal and supportive.

This case has shown that if all the people involved worked to the rules, they would definitely lose their money because of the failure to meet the target and to repair the loco on time. So,

they communicated with the clients informally and tried to find formal mechanisms, which could satisfy both sides. Finally they succeed in their search.

In some circumstances, as in the case described above, the plant could find half-formal ways of handling problems with clients. But there were some occasions (which happened very rarely) where agreement could not be reached with the customers. The workers designed a more brutal way out of such a situation:

We do everything we can in order to send the vehicles back to the client. But sometimes there are certain circumstances, when we have some problems with repair, but the customer wants the vehicle back immediately. Then, we would say - okay. But when the customer comes to collect the vehicle, he couldn't take it, because we could discharge all the batteries, all the electricity, and the client couldn't take their vehicle - it won't move. We know how to organise this. It's in our hands. And we will have additional time for repair (Interview with foremen, March 1994).

It is no surprise that the program was sometimes achieved by any means. Although there is a constant shortage of material in the plant, it doesn't stop managers on the shop floor from putting pressure on workers to meet the target. That is why workers cut long screws in order to get small ones, patch jobs, cut corners and so on.

At the end of the period or the financial year everything is organised for meeting the target. A vehicle builder proved this situation:

Some striking plates are quite easy to do but some you can have problems with. Sometimes the screwholes are worn in the back plate, which means that the screws keep spinning. This problem is

solved by chopping out a section of the pillar and having the holes welded up. Usually it can take all day to get a welder, but it is done straight away because the vehicle has to be out for Thursday.

Production was the main dictator on the shop floor. Everything was done for the sake of production. But sometimes it caused a lot of problems. One of them was the problem of quality: when people tried to fulfil the plan by any means, the quality of work suffers in the first place.

Foreigners

This issue concerns the problems of using plant equipment by the workers for their own use. We are trying to analyse the world of work, but in that world everything does not always appear on the surface: there are some things which are hidden from the eyes of the researcher, but nevertheless are an important part of the world of work. According to the literature, a lot of workers work in the hidden or 'grey' economy, and some of What we are interested in here is the ways of using free time at work. The main question was: was there a possibility within the plant of doing things for themselves? A lot of interviews with workers showed us that we could answer yes to this question. Almost all the interviewed workers confirmed that they were doing a lot of things for themselves:

We make all kind of things, everything for home.

When I talked to the sheet metal gang in 1994 just at the beginning of my investigation, I asked them whether they do things for themselves. And one of the workers was really confused, because in his hand was one of the things, which had nothing to do with his job. When I assured him that to talk with me is not dangerous for him, he revealed to me the truth.

This is a part for the gate, which I am doing for my neighbour at home. I have some spare time here and also a lot of material and equipment. So we used to do all sorts of things.

Another person told me that they do things for the other gangs as well:

For example - I am a fitter, I'll make something for electricians.

Then he showed me a machine for rolling steel. He made it himself on the plant in order to repair his old car:

Everybody here knows that I made it for myself. All the lads know that I do foreigners.

At the same time I found out that almost all things enumerated above were done individually and were based on the mutual contract between the workers and his line manager - either foremen or supervisor:

All the managers know that we are doing foreigners. Supervisors know about it, but they keep a blind eye on it. Because if they need something, they'll come and ask me to do it. And I'll do it for him free - no money. It's favour to favour.

But of course in some cases workers did their 'foreigners' secretly, without negotiation with their boss on this matter. They told me:

As long as you are not caught - you are out of troubles. That is part of your wages. If you get caught - you get the sack (Extract from group interview with a sheet metal gang. March, 1995).

The analysis of literature shows us that such things are common in many countries. And this circumstance raises several questions. One of them is - if this is quite a common situation within different countries, then could it be an intrinsic part of the production process anyway?

If we will answer yes to this question, it means that the hidden agenda is an inseparable part of any industrial process.

The other question is how many people are usually involved in this kind of activity and what factors influence it.

We can define such things as *'use of enterprise equipment or resources for personal aims'*.

This kind of thing is usually not registered in the documents of the enterprise. What is really interesting from our point of view is the ways of doing such things and the reason for doing it.

Why is it happening? There are several explanations of such things given within the enterprise:

1. One of the reasons could be the attempt to compensate for work dissatisfaction and to take 'everything that is not controlled'.
2. The second explanation could be an attempt to improve with this the financial situation in the family. The person usually thinks in the following way: 'Why should I pay for such things when I buy it, if I could use free material and equipment and pay nothing for it'.
3. The third reason is the possibility of resolving your own problems (with the car, or with repair of house etc.) at the expense of the company and to save money.
4. One of the things which happens sometimes could be a desire to make troubles for the bosses.

Managerial control and Informal relations

Dress as a symbol of social distance

Within the plant there was a noticeable feature of distinction between the line managers and the workers. The supervisors (line managers) wore a blue coat with an orange line on it. At the same time all the workers wore an orange overall. So, it was a clear distinction by clothes. This distinction has an historical context. In the Railway enterprises until the 1930s the foreman would wear a bowler hat and a jacket of a particular colour. The interesting thing is that in Britain those distinctions have declined. It is impossible to see this distinction in a country such as Australia. Even within the other enterprise in the Midlands, for example, someone would not see this distinction as strong as at this depot. It is possible to see other distinctions, but not the dress distinction. What is meaningful is that within the plant this distinction is still left. And nowadays at first sight it is really surprising.

Why is such a distinction still left in the plant? One of the explanations of such distinction would be the traditional character of the Railways' organisation. For many years nothing has changed. But I suppose that there was one more explanation of it - with the help of such a distinction to overcome the level of informality existing on the shop floor. It is not a secret that throughout industry

Almost without exception, foremen were promoted from the shop floor normally from the ranks of group leader with the department. Consequently, the foreman was 'one of the boys' on Monday

and boss of the department on Tuesday. He would normally retain his old workmates and 'rule' informally.⁵³

It was not an obstacle to the company. In the situation when the plant was a part of a community, where everybody knows everybody, the informal atmosphere was created and everybody from the top to the bottom felt a part of this community.

The main obstacle for the company was the whole clumsy hierarchical system and also the system of informal promotions which didn't allow it to put the best people on those position, so these places mainly were taken by the people with a 'one track mind', according to the workers' opinion. The foremen, who obtain this position from the lower level wanted to become more important, and they thought that distinctive clothing could help him a bit with it. But still, it was very difficult to do, because the workers didn't take it seriously. For example, in our plant, the workers called foremen 'dinosaurs', because they didn't like changes.

Thus, the system of control was based on a formal subordination of the lower position to the upper position. And even dress was a means of expressing that division. But it was very formal and people on the shop floor tried to minimise it. In reality - they didn't take it seriously. And what was especially valued was co-operative work.

⁵³ Thompson and Bannon, 1985, p. 33

Management Style

An important theoretical debate of recent years concerns managerial strategy and its correspondence with Taylorism and other less authoritarian alternatives. All these debates are extremely important for understanding the situation within the Doncaster plant.

From the one side, historically, it was a Taylorist enterprise. There were a number of Taylorist control arrangements on the shop floor. The policy of Taylorism did not exist on the shop floor in its pure form, but nevertheless there were some features, which we can definitely consider as Taylorist principles. According to H. Braverman, the main principle of the Taylorist system was *'the separation of conception from execution'*. An examination of work processes within the plant showed us the high level of fragmentation and differentiation of tasks. There was clear division between those who were planning the production process and those who just fulfilled the number of tasks prescribed by managers. There was clear division between all kinds of jobs. Moreover, the workers could do only their job tasks and they can not advise the managers of the best way of doing the job. There were managers, who were planning, and the workers, who were fulfilling the tasks. From the interviews with the workers it was clear as well that they have no clear understanding of the whole workload for the week or month:

- Do you know how many vehicles you should do this month?

- No - it is a managerial task to know. They just give us the tasks every day. We do what they tell us to do (Extract from interview with wooden gang. March, 1994).

From the other side, the General Manager was a person who tried to overcome restrictive Taylorist principles and insert his new innovative thinking into the work process. This

manager is one of those who began to emerge following the arguments about harmonisation between shopfloor and the management. Quite extensive debates which are taking place among managerial circles about harmonisation and management by consensus coming from the 'human resource management' basis directly concern the Doncaster plant, and, this was a manager, who was trying to operate within that new tradition. For him, it was very difficult to combine such contradictory things as Taylorist principles and the human resource management approach. His innovative approach clashed also with the whole traditional system of British Rail and lack of understanding on the lower layers. This was very unusual for such industries as the railways. It could be found in the chemical or electronics industries, but not in the railway industry, because traditionally this industry produced very distant managers, who stressed their distinction from the workers.

One of the things which was distinctive about that sort of management is an attempt to eliminate even small signs of social distance. It is part of that process that has been going on in western management circles during the last ten years, where they try to attain the best effort out of workers by a consensual manager rather than a conflictual manager. And he was a very remarkable in that sense.⁵⁴

The first time, when I came to the enterprise with some other visitors, the General Manager organised a tour around the factory for us. He came with us, and at that moment I was really

⁵⁴ By contrast with western reality, such types of managers are disappearing from Russian enterprises. The paradox is in Russia that many managers would justify the features of social distance by saying that it is an imitation of the West. It is an illusion.

surprised to what extent his relationships with other managers were informal. He was talking not only with managers, but also with a lot of workers. He could stop for a moment and have a chat with a lad on the shop floor. And he didn't seem to be a disliked person. Later I found out that the people gave him a nickname and it was one confirmation of the sympathy people felt to him. They called him a 'cool hand', because, according to the workers' opinion 'he never gets flustered, never raises his voice'. The general opinion of the workers was: *'We get on well with Phil'*.

He personally preferred to work as part of the team. He constructed the whole atmosphere on the plant for teamworking. The General Manager supported this approach when industrial meetings took place. The whole atmosphere of such meetings was very supportive and all points of view were taken into consideration. He was a supporter and follower of the 'no blame culture'. It meant that if there were some weak managers on the plant, or people on the other positions, who might make mistakes, his desire was not to punish the guilty, but to train him in order to prevent the same mistakes in the future:

There are various types of managers in BR. But I do believe that investment in people was quite good. The railways did apply an extensive training. But they still got difficult people or who were pottering around their holes, and there were managers who were just strutting around. What personally did I do? I also did behaviour modification - or support for weak managers rather than sort of throwing them out. And I think I learned a lot from the managers that I worked with on the rail. That was my idea about managing your boss, because you have to understand how they manage. And you could say, 'Oh, I would never do things like him'. Or sometimes you realise, oh - this thing works. I remember that trick. And that sort of approach gave me some basic information and I understood very clearly how I would like to manage.

Thus that was the managerial strategy of the first person on the plant in the period before privatisation.

Control of labour

All the employees at the plant should clock in at the beginning of the shift and clock off at the end. They were allowed to be 2 minutes late at the beginning of the shift. This time was paid.

The workers were organised in a number of gangs, usually from 10 to 20 men. One gang performed the work of one trade, for example - the gang of fitters, the gang of electricians and so on.

The control of the workers was fulfilled by the chargehand - the person who was responsible for a gang. His responsibility included the allocation of work within the gang, time keeping, control of quality, control of gang performance and so on. Below is a chargehand's job description:

Departmental job description:

Chargehand:

1. Shift book.
2. Booking in (including performance).
2. Time book.
4. Issue book.
5. Material acquisition.
6. Abnormal work.

7. Interface.
8. Material red receipt.
9. Job progress.
10. Fire sheet.
11. Technical instruction. (ABCCUS).
13. Meetings.
14. Quality assured system.

The chargehand was subordinated to the foreman, who was responsible for the bay - i.e. 5 - 6 gangs. He allocated the work for the gang. And the foreman was subordinated to the shift production engineer, who together with the production manager worked out the program for the following day.

There was a system of a *block card* for each vehicle, where what work should be done was enumerated. These cards were transferred to the shop floor from the technical resource engineer's office:

There is a system of block cards. The fitters will read the block cards - what to do with the vehicle.

For example, loco Class 37 has 6 block cards. Each job has a number.

The workers usually had to read the block card and repair according to the number of tasks enumerated in it. In almost all gangs the workers didn't sign for their job. It was a chargehand job:

There are instructions. We have to read them. But we don't sign. The chargehand does all the paperwork.

7. Interface.
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There are instructions. We have to read them. But we don't sign. The chargehand does all the paperwork.

So usually the chargehand made all the records of who does what, where and when. He allocated the tasks within the gang and he also had to know the approximate time for doing a particular kind of job.

Supervision was one of the key factors at the point of production. Here is the view one of the supervisors:

People will work if they are driven. If the supervisor went out - they will work out for so long, then stop. They work here 4,5 hours a day (Interview with a supervisor. March 1995).

Control on the shop floor was constructed on the fear factor. The workers were afraid of trouble with the person in the higher position. Some of the workers confirmed this:

Here it is the fear factor. Nobody will start work before the foreman comes (Interview with workers. March 1995).

At the same time, it was quite clear that at the beginning of the shift and at the end of the shift the workers felt themselves quite relaxed. Between 13:00 and 15:00, when there is an end of one shift and the beginning of the other in the workshop there were a lot of workers who were gathering together chatting, drinking coffee, joking. And nobody bothered them. So they had some spare time. It was quite often. And supervisors did not blame them for this. Even when there was the end of the financial year and some visitors from Russia visited the plant, there were a lot of workers within the plant who didn't work. Such a situation, obviously, was very surprising for the workers from the Russian plant, who mentioned:

It is almost unbelievable that workers here are at the end of the month and at the end of the financial year. In Russia in similar circumstances we could not leave the work place. And here they are drinking coffee and chatting.

The workers on the plant told me:

Officially you've got to start at 6:00. But you drink coffee, and begin to work at 6:45.

There are two explanations for such a situation:

1. The middle managers on the shop floor themselves are interested in such a situation, because they also could benefit from this situation - they could have some spare time.
2. If there are any troubles with a worker - they would have additional knowledge, which they can use against the workers, in case of any troubles or disputes, and this means that the people in charge have an additional informal mechanism for controlling the workers.

Conflict and change before privatisation

As we have seen, the plant was dominated by the traditions and the rules and regulations of the railways which had been built up over a long period of time. The plant could only operate in this inflexible framework by developing a system of informal relations which was a kind of compromise between the interests of senior managers, middle managers, workers and customers. But the result of the combination of this system of formal and informal relations was high levels of inefficiency, with considerable losses of working time, delays in delivery and often poor quality. With the coming privatisation of the railway system and increasing competition between different plants and depots senior management was increasingly concerned to improve quality and reduce costs. However, as we will see, before privatisation these efforts were not very successful. It was only following privatisation that really radical

changes, which destroyed the whole system of formal and informal relations, were introduced from outside.

Total Quality Management

Management's view of TQM

Total quality management was implemented within BR in the middle of the 80s and, as Hinkley (1993) mentioned in his thesis, 'it was one of the most difficult industrial cultures to change'.⁵⁵ The main difficulty was that 'historically the stereotypically predominant management style in Britain was based on power and coercion rather than empowerment and respect'.⁵⁶

The implementation of the new policy in the Doncaster Depot began from the top. The key things of the implementation there were that the General Manager himself:

1. Had a great commitment to the new policy
2. Believed in the workforce.
3. Tried to create empowerment for the realisation of the potential of all staff.
4. Had a strong recognition of the 'all one team' concept.

Here is his view of TQM:

⁵⁵ Hinkley, 1993.

⁵⁶ Hinkley, 1993, p. 23.

TQM was implemented on British Rail in 1984, 1985, 1986. There was a time, when everybody was speaking about quality product, total quality management. To me it was excellent. I like it. Everybody had to understand what they did at work. It was a job which they were doing for their customers. And the customer could also be somebody at work, it could be whoever. And this concept is very powerful. What I liked in the whole of this approach that it was basic trust in human nature and human issues that people essentially wanted to please and to succeed. Terms, which could be summed up as job satisfaction. And that certainly corresponded to the way I thought people wanted a manager to be. That's a philosophy.

There were a number of things that happened in the history of Doncaster, first of all, when I did my training in Doncaster, there was a whole system of inspection: there were initial examiners and finished work inspectors. Part of the TQM idea was the idea that people are responsible for their own work. They don't need inspectors to say whether work is bad or done in a different way. The person who is doing this work is responsible for it. So when BRML was formed in 1984-85 from the old workshops, there was a sort of restructuring that went on. Those levels of staff like initial examiners, finish work inspectors were taken out. They told their own staff: you are responsible for you own work. And their immediate supervisors were responsible for the formal inspection that had to take place.

And if you think about the way Doncaster would work any way - certainly all the vehicles went out through the test house, which is where they would check the functionality of everything else. So the whole process of the passage of the locomotives through the works or vehicles through the works had co-operated with the finish work inspection. So they had been through the major changes before I came. I really felt that the problems with the quality were about detail.... Sort of cohesion to a standard.

There was a history of work traditionally, because they could not send locomotives out that then would come off the rails. Right. They also knew that if the things were majorly wrong, the locomotives came back. So they had to do it sort of right eventually, so they might as well to do it right for the first time.

So I believe, the quality problems there were at Doncaster, were items of detail. The sting in the tail of that sort of analysis is that detail affects perception. And I certainly have been long enough on the railway to see the results of the outputs of all the workshops, and private industry. And to understand only too well, what it meant, when the vehicle came off heavy repair or new build and it was not fit for service and you have to send your own man on it, or you have to send it back to the works, so I didn't need convincing about quality, and I always had very strong feelings about the significance of quality. So the major things of quality were statutory requirements of safety and the Railways rules of Safety. And that demands the level of quality.

And there is a whole question of attention to detail whether the things were finished properly or they were tripped on the painting, which didn't actually affect the loco, it may be looked untidy. And people would look and say, 'Bloody hell, shabby job from Doncaster again.' That perception will take it to somewhere else. And so I got to Doncaster. I knew Doncaster fairly well. I worked with its products for years and I believe that the major quality problems at Doncaster were persistence and attention to detail.

But at the same time we should stress that the General Manager was presenting a philosophy which challenged the traditional thought on the shop floor. And in this sense there is a question, how was this new policy implemented on the shop floor? And here the question about the middle managers comes up, because they had to play a key role in the development of this new philosophy.

The General Manager also realised that the middle manager is the key person on the shop floor. Here is his view:

What happened? Because of my belief in delegation I had to delegate some responsibilities to the production manager. I had to see that he made his shift managers responsible, I had to see that they in turn made their supervisors responsible. Why it sounds that there are lots of layers - we treat them all. When I got to Doncaster, I immediately understood that I had to get through to supervisors, because they were decisive on the shop floor. There were so many people on the shop floor that I couldn't possibly speak with each individual. At Shybrooke they were only 30 people. And here there were 6 to 7 hundred people. So the people I had to hit the message with in the management team were the supervisors. And it is second hand, that's why works management was so difficult. Because what you've got to do - to kick your message to supervisor level and then make sure somehow that that message gets to the shop floor. And some supervisors manage it quite happily, and some don't.

TQM and team-working on the shop floor

Some observations allow us to suggest that the rigidity and very restricted mind prevented some middle managers from direct support of this new ideology. The main thing they opposed was the policy of *team working*. The team working concept was regarded as one of the best solutions for resolving the problems the industry faced at the point of production. Partly the new concept was seen as a means of overcoming existing contradictions between the administration and the workers, the eternal opposition of 'them' and 'us'. But at the shop floor level there was little evidence that the team working system was adopted on a deep level. Mainly it was only slogans, which had nothing to do with reality. And if even the

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middle managers were saying words like these: 'We are all one family. We are trying to support each other'. The workers refer to this in the following way:

We've heard nothing more about flexibility and team working.

Team working? It's a dream that they have.

Team? Not the case. Very weak trade union They are very concerned with safety now. Managers and the trade union - it is often on the side of the managers and we should remind them sometimes (the trade union leaders) whom they should defend.

Managers think only about themselves. We aren't afraid to express our opinion. But they (managers) don't hear it. They have a belief that they deserve better, lighter conditions for their whole life.

We don't trust managers. May be they are not as corrupt as Russian managers, but we still don't trust them (Extracts from interviews with workers, March 1994).

Mainly the managers were trying to present things as they wanted them to be, but not like they were. These concepts were mainly announced, but it was not seen by the workers as well as by the managers as intrinsic to the whole set of production processes. Moreover, the new concept of team working was implemented in the pre-privatisation situation, when everybody was very concerned about future developments. The social tension existing on the enterprise caused by the coming privatisation had divided the work force into two camps, and in these circumstances the team-working concept had no real meaning.

There were also several obstacles within the organisation of production because the whole system of organisation of production was very clumsy, it could not reach the desired level of flexibility. The creation of such conditions within a production process could be only if the

team leaders also were very flexible and can restructure their own mind very quickly. But at that time the majority of the line managers and production supervisors of different grades were very narrow minded, without any initiative. The majority of the middle managers achieved their position because of:

- technical competence;
- firefighting qualities;
- friendly relations with their own boss or as a reward for a long service.

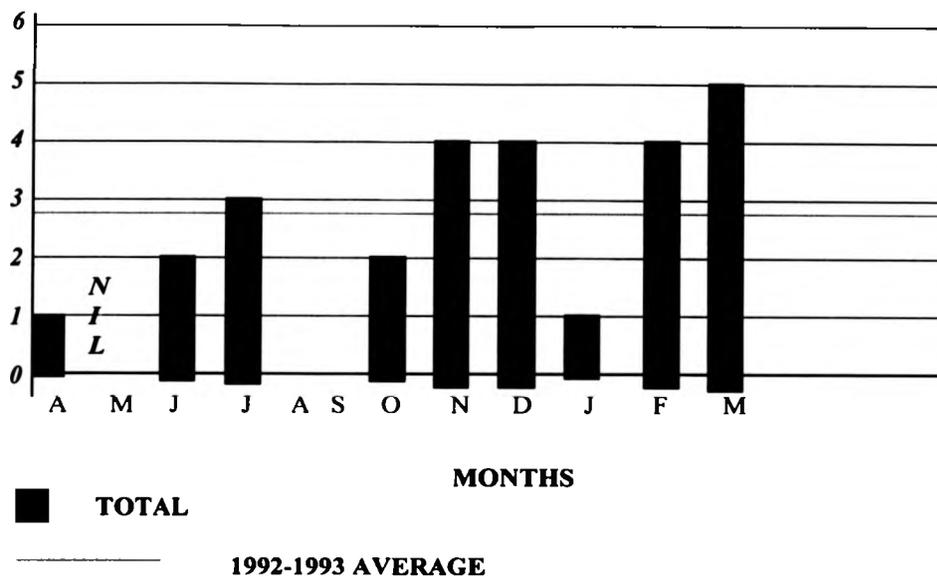
That is why mainly they saw the implementation of the new policy as a threat of loss of power that a more open style of management brings. That is why the changing of the whole organisational structure was needed in order to implement the new concept.

TQM and Quality

Another issue that comes up from the implementation of TQM was the interface between the shop floor and the customers. The main question was: to what extent did the TQM policy have the desired impact on the delivery and quality of service?

1993/94 customer complaints received from businesses

NUMBER OF COMPLAINTS



Root cause analysis:

- (1) Class 158 bogies paint problems
- (2) Class 158 bogies unsatisfactory overhaul
- (3) Class 37 LOCO Noise Modification
- (4) Class 47 LOCO AVR power fault
- (5) 58 LOCO

A - failed inlet T piece guide

B - exhaust valve bent

C - Suspect piston crown damage

As was mentioned above, even after implementation of the TQM policy there were some

delays in the repair of vehicles, caused by several reasons, including the shortage of material, and as a consequence of the shortages of spare parts - a low level of quality of repair. But also the quality of repair depended not only on external factors, as a lack of spare parts, but also on the *people's mind*, their awareness of the processes of quality. And here we could see that not every person on the shop floor was conscious about quality things. The level of culture on the shop floor needed to be changed. But it could not happen overnight. People had to have some time for changing their mind in terms of safety and to broaden their scope. Not everybody could do it. Some of them still tried to put aside the basic things:

If a situation arises on the job that we don't agree with then we will argue against it with the chargehand. Sometimes the trouble is caused by men wanting to cut corners in order to complete the job quicker. putting aside Health and Safety Regulations. These people are classed as bad tradesmen who often cannot be trusted and whose work has to be double-checked all the time. If the trouble is down to bad workmanship then the person responsible is disciplined by the foreman. So, there were people on the shop floor, who wanted to cut corners, do short cuts, or speed up their work at the expense of quality. Within the plant a number of control practices were used, which can operate in a partly autonomous manner. These practices were built into the working process, it was a necessary part of the technological procedure: there was a day-to-day control of 'who does what, where and when'. And there was a procedure to discipline someone who 'steps out of line'.

At the beginning of each shift the foremen will tell the chargehand the amount of work to do. The chargehand will allocate the job among the gang. The foreman was responsible for getting the work done on time. Also the foreman and chargehand controlled the work - the workload of the workers during the day, the quality and so on. Besides, there was a whole

procedure of organising paperwork, which helped the chargehand to control the work of his gang:

When a door is regulated with the striking plate I then sign a list to say it is fitted and working correctly. At the end of the shift, the list is returned to the chargehand. When the job is completed the list is photo-copied and the chargehand and foreman keep a copy. If there is a problem with a door due to bad workmanship, the list is checked and the offender is disciplined. I always double-check my doors making sure that everything is done properly in accordance with the regulations (Extract from the diary of the working week. 1994).

So within the plant a system of technological control was organised. The offenders could be fined and disciplined:

Wednesday 30-th March, 1994. Wooden brigade.

My job today is to fix the bodyside mouldings while the other three men fit the draught proofing and casings around the doors. Throughout the night five men are taken into the office over bad workmanship. The reasons were really down to mistakes made during the job so they were only minor offences, therefore the men were let off.

Disciplinary procedure for bad workmanship or other offences had several stages:

1. Some form of counselling
2. Verbal warning.
3. Verbal notification.
4. Written notification. Disciplinary procedure. (Suspension).
5. Sack.

The regulations according to which all the work should correspond had been introduced several years ago, but it was only recently that people had begun to work according to these regulations. As one of the workers pointed out:

We have an official list of instructions. Now we have to read it. A few years ago - we never read one of the job instructions. Now - in order to get a quality assurance - you should realise that you've got to do it (Interview with worker, March 1994).

The most important thing for the plant was that in 1989 the Doncaster plant adopted British Rail standard 5750 (British Standard Quality System). In order to meet all the requirements of it all the staff should be quality conscious. As the workers replied about it:

Everybody became fanatical about safety. We've been on safety courses. We've got very many certificates, including environmental standards.

All these safety factors will be prioritised.

Adopting this quality standard meant that the senior managers became responsible for quality policy within the plant. There should be a whole system of quality and management representatives had to check quality. The new system of document control was brought in. Besides there should be a process of control of basic requirements that the job should be done correctly. Inspection and testing of the process and product. Moreover, the management representatives had to test and keep records of any tests they performed. According to these systems, within the plant a whole systems of corrective action should be organised as an important element of British Standard. It was constructed in a such way that if anything goes wrong - it was possible to investigate and take action to prevent it from happening again.

But of course the commitment to quality could not happen suddenly after the adoption of this new system. And the adoption of this system generated some problems on the shop floor. One of them was signing for your own work. After adopting the new system people were not forced to sign for their own work, but it was recommendable. What was happening in reality is clear from the words of the General Manager:

There were a number of things that arose. What I've got there, the practice of people signing for their own work was not universally accepted through the works. You see my idea on those things was 'Okay, that's a state of mind.' And as far as possible there was 'no blame culture'. And no blame culture is a very very difficult thing to do, you know. Why it is so contradictory, because what you are trying to do - is that you are responsible - it is a very subtle set of thoughts. I am blaming you that you are responsible. One contradicts the other. What you are trying to do is to preach responsibility: yeah, that's my word. There is my name against it. So that is my guarantee that it's good. Of course none of us are one hundred percenters, so there is a problem, there is an element of fear, and I think that's what motivated people to say 'We don't want to do it'. What are you going to do if we get it wrong?' People want to know, if...

The problem of signing for their own job was not resolved simultaneously. Moreover, from time to time some disputes on this matter arose:

'Who does what?' dispute on the second bay. March 1995.

When BREL was transformed into BRML in 1987 - from the first day all the examiners were removed from the structure. The initial repair of a vehicle is very difficult and responsible work, when the aged loco comes on the works it has to be initially checked to find out if the normal or abnormal repair should be done. This involves an extensive inspection, which could last for 2-3 days. There are 15 pages of explanations about the correct things inside the

loco. At the end the examiner should write a report, which could cost the client company thousands of pounds.

The policy of the company after elimination of the examiners was that it is the duty of Cat4 staff. But these duties were not clearly written or agreed. Cat4 electricians had wanted some form of recognition ever since 1987 because they haven't got any extra pay for this official duties.

It has always been a little bit of a grey area (Interview with a production manager. March 1995).

The production initiative made staff (fitters, electricians, and managers) even more flexible, demanding more awareness about quality and delivery.

There was a 'good will basis' working in relation to the customers. Five or six of the electricians have done this work since 1987. They checked all the vehicle inside, underneath - all electrical repairs. From the managerial point of view there are certain duties which are Cat 4 work - final setting, testing and signing off, and this was not negotiable - 'It is what we pay you for' - but the pre-examination was a grey area.

Recently the rolling stock became part of different private companies. The different owners have different specifications. The process of examining became much more complicated than it was before, besides they should do a technical report. The process of writing it sometimes takes two or three days, there are a lot of details, too much time, and a very high level of responsibility. The electricians made a protest against such a situation. It was an informal protest, which caused a lot of friction on the shop floor. But, according to one of the workers on the shop floor:

They continued to work at the end of the day in order to please the master.

As a result of these frictions a serious Quality Improvement Team Meeting was held, where 6 representatives of managers and 6 electricians took part. As a result of the negotiations a consensus was reached and people voted for it. The main points of this agreement were:

1. The responsibility of examining among the electricians will continue to be fulfilled by Cat4 workers.
2. More training should be provided for all of them.
3. Documents for examination should be easier to read.
4. The small number of the examiners should be increased.

In accordance with these agreements, 6 weeks before 10-15 people were upgraded or reclassified. 10 extra chargehands were appointed to do examining. The company said that it was the responsibility of the Category 4, because they've done it for the last 5 - 6 years. It should be very qualified men who should do a very responsible job.

But the success of the electricians had a 'copy-cat' effect. Workers from the other trades wanted the same things as the electricians. Throughout the factory there was a disturbance on this matter.

These things were misinterpreted on the shop floor. There it was regarded as a 'management manoeuvre'. The workers thought that 'once again the supervisors are rewarded and we didn't get any particular pay for it'.

Many people on the shop floor thought that they keep taking on work which is not rewarded at all.

Once on the afternoon shift two fitters were asked to check the door on one of the trains. The two fitters would do the door check, but they wouldn't record it - they were advised to do it by the trade union. The chargehand (Grade 4) had to sign for it.

We would expect to do some measurement fitted to the client, but they refused. Four individuals were personally involved in this dispute.

Managers didn't want to wash their dirty linen in public, which is why they were trying to do everything possible to prevent the conflict from being transferred to the next level.

How the things developed is clear from the next passage:

21.3.95

Production manager

Industrial Relations problem 2 Bay

At approximately 19.35 hours this evening, I was contacted at home Shift Production Manager, who informed me that Fitter N was refusing to complete the recording of documentation - complete c6 Door Check.

I suggested to the Shift Production Manager that he spoke with the fitter and reiterated to him that Management considered it was a reasonable instruction and the work was considered by management to be a Cat 4 duty.

Fitter informed Shift Production Manager that he had sought advice from his Union Representative who had stated the Depot Council considered the duty of filling in any documentation was a chargehand's responsibility and should only be done by a Cat. 4 on voluntary basis. He again stated he was refusing to fill in documentation.

An approximately 20:00 hours, I attended work and reviewed the situation with Shift Production Manager.

I asked another manager to speak with fitters N and M and advise them to complete documentation. If they were to refuse, they would be considered to be refusing a reasonable work instruction and would be invited to explain their position to Production manager.

The two fitters N and M again refused the work instruction from their Supervisor and were sent to myself and Shift Production Manager.

I strongly advised them both to carry out the work instruction or they would find themselves in serious trouble. I explained that I considered the work instruction was a reasonable request and that they should carry out the work even if it was recorded they were conducting it under protest subject to the Depot Council meeting Management the following morning.

K and L, the leaders of the trade union, arrived at the Depot and were invited to attend the meeting. Discussion continued in exactly the same vein as the informal meeting between Management and the Deputy Council the previous Friday.

After discussion, I saw no alternative but to reiterate Management's position. I asked the fitters N and M to reconsider and to carry out the work instruction (even under protest) which I considered to be a reasonable request. Failure to comply would be viewed seriously and would result in both individuals being dealt with under Disciplinary Procedure.

I stated this would be a very regrettable course of action from Management but I would have no alternative considering the overall situation and course of events.

Again, both staff refused the work instruction and I informed them they would be dealt with through Disciplinary Procedure.

I invited the trade union leaders K and L to attend a meeting with Depot Manager at 9:00 Wednesday morning.

At approximately 21.40 hours I was contacted at home by one of the supervisors, who informed me that two others fitters O and P had returned a Brake Test Sheet refusing to complete the documentation and recording of measurement taken etc.

I asked manager to inform fitters that failure to complete the documentation was to refuse a reasonable work instruction and statutory requirement. Again both staff refused and they were told they would be dealt with through the Disciplinary Procedure.

I instructed 2 Bay Supervisors at approximately 21.50 that the offer of overtime working was withdrawn from the DMU/coaching department until the situation was resolved.

Production manager.

This dispute shows that to be a manager at this particular plant means 'to do a lot of informal bargaining' if there is a disturbance - but it is not a formal procedure. This dispute also shows that there was the possibility for some overt resistance - that meant that people could express their disagreement and that they were not afraid to do it. With privatisation, as we will see, all the overt expression became latent. And the final resolution of this dispute, following privatisation, shows this well. The staff are now forced to do the examining in, but without any additional money. After the acquisition by Adtranz within new terms and conditions, staff have to sign off their own work, do the examining in and lots of other things. All the waged staff signed new terms and conditions in July 1996. The salaried staff signed new terms and conditions in September 1996.

The Fundamental Change Initiative Team (FCIT)

In February 1994 the 'Fundamental Change Initiative Team' (FCIT) was organised. The B.R.M.L. board wanted to find out the areas, where there could be quick savings across the site. The aim of this Team was

to develop and expedite the changes required to reshape B.R.M.L. into a competitive commercially effective company. The driving force behind the initiative is the Privatisation Process; the Initiative aims to anticipate the changes that would be forced upon B.R.M.L./Level 5 sites by new owners, with a view to implementing these changes whilst the opportunity still exists to do so on our own terms. It is hoped that an early implementation of these changes may make the sites more attractive to prospective purchasers, and will also demonstrate to new owners that the sites are capable of developing and managing the change process.⁵⁷

The following restrictions have applied to the changes proposed by FCIT:

1. No changes to grading structures
2. No changes to conditions of service, methods of payment, hours of duty, and allowances.
3. No changes to work skill levels.

At Doncaster it was established as a team of four Management/Supervisory staff working in isolation from their normal duties. The team had a remit from the Depot manager to investigate any aspect of the Depot's functions.

⁵⁷ Doncaster Fundamental Change Initiative proposals. Introduction. page 1.

Current Culture according to FCIT

Information was obtained from all departments on site. The Management team was interviewed on their personal responsibilities and the role of their teams. The representatives of FCIT gave examples of the perceptions and attitudes that the change team believes to be prevalent on the site. It is revealed below:⁵⁸

EVERYBODY'S PERCEPTION OF THE CURRENT CULTURE ACCORDING TO FCIT

- * I do as little as possible for as much as possible.
- * We get paid attendance money.
- * I only use 5% of my brain, because that's all I'm expected to use.
- * I'm only a 'rubbing rag'.
- * I don't get paid for thinking.
- * Nobody thanks you for trying.
- * I only come for the money.
- * I only come out of necessity
- * A fair day's pay for a fair day's work.
- * It makes no difference what I do, so why bother.
- * Better than being at Maplins Holiday Camp.
- * I do the work of six men.
- * We reward poor productivity with overtime.

⁵⁸ Doncaster Fundamental Change Initiative proposals. Introduction. page 9.

B.R. Overtime perception:

Traditionally the pay structure has been operated on a historical basis, the base rate system with additions that apply under set of conditions has been with us for many years and most people see this system as antiquated but useful in certain situations.

On pay rise calculations, the % increase applied on base rate figures is enlarged compared to high day rate figures. But by far the most significant psychological effect is the fact that overtime is used as a 'satisfying medium' to enable staff to live well, compared to just managing.

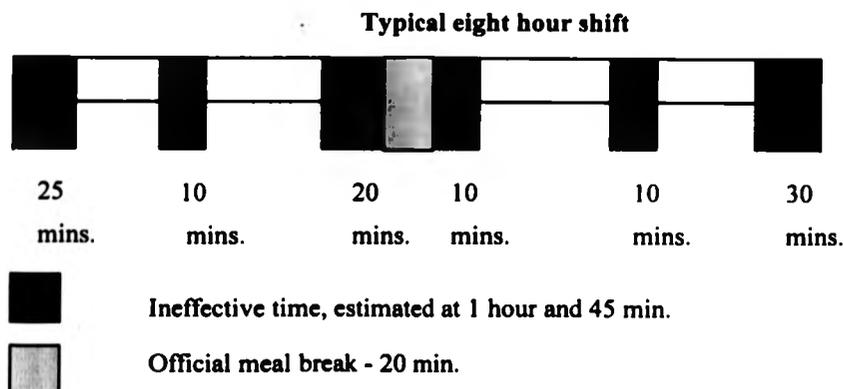
The Fundamental Change Initiative Team investigated ineffective time (also referred to as 'Lost Time') in the workshops. They defined 'ineffective time' as that part of the working day where no work related activity occurs.

They gave examples of ineffective time:

- * Beginning/end of the shift
- * Before/after meal breaks
- * Random unauthorised breaks during the shift.

A typical shift in March 1994 is shown in the following 'Bar Chart'

Chart 1



According to the bar chart, shown above, ineffective time mainly occurs at the beginning and at the end of the shifts, and at the beginning and end of the meal break. At this time the workers used to have a chat with the chaps, having their coffee, tea, make something for themselves and so on.

Despite ineffective time, which employees spend on activity which does not relate to their work, there was a time, defined as ancillary time - time during the working day that is spent on support activities associated with work content time.

The Change team identified those ancillaries that had potential for change and they are shown as follows:

- * Search for material
- * Waiting for material
- * Discuss job.
- * Wait for a vehicle movement.
- * Give/receive/wait for instructions.
- * Wait for crane
- * Obtain tools and equipment
- * Visit to stores.

The results of their investigation were presented as a report to the British board. The FCIT offered to reduce overheads with the help of a reduction of spare time, move towards a tighter work process and so on.

Despite the professional efforts of the FCIT, nevertheless, the work of this team was not seen as important on the shop floor. Moreover, the work of this team didn't have very much

influence on the shop floor. Some supervisors were very sceptical about the real importance of their work. As regards the workers, they seemed to know nothing about this team. The Trade Union leaders considered them as a 'team of traitors', which was searching for imperfections on the shop floor. And even top managers regarded them as a team imposed by the British Railway board, whom the plant should obey. The team worked for one year and at the end of their work all the people involved returned to their previous positions. The team did not have any influence on the production process within the enterprise.

Conclusion

This section has revealed that formal and informal relations are interrelated. The informal relations covered a lot of processes within the enterprise – the system of informal relations penetrated the whole industrial process. The relations between workers, managers and middle managers were regulated through the system of unwritten regulations.

The other observation is that, as a rule, those who use the system of informal relations benefit from it. The workers, if they know and use these unwritten rules, can get easier overtime, the managers within the informal system search for ways of promotion and so on. There is a Russian saying that 'the fish is looking for a deeper place, but the man for a better one'. That is to say, people choose the most profitable way of doing things. In our case it is more profitable to use the system of informal relations rather than the formal. And such stability of informal relations is that in any circumstances it is profitable for somebody to use it.

As regards the variety of informal relations and the levels of informality, we have noticed the whole range of relations from very informal ways of promotion to half-formal ways of relating to customers.

The willingness of people to use these relations reveals another key issue – people are interested in the resolution of existing problems. That is why they are looking for any possible way of resolving their problems with a mutually advantageous approach.

The analysis of the literature and our own observation allow us to conclude that all these kinds of relations exist in every society and that they penetrate all societal levels.

Despite the system of formal control on the shop floor, a lot of processes within the shop floor at Doncaster were handled in an informal way. The system of informal relations began from the relations with your boss. The whole atmosphere in the workshop was very informal. It was confirmed in many interviews:

Everybody is on first name terms with the Management, who will always acknowledge you when passing. If you feel that you have a problem with anything, whether it is personal or it concerns the job, you are always made welcome to discuss the situation.

As the data from the plant revealed, the formal structure of control did not always work and the informal structure sometimes were more hidden, but at the same time were more active.

So, these two systems had a parallel existence on the shop floor, but all the parties involved preferred the use of informal means. And if in theory things had to go through the system of formal norms and regulations, in reality it was a much more complicated process. In the system where production played the decisive role in industrial processes, some things like, for example, quality, had minor importance. As the data revealed, the system of control,

nevertheless, could not provide the level of required quality, because the traditional consciousness within the workshop prevailed. This consciousness meant meeting the plan by any means.

It was clear that even the many layers of managers could not provide a system of effective control from the workplace to the whole plant. That is why changing the whole system of organisation of the production process and process of control was needed. How the situation changed will be clear from the next chapter.

Chapter 2. The Doncaster Plant after Privatisation

As we have seen in the last chapter, the railways were traditionally very bureaucratic, surrounded by rules and regulations with a hierarchical management structure and a complex division of labour and responsibilities. This meant that there was a substantial role for informal relations at all levels. However, the growing pressure of competition put this structure under increasing pressure. The first attempts to change the system had very little impact because they came up against the structure of informal relations, leading to increased conflict but no improvements in efficiency. It was only with the privatisation of the plant that the pressure for change became intense and it went through a much more radical restructuring.

The plant was sold to ABB in June 1995. ABB is an International Company, which emerged in 1987 from two companies - 'Asea' a Swedish company, created in 1890 and 'Brown Boveri', which took shape in 1891. Perhaps, now it is one of the most competitive enterprises in Europe or even in the world. The main aim of the company is to organise a firm which would be competitive on the basis of combining the global scale, world-class technology and the local market. The main slogan of ABB's president Percy Barnevic is 'Think global, act local'. With the creation of ABB the economic environment in Europe has considerable changed. Today ABB employs 240,000 people around the world.

At the top of the company sits Percy Barnevic and 12 colleagues on the executive committee. The group, which meets every three weeks, is responsible for ABB's global strategy and performance.

Reporting to the executive committee are leaders of the 50 or so business area (BAs), located world-wide, into which the company's products and services are divided. The BAs are grouped into 8 business segments, for which different members of the executive committee are responsible.

Each BA has a leader responsible for optimising the business on a global basis. Alongside the BA structure sits a country structure.⁹⁹

The organising logic of ABB.

The main principles of ABB are:

First of all the company is organising a global network. Executives around the world will make decisions in accordance with the global requirement for a particular product without regard for national borders. The second dimension is collecting traditionally organised national companies. And then trying to combine the two dimensions together.

In Britain ABB acted as before: they bought similar plants in Crewe, Derby, and recently in Doncaster, and now that they had the whole set of the best maintenance plants, they began to reshape their organisations.

Reorganisation

The main weaknesses of the company from the General Director's view, who was in charge from June 1995, just after privatisation, to 9 September 1996:

⁹⁹ W. Taylor, 1991, pp. 91-104.

I think we recognised that we are moving to a company, or we acquired a company that traditionally did not have to compete for its work. It was traditional that it was a government owned company, because there was X amount of work to be done for British Railways, it was called out.. 'We will give you that, we will give you that..., we will give you that..., we will give you that...'. It was called out to all different works. And they didn't compete for it. So there was not a competitive element within the culture of the workforce and deeper in the culture of the organisation. It was not organised in order to compete. So we also were aware that disappointments were associated with materials management, and a system to support that did not allow them to become a modern company. Because basically the buying system was basically a procurement system, and it was based on history, on what they used last year. What we need in this business is a system which looks forward - there is a system which is called an FRP system (Factory Resource Planning). A system which can forecast what you are going to need, a system which looks forward. We also knew that the culture of the people was in terms of the level of overtime, assessable within British Rail. Basically they manipulated all the systems to give themselves the highest rate that was possible like fourteen shifts overtime. Personal allowances. Allowances to do everything, dirty work allowance, spectacles, protective clothes, overalls. Because we've been here before, I worked for BREL in Crewe before it was privatised in 1988. ABB came along in 1991 to Crewe. I was one of the old culture. I worked for the nationalised British Rail workshops. British Rail Engineering Limited. So, I've seen the other side of it. And when ABB came, they really fit the business. In the same way, now we came here and adopted the same approach.

What ABB did in the first place was to appoint their own people to the most important positions within the workshop:

And what we did, into that site we brought 10 ABB people, we brought myself as a General Manager, people to manage materials. We brought commercial people in. And to make it more competitive, to become more customer focused, we also brought people in to manufacturing. It is strategic points. There is another way of doing that which is to take people out from this organisation and put them to other ABB sites, where they will be surrounded by people, thinking in a different way. And leave them for six months, and then take them back out and put them back to work as managers. But before that we do cross fertilisation.

Another reorganisation was concerned with the whole organisational structure. The whole organisational hierarchy was reorganised with many fewer layers and made much more clear:

General manager

I

Product manager

I

Team leader

I

Team

It was traditionalist people who set up the organisation as a hierarchical organisation. Lots and lots of layers of managers. Nevertheless we stopped all this. We've got to cut it right down. We've got to take out layers of management, we've got to pass the responsibility down, and we've got to make people accountable on the lowest level. To make them accountable and responsible. We've got to give them the authority. We are going to trust them. And somebody would find it difficult to do that, because we have to leave people to get on with it, you should do a lot of work before people would be able to do that. This is why the empowerment status came into focus. And why

we did that was that focus on core business. Say this is your Doncaster business is, then break it down into small units, product groups.

Things that logically sit together. They might sit together for many reasons - it might be the same customer, similar type of work, growth products in one area. This is how we organise our product group management. And then we make those units accountable in isolation, one manager with the small team. Although we get clear visibility on the results of that small unit, then we put all the results back together at the centre and send them off. But what is important is that we get visibility of the job that is being done. Visibility is growing up. The only way to do that is to focus on core business, break those products down into groups, manageable groups, put them all accountable, make them accountable, take away all the excuses, get them to deliver. And it is not calm, but if you find actually the right people, they will be able to do it. It is not difficult. They can calculate their expenses at home. Here it is the same thing...

About the workers. When they arrive at the factory, they leave their brains at the gates. Poor management traditionally were not be able to use their brain. We get them to use it, we get them into a team, into small groups, get them involved, give them some pride and respect that my team is performing well. I am on top of the league (Interview with the General Manager of the plant, September 1996).

According to the new reorganisation, the Team Leaders would play the key role. The General Manager thought that the main qualities of the Team Leaders should be *potential - not power*. The General Manager, according to his words, was collecting all the material about new management techniques all around the world. He tried to share his philosophy with the employees, which is why he constructed all material and presented it on the boards throughout the company. Here we can find some of his sentences of wisdom:

As teamwork becomes a fact of corporate life, managers must become facilitators rather than commanders.

Give a man a fish you feed him for a day. Teach a man to fish, you feed him for life.

The confusion over what supervisors should be called is a reflection of the way their roles are changing. But, whether you call them team leaders, cell leaders, section leaders, foremen or supervisors, these first line managers are key people, and need to be developed as such.

Works management, August 1993. p.27

First line supervisors make it happen. The success of any organisational change depends on their ability to inspire the commitment and enthusiasm of their teams. Without that, the change will almost certainly fail.

How then can an organisation turn its supervisors into leaders?

1. The first step is to appoint people with leadership potential.. .. They need good interpersonal, listening and communications skills

2. A self-directed, empowered team is a group of employees who are responsible for a whole work process, delivering product or service to a customer, whether internal or external. Team members work together to improve their operation, handle day-to-day problems and plan and control their work.

While I asked the General Manager his view on Team Leaders, and their communication with the team, he presented me with his views about the direction in which the organisation should move:

The Team Leader's job is probably one of the toughest. At some point in time we are looking for what we call total harmonisation of terms and conditions. When there is no such thing as a man on

the shop floor, who is on wages, and the man in the office, who is on salary. We are looking for an employee, who operates on the same terms and conditions. And the only thing different is with the rate of pay, of a reward corresponding to their responsibility. Anything else would be equal. And I think before we get to that situation it will take some years, before white collar and blue collar see themselves as one. The system in the UK is now with the cross-status. We are breaking our past and that is a Japanese approach.

Coming back to your question about Team Leaders. Until you get total harmonisation and the acceptance that we are all equal. Someone, somewhere should break that gap between the manual worker and the office worker, and that perception about white collar worker and blue collar worker, and that applies to the Team Leader. Now looking to all those levels, including that level of first line supervisor, I still believe that was the key and we appear to support that level. And we need all we can to do whatever we can to support him to get the results to those people. Because at the end of the day that is the one who is truly undervalued. And unless we are supporting them in their objectives, then we do not want them undervalued. That's why we are here. So a smart TL has to work hard and it is like fox hunting. He has to set up both sides of events. Because he has assumed to be - he has to support the lads, but at the same time he has management responsibility. It is a hard job.

Where did you find supervisors?

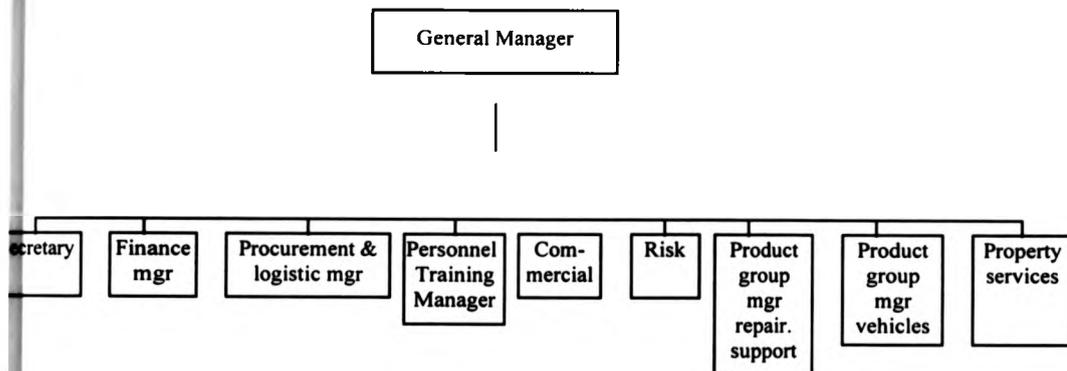
All the TLs were chosen from within the plant. First of all it was the people from the shopfloor. Existing chargehands and existing supervisors. We put them through the series of interviews and a psychometric tests, to make sure that people would suit this position. But we also have seen how they performed. We appointed them last week and we are providing several types of training on things like time attendance control, absence control, and so on. Some of them have been on

managing change programs - it is an excellent course provided by internal people. ABB PROCOM
- ABB training program.

We found it is very useful to use these people, they've been there. They know our culture. They know the business side. And if you get outsiders, they lost the process, they don't have contacts.

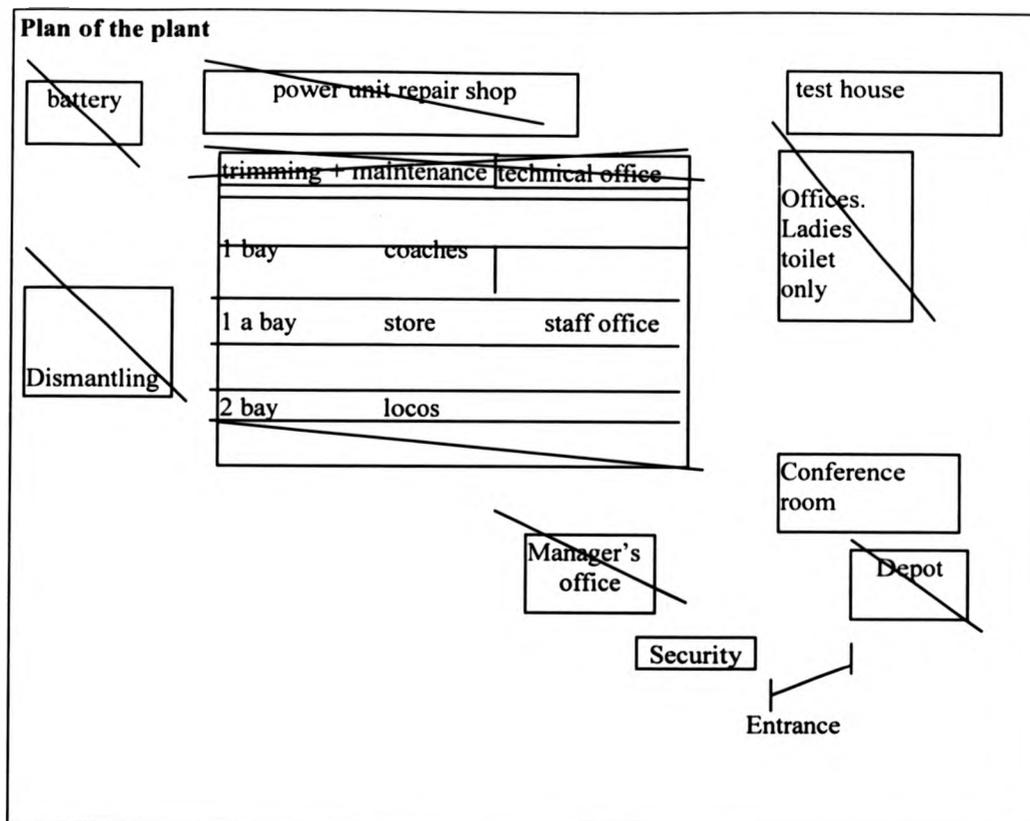
Thus, the new management team reorganised the site according to their new policy. The management structure was also reorganised:

New management structure September 1996



New plan of the plant

In order to reduce overheads and payments for the inefficient use of the site space, space reduction was organised. One of the bays was closed completely and around the site several buildings were closed. Around the plant 25 % of the area was closed.



Reorganisation of the production process

I. The main reorganisation was concerned with the reorganisation of the production process: the plant was moved to one product operations. It was meant to find out the most profitable services in the local market and become the best producer of these services. At the beginning there were 5 product groups on the site:

1. Repairable support product group.
2. Vehicle repair product group.

3. Bogies product group.
4. Locomotives/ multiple units product group.
5. Special projects.

The main emphasis was on Quality/Cost. The main focus on fast turnaround. The management agreed with the customers about 7 days operations: it means that all repairs should be done within 7 days.

Then, DMU was moved to Crewe with all its equipment. This meant another reorganisation and by September 1996 only 4 product groups were left.

II. Another major reorganisation was concerned with flexible team working. Flexibility was strictly emphasised. Flexible team working meant less and less demarcations across trades. The fitter would do the electrician's work. 90 % of the labourers had gone, but the shopfloor was kept clean by the workers in teams.

III. If before there were calculations based on historic records - they kept materials and spares for the output equal to the number of vehicles the plant did in the previous months, so that the plant kept stock for 6 months ahead. Now, in the changing environment in that period, business might be cancelled. So the plant can't afford to buy too much material in advance. The only thing they can do is to hold a week's supply of materials. The reorganisation of the system of storage allowed the plant to reduce overheads from 2.4 million to 1.5 million pounds.

Materials statistics (pounds):

	Aug 95	Aug 96	% Change
STOCK	3,005,941	2,113,626	- 30%
STOCKHEADS	8,314	4,819	- 42%
KITTED ITEMS	(903)	(2300)	+154%
TWO BIN ITEMS	(NIL)	(686)	N/A
SUPPLIERS:			
TOTAL SPEND	25,240,000	27,065,000	+7,23%
previous 12 months			
(RAILPART)	21,091,054	22,724,000	+ 7,75%
TOTAL NUMBER	2,408	400	- 83%
WITH COMMITMENT	840	228	- 72%

Apart from this, a contract with an external firm for the delivery of small bolts and screws was organised. As a consequence of this contract a two bin system was organised as well. The two bin system provided each week all the sorts of small bolts and screws, which the plant needed for its effective production.

IV. In the workshop itself the 'under one roof concept' was implemented which meant all managerial staff in one office near the main production.

V. Within the workshop the level of overtime was reduced considerably. The use of overtime in the new circumstances did not exceed 8% per month.

Soon after privatisation the new administration decided to make redundancy of the staff. The main aim of it was that the plant should be competitive in the new market environment. In order to be competitive - it should work with fewer people, but more efficiently. There were two sets of redundancy. The first redundancy was on a voluntary basis, the second one - half voluntary - half compulsory. Altogether the manpower reduction was from 627 in June 1995 to 312 by September 1996.

The main feature of the two redundancies was that people who left the plant were selected on the seniority basis - 'first in - last out'. Because of that principle, the younger people left the plant. The older ones remained in the plant. The selection procedure caused some problems on the shop floor because the youngest people left, who can be flexible, open minded. Within the plant mainly people were left, who had worked on the plant for an average of 20 - 30 years. It is obvious that they faced more difficulties, because they were not so flexible as the younger generation. They were one of the obstacles to implementing flexibility on the shop floor. If younger people quite easily accepted the changes:

I don't mind flexibility - you are expected to do any jobs. Before - it was a strict demarcation line. Now - no (Interview with a young worker from the coaching bay, who worked on the plant for 2 years, September 1996).

The representatives of older generations were very upset about this. It was very difficult for them to change their mind. Because before they had allowances for doing the job for another trade. Now they should do it for the same money:

We are faced with redundancies. They want us to be more adaptable and more flexible. Now electricians are sweeping up. Before, we did overtime to go with it (Interview with a former trade union leader, 57-old worker on the loco 51, September, 1996).

Here is a view of one of the Team Leaders:

They give me respect. And all that. And if you ask them to do some work you can get people who don't like being told: when you been working on the shop floor for a long time and some of them are older then me and they don't like being told, 'You do this', they just don't like it. Say, you've got the old brigades, who have been here for 25-30 years and who will not accept the change. ABB

with their policy of flexibility they want you to do a bit of everything if you can to make the job proper and to make a profit (Interview with a Team Leader, September 1996).

The other question comes up with redundancy, whether the workshop became more efficient or not? In order to answer this question we will try to reveal people's opinion. But it is clear that there are a lot of contradictions on the shop floor:

From the one side, there was a lot of evidence on the shop floor that the situation with the organisation of the production process improved considerably. It is much more organised now. The two bin system was implemented, material storage and a computing system organised. As one of the Team Leaders, who had worked on the plant since 1969 pointed out:

Now - it is more production line. Before - it used to be a mess. No date for vehicles to go out. When it is ready, it goes out. Now - if it is not done - you'll be sacked. I think it works. I can see. Before - there was too much tea drinking. Too much time to get a job done. Now it is better.

The other worker from the Loco 91, class 37, 58 supported his opinion:

It is more organised now. Before - it was a mess, because when the vehicle came from the client it was dismantled and then repaired in different parts of the plant. Very often different parts were not repaired simultaneously. Now - it is more like a production line. Exchange of components.

You can see organisation of things everywhere in the workshop, like for example with the material - there are special labels for the storage of material:

Depot storage material coding plan:

- ready to use
- material for repair
- quarantined material
- scrap

There are a lot of messages of the following kind:

**Think Tidy
STEVE
Remember this is your home
5 days a week**

From the other side it is necessary to say there were very contradictory things on the shop floor. And the question to be asked is, apart from the new organisational changes, was there any kind of investment? There was no any evidence of any kind of new technology at all. On the contrary - a lot of work was transferred to other plants. Most of the equipment was dismantled and taken out. Here is a bitter view of one of the workers, who had worked almost thirty years at the plant:

This restructuring, which they implemented - is very questionable. They've taken away our work. Lathes, equipment. Now we are less able to do any work.

The factory now is very unsettled. New confidence - declining workload. New management - new conditions.

The only view we have of the new managers is distrusting. The General Manager is like a robber. He was a Crewe man - he came here and robbed all our equipment. They were stealing our work:

- brascover (valves)

- power units

- traction motors...

The General Manager - he is very polite, he would listen. But it is in theory. In reality - 16 months he was here - and took away our work.

The main General Manager's idea was to spend nothing on restructuring.

Traditionally - there were 4 bays. They altered the cranes. The disruption in the works is unbelievable...

From the one hand all the upper managers were talking about the elimination of wasted time, and they've done a lot in order to cancel it. On the other hand - there is a lot of evidence that people have got more spare time then before:

I have more spare time then ever to do work for myself - to do foreigners and something else. The only problem now - it is material. If before we had a lot of it laying on the floor - now you can't get it.

With the reduction of the workload and new agreements with the customers all the vehicles now arrive according to a new schedule: Coming on Monday - off on Wednesday. Coming on Wednesday - off on Friday.

Now very often, the vehicle doesn't come in on Wednesday, so we have no workload for the rest of the week.

- What are you doing then?

Sweeping the floor, tossing it off.

'Monday morning - not very much to do'.

The situation that there is nothing to do is proved in a diary of one of the workers on the shop floor:

Friday, 20/09/96.

No work.

Clean up.

Wash windows.

What next.?

ABB. We care about you.!.
.

Moreover, after the previous redundancy within the plant there is a lack of people with particular skills. That is why the managers are seeking anybody who is able to fulfil some jobs:

Monday, 16/09/96

Finished testing.

6 resets reservoirs required in other shop for morning shift. Nobody to take them So I take them myself on forklift. I have never driven forklift before: FUN!!!

Thursday 19/09/96

Team leader comes up with another job. I am needed to repair air/water separator/regulator valve. Again I am the only person on the works who knows how to do them. I do it.

No problem!' (Extract from a diary of the working week, written by a fitter in the plant. September 1996.)

Relations with the customers after privatisation

According to the new reorganisation of the production process there was a move towards '7 day operations'. It was agreed with the customers that all the vehicles would be delivered on time. If there will be a delay in delivery - the plant should pay 500 pounds per day per vehicle to the customers The results of such a policy is shown in the following chart:

CLASS 91 OUTPUT FROM 02/04/96 TO 26/07/96

Locomotive	91020	91003	91002	91016	91026
Actual days	16	15	15	15	18
Contract days	15	15	15	15	15

91020 - 1 additional day for all circulation traction

91028 - 1 additional day for oil circulation traction, plus 2 days work on after trial snags.

The General Managers' view on the relations with the customers was as follows:

Relations with the customers have become much more formal now. Here they had cosy relationships before, which was okay. They were good relationships, but they've got to be on a formal basis. For clarification. You tell how people are coming in saying, or just picking up the phone and saying: 'Oh, by the way, I don't want that doing, I want it to come here'. It has to be formalised, contract reviewed. If we look at penalties for days late - at various level - it is quite severe. We get penalised 500 pounds per day, and without all formal notifications, when you start getting to the commercial aspects, then you really got problems, if you got nothing in writing. So, it has to be formal, that's not intended to be obstructive to the customer, it's intended to ensure that there will be no problems.

- So do you think that before, it was much more informal?

Yes, less professional. You've got to be professional. The customer is doing a lot of things with professionals. I think that you could take the view that the customer might see you as being inflexible, if you are not prepared to keep changing all these things around. But at the end of the day I think he will respect the fact that you are professional. That's important.

I strongly believe that at the end of the day he respects that I take the formal position. That is our position now. It doesn't mean that we are irresponsible people and we would say 'Yes' to everything. And then having said 'Yes', we find out that we can't deliver. So that can lead to the customer perception going down. It is so easy to say 'Yes', and then you fail. I think its true.

The head of one of the product groups:

Customer needs - far better now. When we first moved to the multiple units - it was embarrassing to talk - too much was left without notice. But now we are more satisfied now than before.

Quality problems

As was mentioned before - the changing of attitudes towards quality was a very long procedure. The reorganisation within the plant touched many things, but it was impossible to change people's minds so quickly. The problems of quality still remained within the plant. That is why there was a constant struggle for better quality.

AdTranz

Quality

Policy Statement

It is a policy of ABB Daimler-Benz transportation (Customer Support) Ltd to totally satisfy the needs of its customers and to dedicate all operations towards maintaining its position as a world class company.

This will be achieved through constantly examining the company's performance and pursuing the need for continuous improvement.

By investing in people the company will apply the philosophy of Total Quality through:

- the commitment of all its employees;
- fully understanding the customer's requirements;
- a willingness to combat waste and reduce costs;
- seeking out constant improvements;

The achievement of these quality goals will be determined by the dedication shown in our work.

All our commitment and actions must be recognised as an expression of quality of service and product.

ABB Daimler-Benz Transportation (Customer Support) Ltd's quality systems conform to the international standard ISO 90000 and provide the framework for achieving high quality products and services.

The quality system is all described in division quality manuals and lower tier working procedures.

Steve Svard

Managing Director

February 1996

Describing the system with quality, it is worth mentioning the whole system of connections between the plant and the customers, because now it has become much more complicated. When British Rail was privatised, the master plan was that four owners would have the whole of the rolling stock and all vehicles. They let them out to a limited number of leasing companies, which run the trains. They would run trains according to specific rules. It was going to be broken down into hundreds of companies. What happened in fact was that several large companies rent the vehicles. The owners of the companies are required by law to send the vehicles for repair after a certain number of miles. To carry out a larger repair, they need some plants such as Doncaster which have the facilities for lifting the vehicles off their bogies and there can also be technical qualifications. The company that rents the vehicle is under contract to do minor repairs : fuel injector changes, light changes - smaller repairs:

When the vehicle is dispatched from Doncaster, we have to carry out all repairs required by the owner which are sometimes not as comprehensive as are required by the customer that is renting the vehicle. The owner could ask for a bogie change, the customer wants, when the bogie has been changed, everything else should be working. We inform the person that is renting the vehicle, the Depot. Just one silly example. When the head wire is not working, the vehicle could only run in

daytime safely. So we can only dispatch the vehicle on Rail Track property with the condition that it only runs in daylight. The person renting the vehicle, would say - repair the head wire, but he doesn't have to pay for it. So we should go back to the person, who pays for the repair - the owner, asking him if he will pay for the head wire, and he has got two options: he could pay us, or he could insist that the vehicle goes back to the depot, because the head wire repair is under his agreement with a depot who is renting. So if you like you've got a slight conflict of interest. We have to deal friendly with all three parties. Obviously any one of them could disrupt our workload in all ways possible. Rail Track insist that when a vehicle has a large repair on the property of AdTranz - before it goes back into service - it must meet all the safety requirements, when it came out of service. To comply with this, they insist on a rigorous safety inspection. On a qualified examiner, that's worked on the vehicle at least 5 years, make sure that we meet all safety standards, all work safety systems worked. (Extract from interview with a clerk, September 1996).

Having problems with quality repair, the leasing companies, who are renting the vehicles from the owner decided to put a special expert on the plant, who will check all the weak points within the plant. Here is an extract from my interview with such person:

So what I am doing now for the Angel train leasing company is monitoring that overhaul is taking place in here now. They have a problem with quality. There were components from the depots that are from train operating units and when they were coming back from overhaul, the quality was very poor.

-Why?(M.K.)

Various things they would get problems with units, with the quality of the paint on the bogies and they would complain about, because bearing in mind, when the unit comes here for overhaul, it's got to go out and operate something like three years before it comes back for another overhaul and obviously, when you are doing something you've got to make sure that it will last that period. So

the quality of overhaul isn't up to standard and things are going to deteriorate fairly quickly, and they are not going to get that life out of the vehicle or that components that changed. So what's happening at the moment is that one of the depots would complain about the quality, and the standard of workmanship from here. and I was brought in to bring that quality standard up. Because I know the vehicles, I've worked on them I know the areas, where some people might take short cuts, to do the job, where they shouldn't, and I am here to put my finger on it. To say : 'One minute, you are not doing it right, let's have it right'. Once I've been here for the last three months the quality has gone up and improved. But unfortunately in improving the quality, the cost increased slightly for the overhaul. What happened is - certain items and certain areas have caused us a problem - if you take a component an example like a complete bogie - on a sprinter, when it comes back in after three years of hard work it's covered in rust, dust. It gets very very dirty. Compacted and difficult to remove. Now. When they come in for overhaul. The first thing they have to do with bogies - they have to clean it. It's cleaned in a special cleaning machine with caustic, soda, hard biting chemical wash, which takes off most of the dirt. But unfortunately, it doesn't take it all off. So the implications of that is now, in order to get all things off, they have to put it through the cleaner twice. So the cost of it now is twice what it should be. It is the plant's responsibility to clean it. Because the maintenance overhaul schedule says that you will take the bogie, clean it and overhaul it to the standard. Then obviously, when it's coming back they are painting over dirt, because they've been cleaned that dirt may be there, for a while, might have been loosened. So that consequently, when it goes back to the depot, it may fall off. So the paint doesn't stay properly, so consequently you've got problems with corrosion. Because the operating environment of bogies is very unfriendly. It gets everything thrown up on it from track dust, silicon based, you get rain, water, even the toilet defluent. And it gets all to the bogie, and it gets absolutely faulty. So in order to bring it back to a standard if you like to start again, to make it last

another three a half years, it's got to be on a top quality. So that was one of the complaints that came from the depots that the paint quality of the bogies was very very poor. Then we looked at it, we said yes, we agree with you, it is absolutely true. They are not cleaning these bogies properly and they are not painting them properly. So:

- A). They aren't going to last the full three and half years and,
- B). The people who own the vehicle and are paying for an overhaul aren't get a quality job, they've been charged for it, they are not getting their money's worth.

So at that end I am here, and I am saying to the works: 'Come on, do the job properly.'

Safety culture

As well as the problems with quality, there are the same problems with safety. For all the years that production was the main dictator on the shop floor, people were not conscious about safety. And now everything is turned around. The world has changed and the safety values in it have become more important. As an engineer at the plant pointed out:

So everybody is now disappearing running and running in circles, thinking safety. I don't want to get the blame for doing anything wrong. Because now in the privatised industry, everybody has got to be very very careful what they do.

But the safety culture also needs to be implemented for a long time in order to be an intrinsic part of the production process. Things could not happen overnight. That is why the person who is responsible for the safety at the plant has to struggle with the old approach:

What's happened, I am now trying to build safety culture within everybody. I've got to make them aware of their duty to each other, person to person. It is not necessarily of top management saying - do this and do this, it is even down to the individuals. That's the hardest part to install a safety

culture, when productivity is required. Because what we have to do at the end of the day - is to make money. And my concern is - how they make money. These got mistaken way of safety.

Just as it was before privatisation with implementing Total Quality Management, there is a real gap in understanding of the safety culture between the *top managers*, who are really safety oriented and the *middle managers* on the shop floor. For many years they were kept in their positions because of their abilities to fulfil the plan. Among the new Team Leaders there are may be 30 per cent of people, who had a real appreciation of safety procedure within the plant. The rest of them didn't take it seriously:

M.K.- To what extent is the management concerned about health and safety?

Risk Manager- Top management - yes. But at the end of the day it is going to be down to the Team Leaders, young managers, they will see it as being involved to make money. I feel that if I was not here controlling them and advising them on the health and safety regulations and legislation, which is place to contract, if we don't stick to that, we are going to be in deep trouble, i.e. will be prosecuted, it could close the company down for bad practices. That is at the back of everybody's mind. The employees definitely know about, not legislation, but they know about when they are doing something wrong. They appreciate that.

M.K.- But still doing it?

R.M.-Not necessarily. Some people won't. Others will. As you can appreciate it, looking on the sociological aspects of it - you can press on people to do things that they don't want to do. In some cases that may happen. That's why I come in and the safety guard with the safety. If they feel that the've been pressurised into doing something that they shouldn't do. The first thing they can do - come to me. Consult with safety problems. And I will get them all the way if I consider that it's a hazard or dangerous activity. If they don't get satisfaction with that. They obviously can go to

unions, to the safety committee. And hopefully eliminate the hazardous activity. That's why we have the safety committee, which meets every month. And they talk to management, and I am concerned with safety procedures. Now we've got a form - it is a full register of all our health and safety procedures, which were ex-BR. Now with AdTranz they are actual procedures. We are presenting procedures to managers, production unions, TL and they don't know about this. Or that's the impression I get. They should have all this paper. Nothing has changed. We have not told them to remove the documents whatsoever.

There are some regulations, and it could be a pressure of production - and they will try to avoid these regulations. Like they say to you: 'We are here to make money, not to monitor couple of it.'

But if they don't look after the workforce, compensation claims would come from out of its profits. It's false economy. And lost time accidents. If a person is off work through an injury off work - then it is costing us money being off work and it can't produce, but it's entitled to a compensation claim against the company for not owing a duty of care, not supplying with an ear defender. Looses the eye (Interview with the Risk Manager, September 1996).

This culture is very difficult to overcome. People are still thinking in the old manner. They are aware about other things, but because they did it for the whole of their lives, they continue to do it. The reasons could be different, but one of the reason again is the same, like in old times - the dictatorship of production:

Recently we had an accident at Derby, where the guy fell from a height of 30 ft, and was killed. But in here the guys work at the top of the vehicles with no straps on. And they know that. Nothing changed. They know the working height - that is damned, and I can show you the old procedure. They know from the past - which was BR that this procedure exists.

M.K.- In comparison with the situation in previous years. Do you consider that the situation has improved?

R.M. - It's improved from the production side - it's become tighter. When it comes down to managerial attitudes - that had become lax - because of pulling the vehicles through the door - to make an impression on the new buyers of the company. I know for a fact on one instance, with one vehicle - when something was being lifted with the old crane - the two blocks that lift the main hook, climbing to get there - a 6 inch piece shot out. Nobody was injured, but because the two blocks have gone through the upper limit switch, the crane was faulty, it should have switched off. An incident record was filled in. I said 'Right, that crane is totally out of action. I want a full investigation - tell me why it went through the upper limit switches, what caused it. What it needs to put it right. That crane is dead as far as I am concerned. That I've done on Thursday or Friday that week. And I asked the maintenance team to do me an investigation. It was a part of their fault. The team coming on the Saturday to do the work, and this is why they were coming from - five hundred pound a day down to contract, the production pressure on the managers meant that if they didn't have that crane, it was going to cost us 5 hundred pounds for that vehicle being out of standard. If the HSE (Health and Safety Executive) had come in, nobody would have been able to use that, because it was on the investigation. They keep that out of action. These guys (maintenance team) were told to stand on top of the crane and tell him how high it can lift. So it's defeating the safety device. I was off, because I don't work Saturday. They disregarded the health and safety procedures. That's the concern I've got. I since had the person in control of that situation sign a document saying that he accepts full responsibility and reliability for any actions or initiatives. And he signed it. The man who was in control. And if anybody had an accident, injury, compensation claim, the company would not be liable, it would be the actual individual, who is telling him or asking people going there and doing things. The procedures are there (Interview with the Risk Manager, September 1996).

Shortage of material

As we can see from the above, the implementation of the 'two bins system' has eliminated the shortages of small screws, bolts and so on. As the workers pointed out:

They've been trying to incorporate the two bins system. It has been implemented about 5 months ago. If one is empty on the top - put the other one forward. And the empty bin will get refilled in a three-four day period. That is filled by a private firm. It is working now and there are never shortages of screws.

Now we don't bother about cutting the long screws. We don't have that problem now. So now there are as many as you want of all different sizes what you want.

At the same time when I talked to the Team Leader, he explained to me that he has problems with material:

M.K. - If the vehicle is due on Wednesday, would it be possible for you to delay?

T.L. - If there is a delay, it costs us 500 pounds a day. Liquidated damages. If we do not deliver the vehicle at a specific time, it would cost us 500 a day. We do it on time. We've got material problems. I've got material problems. The material should have been ordered earlier.

M.K. - What kind of material?

T.L. It's a metal strip. We have to use them.

M.K. - How will you manage this problem? You will order this material?

T.L. - We have known about this problem at least for 6 weeks, but still nothing has been sorted out.

M.K. - Why?

T.L.- It is not me, it is the office. If they sent the order for materials to the National stores, it would be correct, but they didn't. So they have been sending it only now.

M.K -How you will resolve this problem?

T.L.- When the office would manage it, while they would send us the material, we would manage it (Interview with a Team Leader, September 1996).

The engineer explained to me the situation with the shortage of parts as well:

M.K.-When I've been here last time, there was a lot of shortage of parts. How has it changed now?

E. -It is still the same. We still have the shortage of components, yes. Again I am giving you an example. Because we've got conventional DMU-s, which are still running out the system, some of those are now 35-40 years old. When they were built there was still plenty of supply of materials. They were built with the technology and expertise of that time. Now, because things have moved on, things been improved, a lot of components become obsolete. The original manufacturers don't want to make them any more, because it is costly for them to do that, and they want to do things for now, not for the past. At the moment exhausts, which create vacuum for the brakes, they are the only vacuum brake vehicles. Vacuum brakes are more efficient then air brakes, so there is a serious shortage of exhausts for those vehicles, and we've only got what are on them - only a few spares. And those few spares are rapidly disappearing. And there is going to come a time when we will not know what we are going to do to replace them. Either then we have to find a lot of components which will make vacuum, or we just have to get rid of the vehicles. Because unfortunately, what was happening - all the vehicles, which have been scrapped, their components have either been used up or lost. Now, those vehicles again, because we've got nothing to replace them with, the leasing company haven't anything to replace them with, it is only again the problems we will get with an overhaul, which will probably start in July next year. I've been asked

by the leasing company, and this is Angel trains contracts, to look at what we call the critical list of spares, and I actually have drawn the list of it. I've already started on it, and basically, that's :

exhausts for brakes,

engine compressors,

wheel sets

final drives

engine suspensions

They've got an automatic fire system, which was developed from aircraft. It's pretty well obsolete by now, and you can't get some pieces for it. What we've got to do is to try to fit a modern automatic fire system on to them. Now, obviously, new components may or may not fit in that place. If they don't fit, we can probably look and make some drawings to make them fit. We are going to modify the vehicles. To take the equipment which is costing us money. So someone has got to take a decision, whether the cost to fit the new equipment is going to be worth it for the length of time the vehicle would be around. Or it would be better to scrap them now, to get rid of them, because the cost of modifying vehicles now to bring them up to a standard is pretty horrendous, so someone has got to take this decision. What I can do is just recommend, and I have some ideas to put forward to them, what to do to replace some of these components, but it is going to cost a lot of money. So they need to make a decision now. Because those vehicles are now at the end of their working life. So they need to make a decision, is it worth to do that or to get rid of them. And build new.

I also insist on the conditions that bogies do not lay in the open air. Because now they are storing them in the open air. And we consulted the managers not to do it. And only now, because there is some spare place, they will put all the bogies in one area under the roof.

M.K.- Cannibalisation - before it was. But now - because there are some experts, like you, here - they can't do it?

E.- No.

M.K.- And even if they will do it, you will see it.?

E.- On the exhausted things - I know that there aren't any available that Railpart (former NSC - M.K.) don't have any that there just aren't any available anywhere. Now, last week, I rang to the vehicle dismantlers and I asked them if they had got any of these exhausts, and they rang me back and told me that they actually found two. They were amongst different pieces. So I said to him, put it to one side, I'll get somebody to buy them. Now they've got to buy them. At one time they used to say 'come and take them'. That was the informal side. Now we've got to buy them. (So informal things are now also formalised - M.K.) Because we've got a little expression of this.(He made some movement of fingers -to put money inside his hand - M.K.) I don't know if you've seen this gesture before. It means that they need to put money in my hand. Yes.'

Control of work

Within the organisation there is a big move towards more organised work. It was clearly the intention of the upper managers that they would not bear the previous situation, when people were drinking tea or coffee not at a particular time.

All the workers as before had to clock on and off, with minor differences - there is no time allowed to be late. Even that two minutes for being late, which was allowed before privatisation, was cancelled.

The organisation of work has become tighter than ever before. The meal breaks, which were 20 minutes under BREL (which was not too much from any point of views) were reduced to

15 minutes per shift. Within the plant a paper about the meal breaks was circulated, originating from the top:

Adtranz 17/9/96

MEAL BREAK TIMES

To clarify the situation:

Monday to Thursday -

11. to 11.20 Mornings and Mid-Days

17.30 to 17.50 Afternoons.

5 minutes washing off time is included in the above, therefore team members are expected to be at their place of work immediately before and after the above times.

Friday:

A refreshment break of 5 minutes will be taken by agreement with your Team Leader

Saturday and Sunday:

1/2 day - No meal or refreshment break will be authorised

So the policy is towards full use of each employee. But the implementation of this policy was far from perfection. Walking down the shop there were a lot of people wasting their time:

Ian - standing on the third bay, doing nothing.

- What are you waiting for?

I am waiting for my supervisor. When he comes back, he will give me a job.

- For how long have you been waiting for him?

Not that long, may be fifteen minutes.

What was interesting was that the wasting of time concerned not only the workers, but supervisors as well:

When I asked one of the supervisors to speak to me, he told me, with a very serious expression on his face that he was busy. It was not a meal break, I had a chance to have a look on the table, and there were several coupons for the national football pools, which he was trying to fill in. I could not hide my curiosity and asked him: what is it. He answered:

I put a lot of money there, so please, come in 15 minutes.

According to the new terms and conditions, all the workers should sign for their work from September 1996. It was done in order to tighten the control within the enterprise and in order to increase the level of responsibility.

At the moment I was at the plant this rule had just been implemented and people were not in a hurry to sign for their own work. When I asked the Team Leader, why it is happening he said:

They should fill them in, but not everybody does it. Team Leaders still sign the full jobs. It is changing.

Before - it was a system of block cards, where there was the amount of work necessary to be fulfilled on a particular vehicle. Detailed description of kind of work for 3-4 days.

According to the new system of terms and conditions all the tradesmen should do it themselves.

But they still put OK in front of all job description, for example:

- to change valve - OK

- electrical... - OK

When I spoke to their team leader, he told me that he has a whole book, where he writes down which shift is doing what. He told me that he will gather them together and educate them. If they accepted new terms and conditions – they voted for it – they should do it.

So, the document control has become more formalised and been tightened.

Resistance to changes?

Unhappy with the effect of privatisation and with the increased intensity of working the workers (especially the old one) were willing to develop various forms of informal actions, and collective and individual resistance to change. But actually they had almost no chance to resist either overtly or covertly. To understand why workers were unable to mount effective resistance it is necessary to consider the view of the workers on this matter:

– Can you go slow or do some other industrial actions?

You wouldn't get involved in any industrial disputes. Nobody wants that. Most people's future here is a little grimy. You've got to do the job and you just do it. (Worker - 17 years on the plant. Loco, DMU, wagon (RFS)).

I don't mind flexibility - you are expected to do any jobs. Before - it was a strict demarcation line. Now - no. We did resist - 8 years ago. The climate is changed now. New working conditions. If you resist - you are out. Not too happy. Apart from doggy work. We have to do our work. Basically I do what I am asked to. If you do try to escape then you'll get a reputation of trouble maker.

The effect of privatisation was widely disliked. But among the workforce was an almost clear division between the old workers and the younger ones. The old workers thought that they worked hard enough for the whole of their life, and they deserved better conditions.

I gave everything to the enterprise. I should get as much as possible in return. I deserve it.

The new organisation of work, including team working and multi-skilling, meant increasing of the intensity of their work. Naturally, when you have worked hard for twenty-thirty years, you want to relax at the end of the day. But in the Doncaster plant they had no chance for relaxation. In order to survive in the changing world, they've got to be competitive, and for this reason they had to work twice as hard as in the past. Also I believe that for some reason, the propensity to flexibility is much more likely revealed among the younger ones. That's why the percentage of people who could change their mind was bigger among the youngest workers. They were more positive towards changes within their work and all the new things which were required from them. Besides, they have a more pragmatic view towards the job. The old people consider work as the most valuable thing in their life. The younger people have another view:

They think that we should devote ourselves to the full to this work. But this work is sometimes so boring that we prefer to get rid of it and have a rest. We are young and we would like to enjoy this life. Work is not the whole of life!

Nevertheless, there were some minor forms of individual resistance. To begin with, some forms of 'sabotage' were reported. Although the managers and the workers reached an agreement about deleting the demarcation lines between the crafts, there were some kind of grey areas about the work of the labourers. The labourers cat2 and cat1 historically cleaned

the wagons and swept the floor. In new circumstances they were sent to clean the toilet, because there was not any other job at that moment for them to do. The labourers didn't agree with it. They didn't go to clean the toilet.

Also among the older workers the kind of go slow still was represented, when they didn't do work for a certain time. But among the oldest workers also there was some kind of apathy, because they thought that they would be sacked anyway. The cause of such attitudes was in the character of the next redundancy. Managers announced that there will be another redundancy. But while the first two were on the basis of 'first in - last out' (according to the previous agreement with the workers), the following redundancy will be on the basis of several criteria, where the most valuable will be the level of flexibility, the amount of work done and level of skill. In these circumstances, the older workers understood that the main factor of their stability - the length of service - had been removed. So they were in the most vulnerable position, and may be it was the main factor that they tried to resist the new things.

O'Connell Davidson in her analyses of resistance in a privatised industry stresses that

changes to the organisation of the labour process can (but do not always) provoke strong sentiments of opposition, but whether these are translated into action, and the form this action takes, and how successful this action is, all depend on a number of other factors.⁶⁰

The most significant factor in these circumstances- is the existence and the strength of the Union. In the plant, where there were seven Trade Unions - all of them were very weak. But

⁶⁰ O'Connell Davidson, 1994.

with the privatisation instead of unification and strengthening of their policy, the Unions were very demoralised. Here is the view of one of the trade union leaders:

Leaders of trade unions did not act well in those circumstances. Instead of unification - they were really aggressive to each other. Were protective about the trade: that fitters better than electricians.

There was a big disagreement within the trade union committee (Interview with trade union leaders. September 1996).

Another factor which is worth mentioning here is the labour market conditions. Bray and Littler have observed that :

in general, we can say that the labour market structure sets the agenda of the control relationship....

This is because the ultimate form of managerial control is the power to threaten loss of employment, a relation, which, in part, defines the nature of wage labour.⁶¹

But the labour market conditions reflect also the form and intensity of resistance. And interviews with people in the plant confirmed that conditions on the labour market in Doncaster and area was not very favourable in this sense:

I am now deeply concerned about redundancy, because there is no work to go to outside. It is frightening to see your colleagues, who left. 13 thousand people unemployed in Doncaster.

People who are younger - they could get a job. But mainly it is short term, low paid. No career, no structure. No future.

⁶¹ Bray and Litter, 1988, p.569.

Many people who left were '50 +', so for them it was very difficult to get a job. Some of them got low paid job: near 3 pounds per hour. And we here have £6.32 p.h. But some of my colleagues have got no job at all (Extract from interview with a worker on the loco 37. September 1996).

It is clear that wider political and social features also influence resistance. And in these circumstances we can see that the workers understood that in the situation where the government tried to do everything in order to weaken the labour movement and be more than usually favourable to the employer - any kind of resistance will fail. And this feeling we can find in the answer of one of the workers to the question, why they can't resist:

Now we are powerless - very demoralised workforce. Since I worked here - I've seen everything. The miners were militant and they got bitten. Here, we are not militant. And also got bitten. So - nothing worked. What can you do? It is the government's policy (Extracts from interview with workers, 'Vagrem' plant, 1996).

The future - closing down?

What future is awaiting this company? It is very difficult to answer this question. When I was leaving the company, there was another set of redundancies ahead. People had very difficult feelings:

Most people's future is a little grimy.

I've been here 16 years, and I have never seen changes like these.

The majority of workers and managers did not believe in the future of the company:

They are going to shut it any way.

I don't think there will be a future for me and for this company.

The most bitter feelings were concerned with the modern managers. Not very many people believed in the words of the managers. They judged them in accordance with their actions:

They promote themselves as caring people. They talked about 'investment in people' and now these people are out of work.

They are still taking away our jobs. They are moving the equipment to Crewe. And Crewe is a Golden Child.

Privaty came here and we distrusted them. We don't believe them.

They gave us an ABB badge, paper bag. It is ridiculous.

There is a fear of the future. A great works with 150 years history has been squeezed.

The most expected future is another set of redundancies. And maybe the works really will be turned into a profitable part of ABB, but it will be without those people who gave the plant all their life, all their strength, all their spirit and got nothing in return. And I want to finish the description of this plant with the words of one of the people who worked on the plant:

To be a public sector employee was satisfying to me. I have always taken an interest in society and social welfare. I am very concerned over the privatisation of the British railway network from both a personal and public interest. The whole affair is something that I am neither able or willing to accept.

What was regarded as a secure 'job for life', by choice, when I signed my apprenticeship indentures in 1969, no longer has the same meaning or assurance. Long service expectations and Company employees' rights, such as the BR pension fund, company redundancy terms, privileged

travel cards, service seniority, and other conditions of employment earned over many years, and looked forward to, are now dishonourably threatened.⁶²

In 1997 it will be 150 years since that time, when the land was purchased in Doncaster for constructing the Doncaster plant. After more than a century's great history of building and repairing vehicles, the plant's future is very questionable. What will happen? Time will show.

⁶² Roger Holgate in Brown, 1995, pp. 57-58.

Chapter 3. The Moscow Electro-Mobile Component Repair Plant

Brief history of the plant

The plant was established in 1940 by the Moscow metro to reconstruct and renovate carriages and carry out repairs. In 1936-1937 the first Moscow metro stations were built and a repair workshop was organised. On the place where the Popugai electrical depot is now situated repair workshops were opened, which were soon reorganised into the electro-mobile rolling stock repair plant – Remet.

During the Second World War the plant, apart from the repair of electric trains, produced some other items for the Russian army. Several workshops were specialised exactly on production for the army. In 1945 the plant began to fulfil the repair of carriages of different types, one of the workshops at the same time was producing parts for agricultural purposes.

In research for the history of the plant I made a lot of efforts with low results. A lot of materials were destroyed by the state system of saving materials, because they were not included in the list of materials which should be saved forever.

Nevertheless I tried to find people who had worked in the plant at that time. Here is the evidence of one of the women, who came to work on the plant in 1946 and has worked in the plant for 50 years:

There were a lot of good things. When I came to the plant, the managers usually said: 'Let's work, things will be better then'. And we worked with such enthusiasm that I can not even express. And we worked hard. The managers asked: 'The New Year is close, who will meet it on the carriages?'. It meant that we should help the carriage workers to meet the plan. I was employed as a clerk in the personnel department. But at the end of the month, when the workshop had to meet the target, all the clerks helped the workers: washed the carriages from inside, cleaned the windows, made everything, apart from the bottom of the carriage. It was a very happy time. If the workers put on some parts in the trolley and I passed through the workshop, I always helped the workers.

At the very beginning we were told that we should work and work and work. First of all work, then personal life. The discipline was very strict in the plant, we came to work early, we were afraid to be fired. And everybody around was saying that work – the speciality – is the main thing for the future. I was very hard working and if I began my life from the beginning, I think that I would repeat it in the same way.

The territory around the plant was very dirty, it was oil and fuel on the land. It was a nightmare. So we organised special *subbotniks* (Saturday work), and built a garden near the plant's building. One of the leaders told the employees: 'I will build everything for you'. And after some time passed he built a really beautiful fountain. There were different coloured lights in it and it was made so that the water was also coloured. It was fantastic. We were young and we were happy.

In 1948 the plant began to make wheel-pairs for new trains for the Moscow metro. It was the only plant-supplier of the wheel-pairs for the plants which produced carriages for the metro. Since 1948 the plant has fulfilled three kinds of tasks: maintenance repair of the electric trains, capital repair (full renovation) of the electric trains and the forming of wheel-pairs for the electric trains.

From the beginning of its existence the plant serviced all twelve metro systems in the Soviet Union.

In 1974 the plant began to build a new territory in order to increase its production capacity. The new territory was built in the suburbs of Moscow according to plans developed by the institute Transeletroproject. Thus, the plant since that time has consisted of two territories: Popugai in the centre of Moscow and Kukino in the Moscow suburbs.

All the time, from the beginning of the plant's existence, there were difficulties with fulfilling the plan. And even if it was the only plant in the former USSR which repaired the electric trains, nevertheless, the plant was in a very difficult financial and economical situation at the end of 80-s.:

The low-prestige status of the enterprise, which belonged to the system of the Ministry of Road Communications (MPS) influenced the life of the plant's employees, and in the first place their wages, which were traditionally lower than in the whole Moscow metro. (Farewell poverty. How the repair plant became a profitable enterprise. Newspaper *Vek*, 15.11.05.1995.)

Thus, by the beginning of the 90-s the plant was in a very difficult situation and it could be excluded from the list of the profitable Soviet enterprises.

Elections

At the end of the 80-s and the beginning of the 90-s in Russia there was further development of the democratic processes. One of the main features of that era was elections of the senior managers of enterprises. As in some other places, in the Remet plant democratic elections were organised. It is interesting to note that in the period preceding the elections within the

plant 4 or 5 directors were changed. They governed for 2 - 3 years and disappeared, without any noticeable changes within the enterprise. The plant was in a difficult financial and economic position, and there were not many people who wanted to govern it.

The new General Director of the enterprise was elected by the collective of the plant in 1990 on the base of an open competition. There were 3 applicants, but several days before the elections the remaining two candidates changed their minds and withdrew their applications. So the new director was the only candidate and he won the election. Very soon after the election, he worked out a program to develop his independence from the metro authorities and leasing seemed to be the preferable way out. The documents was drawn up and the plant sent them to the appropriate committee in Moscow. Thus, from April 1990 the plant became leasing enterprise, although the decision was made very slowly and only at the beginning 1992 were the documents about the leasehold finally signed.

Leasehold

Since Perestroika began in Russia there was a shift towards privatisation. But real privatisation was possible only after 1992, when the Russian president signed several degrees about privatisation. At the beginning of the 90-s the only way for further independence was leasing. The General Director of the plant realised that for the plant it would be more profitable to be privatised. But the metro's authorities didn't give him permission to do so. In conditions of constant struggle, the plant was allowed to lease all its equipment and buildings, but without the right subsequently to buy. The general conditions of agreement were that the plant would be on lease for 5 years. A document was signed with the Moscow Metro Administration about amortisation of the equipment and planned repair of the carriages.

The first steps of the leasing enterprise were very difficult. The former authorities were not satisfied with the situation, when the plant was not subordinated to them. They tried to put up every obstacle to complicate the life of the plant. They had been used to considering the plant as their property and they could not understand that the plant now acts as an independent unit.

In fact, the lease meant for the plant that it should find ways to operate in the new market conditions without any help from the metro authorities. The situation with equipment on the plant was quite difficult: up to 80 % of it was worn out. The main good thing for the plant was that with the help of lease the plant escaped from the dictatorship of the metro authorities. If before the plant always had to consult with them about everything, now it received much more freedom, for example in formation its own payment system, clients' connections and soon. At the same time, although all employees automatically became leaseholders, there were no any substantial changes in their rights. In fact not one of the workers could explain the differences between the modern situation and the past.

The governing body

Since the plant began working on lease, the main management team was the governing body:

1. General Director
2. Vice Director on Production in Popugai area
3. Vice-Direction on Production in Kukino area.
4. Head of the Planning-Production Department.
5. Vice-Director on Economic Questions.
6. Lawyer

7. Head of the Marketing Department.

8. Head of the Department of the External Co-operation.

As we can see, the governing body consisted of the upper leaders. There were not any shop chiefs at all. This situation caused some problems, when the most urgent production questions were not resolved or had been delayed. Besides, in the governing body there were not any women, although there are a lot of women at the plant.

The governing body had a meeting once a month and resolved the most difficult industrial questions, but the governing body was not a harmonious team. The differences in views and positions were inspired by the general manager himself, who used the policy of 'divide and rule'.

From October 1992 the General Director created the position of First Vice-Director, who became responsible for all questions regarding production. The General Director himself has responsible since then for international activity, for searching for new partners and clients all over the world.

The technology

The technology at the plant is very old. Some of the equipment dates from the late 40-s. The majority of the equipment – up to 70 % – was bought in the early 70s. The technology of the repair of carriages had been worked out in the 50s, and most of the technological processes were written in the middle 70s.

The repair

The repair of carriages was fulfilled by both the metro depots and the Remet plant. The small defects had to be repaired in the depots. More serious repair was done on the plant. After a certain amount of mileage all the carriages running on the metro had to pass through repair in the plant. Those vehicles which had been running on the rails for many years had to pass through capital repair (full repair). The rest of the vehicles had to pass through maintenance repair.

Economic situation of the plant up to the end of 1993

As in the Soviet period, the main production of the plant was the repair of carriages for the Moscow metro. Sometimes there were several orders from the other metros in the former USSR - Tbilisi metro, Leningrad and so on. There was some kind of co-operation between the Plant and other sites in the former USSR.

Supply problems

In the former USSR the whole supply system was organised through the special metro service which was called MTS (Material-Technical Supply). For each enterprise in the metro system there was a special quota. The plant had 40% quota for supplying material from the MTS system. Thus, in the past this service provided some minimum of parts needed by the plant.

By the beginning of the 90s the situation had considerably changed. Moscow metro authorities considered the plant's desire to work on lease as an opposition to the whole metro system and they did not want to provide the plant with the parts through the previous system

of MTS. Thus, in 1990, for example, there was non-delivery of 100 positions from the MTS system.

Besides the agreement with the MTS system, the plant had commercial agreements with different plants within USSR about the deliveries different parts. By the time the plant was transferred to *arenda* (leasehold) in 1990, there was a disruption of the whole system of economic connections between different parts of the former USSR. The whole system of centralised supplies from the different regions was collapsing and a lot of connections were cut off because of the collapse of the former USSR. From the following Diagram it is clear how supply provision for the plant was organised from the different parts of the former USSR:

Diagram 3.1.

Extraction from the range of suppliers:

N	parts name	Supplier
1.	axles	Dnepropetrovsk, Ukraine
2.	wheels semi-finished products	Nizhnyi Tagil
3.	cogwheel	Saint-Petersburg
4.	box-trees	Tver
5.	bearing N 123	Vinnitsa, Ukraine
6.	frames	Moscow Mechanical Plant

Thus, at the beginning of the 90s the plant was faced with a lot of difficulties with the supply of materials and it had to make quick decisions for resolving this problem: to look for new partners or to arrange new agreements with the old ones which suddenly turned out to be abroad. It could not be done overnight.

The external difficulties were supplemented by internal ones: up to March 1993 the enterprise had no marketing department and its role was fulfilled by the Department of External Cooperation. But its work had a lot of imperfections; people had no knowledge of how to work in the new conditions, there was a lack of information about the new laws and regulations and a lack of qualified specialists.

Relations with the other depots

First of all the depots and the plant were subordinated to the metro authorities, and were part of the same system. The depots maintained the vehicles and if they were not able to repair it, the vehicle was transferred to the plant for more serious repair. The MTS system which supplied the plant provided up to 40 % of the parts needed by the depots. The rest of the parts the plant as well as depots had to find out themselves. Thus, the depots and the plant had constant problems with spare parts, and were looking for any other ways of coping with this problem. One of the ways of resolving these problems was the system of *informal exchanging* of parts between the plant and different depots. Usually the shop chief or the vice shop chief called to the nearest depots in case of lack of some parts in order to find the parts needed. People from the depots used to do the same things if they had a lack of parts for repair.

Crises of non-payments

The situation with supply problems was aggravated by the crises of non-payments, which began in 1992. A lot of enterprises had no cash. Some of the plant's clients was among them. They didn't pay for the work fulfilled. As a result the plant had difficulties with cash as well. This crisis touched the relationship between the Moscow metro authorities and the plant.

There was tension in their relations, because the plant fulfilled repair of carriages, but the metro authorities didn't pay for it, because of the difficulties with getting cash. A lack of cash immediately influenced the problems with people.

Staff problems

The difficult situation in the plant influenced the bad situation with labour turnover. Let's take the year 1993 as an example.

The number of employees at the beginning of 1993	1372
Among them workers:	1035

	For the period of 1993:	For the period of 1992:
the plant hired:	666 employees.	582
Among them workers:	566	462
specialists	100	121
the plant lost:	491	356
among them workers	429	309
specialists	62	-

Thus, in 1993 the plant hired 83 more people and lost 135 more people in comparison with 1992. The labour turnover in comparison with 1992 increased by 7 % and reached the level of 35.8%. The most noticeable labour turnover in the plant was in January and March before wages were raised. In April, when the plant's wages increased in comparison with the other branches of industry, labour turnover stabilised, but in July and August it increased again.

The highest level of the labour turnover was in the following workshops and departments:

Data for 1993:	Carriages assembling workshop (CAW) Popugai area	Carriages repair workshop (CRW) Kukino area	Wheels repair workshop (WRW)	Engine section
hired	71	97	58	34
separated	145	132	76	49

Thus, to summarise the whole situation in the plant, we can conclude that the beginning of leasehold was a very difficult time:

1. There was a constant shortage of workers of specific categories, up to 35% (turners, polishers and so on.)
2. Up to 50 % of equipment was worn out:

Percentage of equipment fully written off in:

mechanical assembly workshop 43,7%
wheels repair workshop 44,8%

Equipment with amortisation more than 50 %

mechanical assembly workshop 34,5%
wheels repair workshop 37,8 %.

as a result the equipment stoppages amounted to 30,400 norm/hours.

3. Constant shortage of material and parts led to problems meeting the plan targets within the plant. As a result, the workshops very seldom fulfilled the plan.

4. In many cases the co-operation agreements with the suppliers broke down: For example, in 1990 there was an agreement with the Tver carriage building factory about the delivery of 2400 box-trees. 448 box trees were non-delivered.

All the problems enumerated above came to a head when the plant failed to make the plan. How it happened we will explain in the following chapter.

Management structure: formal and informal

Interdependence of the formal and informal structure

There were absolutely opposed opinions on the matter of how the structure of the plant had been organised. One of them, who had been the head of the Department of Labour and Wages for a long time, told me that the structure of the plant in the past was constructed, as in some other plants, according to some scientific elaboration worked out for industries by various institutes, checked out in different places and were widespread throughout industry. Her view was opposed by the vice head of this department, who told me that the structure had been organised in a very spontaneous way, and if people in charge were needed for some position, they just invented it and brought them in. I consider, that the second view was more realistic, because my experience of researching Russian enterprises showed that usually, despite the logical basis of any structure, within enterprises the approach which prevailed was one I can call organising *the position for the person*, and not *the person for the position*. Within our researched enterprise this approach always prevailed. Any person in an upper position could employ their relatives and friends in the plant. For these purposes they had to implement several new positions. In the past it was done secretly and the scale of such

appointments was not very wide, because the plant was subordinated to the underground authorities and they had to co-ordinate all the changes in the structure with these authorities. But it was not a big obstacle, although people in charge used these things very carefully.

Approximately from the beginning of the nineties, with appearing of the new director, the organisation of position for a certain person became one of the main approaches used within the enterprise. The coexistence of two different approaches created some weaknesses within the enterprise. One of the weaknesses was the situation that the structure of the enterprise by June 1992 had become extremely complicated. That is why it was quite difficult to understand 'who does what' in a particular department. Sometimes it was difficult to understand the differences in functions between some departments, especially when abbreviations were quite similar (see, for example Table 1, Production-Planning Department, Production Operating Department, Planning Economic Department and so on and so forth.). The main weakness of the structure was that some functions were duplicated by several departments. Sometimes there were no clear view of the main functions of the departments. For example: the Production-Operation Department duplicated the functions of the operators in the workshop. People within these departments could not understand the differences between their department and the others.

One of the very important weaknesses was that very often the position of the person formally meant nothing, but its *hidden power* meant very much. That is why people who visited the plant for the first time usually tried to trace who has the real power, and who are these people. For example, two people in the plant were responsible for economic questions: the Vice-Director on Economic Questions and the head of the Planning-Economic Department.

Because of the struggle for power, they could not divide their responsibilities for a long time. That is why sometimes if some person who has got the signature of the Vice-Director on Economic Questions had to go to the head of the Planning-Economic Department in order to get another signature on the same matter. And although the Vice-Director's status was higher than the head of the Planning Economic Department - it was only on paper. In reality the General Director was afraid of too much strength of the Vice-Director on Economic Questions and supported the head of the Planning-Economic Department.

Within some of the departments, as for example in the Planning Economic Department mentioned above, there was a lot of unnecessary work. For example, socialist competition, which was one of the main aims of this department in the past, was cancelled after perestroika began, but the Department still did a lot of work in this direction, comparing the indicators between workshops. At the same time, the main function of the Planning-Economic Department: to define the plan for the workshops for the next month and for the future on the basis of the material available and other resources, was done very badly.

The whole system of organisation of production was a very complicated process. Even if the whole structure formally was organised on the basis of a scientific elaboration for the better organisation of production, the further ways of changing it for a definite person have led to the situation, when the structure became extremely complicated and at the end of the day it was impossible to govern the industrial process only through the system of formal communications. Very often, as we will see, in order to fulfil the plan it was necessary to violate some formal rules, to escape from communications with people in formal positions and to organise a structure of informal relations. Very often only the co-ordination of these

informal relations could be an effective way of resolving the problems of production. So, there was a coexistence of the formal and informal structure and people very often used the informal structure for the successful organisation of production.

The main problem of such a situation was, that the informal structure was not a fixed structure. It was very flexible, and it could be constructed very quickly, and disappear very quickly as well. Usually, people who are meaningless in a formal structure, play an important role in the informal structure, as we will show below in the case of the 'core' workers in the plant: formally, they belonged to the lowest level in the organisation of production. But at the same time, their informal power made people in upper positions dependant on them. Because of their knowledge of the weakness of the production process, they could organise the fulfilment or the non-fulfilment of the plan and the situation was organised in a such way that managers had to negotiate some matters with them informally.

The weakness of the old structure also was that each area was separated and there was no united view of the whole plant. Each Vice-Director on Production was responsible for their own area and was absolutely separated from the problems of the other area. For example there was a bogie section in Kukino area and the same section in the Popugai area, an engine shop in Kukino area and the same shop in Popugai area. All this production was in separate shops.

The main storehouse was situated in the Popugai area. That is why the Vice-Director on Production which was responsible for Popugai area could get any material without any difficulties, because he was closer to the people in the storehouse. The Kukino area could only get material left after the selection by the Popugai area. That is why people from the Kukino area complained all the time. Here is the opinion of the vice-shop chief:

The people from the Popugai area get all new material. They are like sons and we are like a step sons for them. They left us only the rubbish.

And here is the opinion of one of the workers:

We could get from Popugai area the parts for just two carriages, and we have to repair 18. First of all the warehouse provides the Popugai area. And they don't care how we should fulfil the program.

The above quotations show that the two different areas were unequally provided with materials. But the people in charge could not use the formal structure to get materials. They could not go to the head of the storehouse and get the material. Because there was a system of informal relations between the person in the store and the vice-director on production of Popugai area. And even if the storeman had a lot of material, first of all he had to consult with vice-director on production of Popugai area. Formally, the vice-director on production in Kukino area and vice-director on production in Popugai area had the same status. But the problem of getting material for Kukino area could not be resolved without the permission of the vice-director of Popugai area and for him it was not profitable, because he was responsible for the Popugai area. Thus, the formal structure within the enterprise sometimes meant nothing, because there were informal structures, much more powerful, than the formal one.

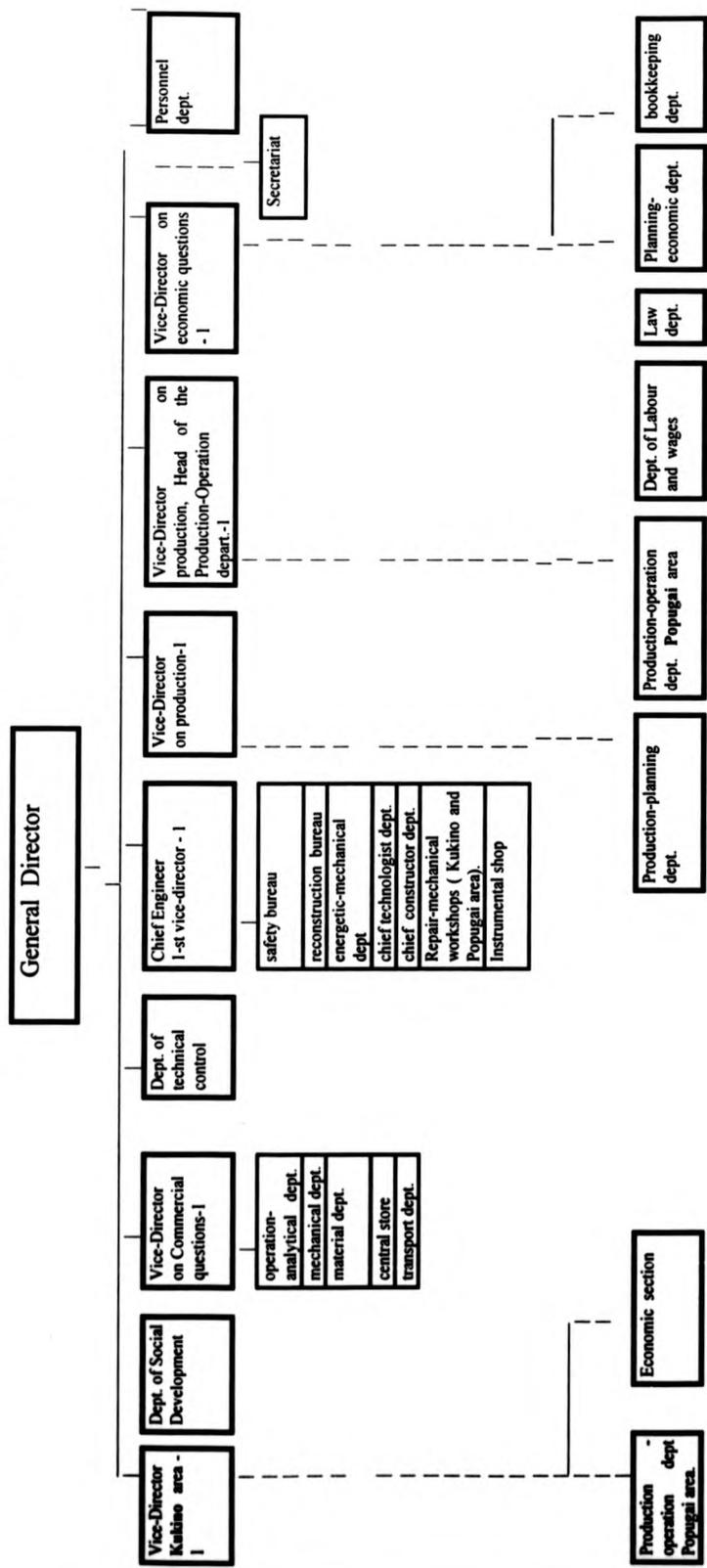
As A.M. Smolkin pointed out,

Production is organised as a whole socio-economic system. The man is a main active element of such system. But the man cannot accept the aims of the whole system, if they do not correspond with his interests. And as an active element of production, the man, in accordance with his

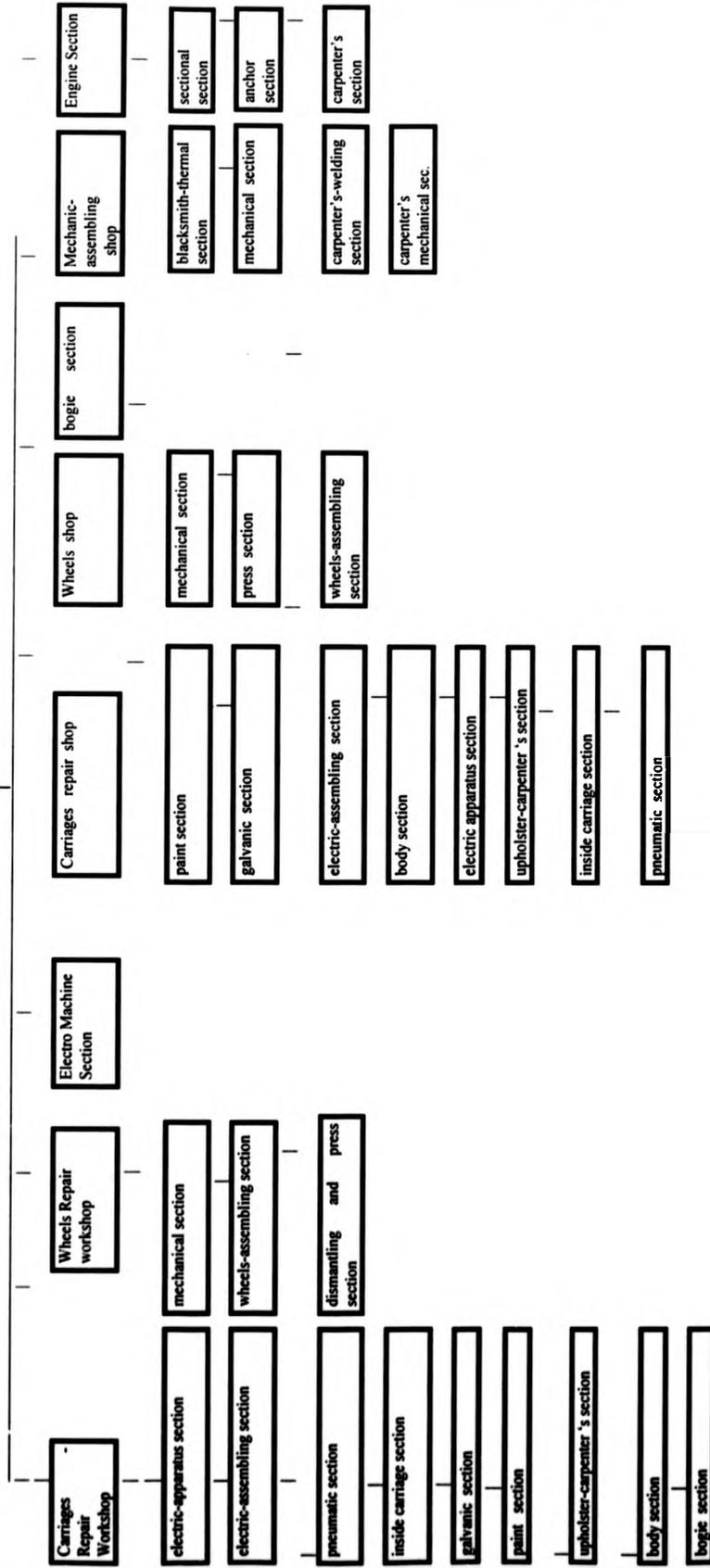
personal views, could construct his own informal connections (social or industrial), which might not correspond with the aims of the production system and even disturb its normal functioning. (Smolkin, 1991, p, 29)

Below we will show the formal structure, as it existed on paper. But, as we pointed out above and will discuss further, the real processes within the enterprise are fulfilled through other structures, sometimes constructed for a limited period of time in order to fulfil some processes. But trying to analyse this formal structure we should keep in mind that very often the people in the top positions do not possess the power which belongs to people in a subordinate position. So, we should stress, that these formal structures didn't play the most important role in the whole system of production. We shall see later what happened when the General Director introduced a new structure following the failure to meet the plan in May 1993.

Organisational structure of the Remet plant on 01/09/92.



Production - operation dept.



Informal relations on the shop floor

One of the main aims of the whole research project was the investigation of the whole structure of informal relations inside the enterprise. The system of informal relations is the system where there are unwritten rules of behaviour. It includes the norms of people's behaviour which were not written in the norms and regulations, but people followed them in everyday life.

We will try to enumerate below several issues which are connected with the whole system of informal relation within the Russian enterprise. The employees' everyday experience is characterised by the understanding of the dualistic coexistence of formal and informal rules and regulations. One of the main features of the Russian plant is that the informal system has almost completely substituted the formal one, that is why there is a possibility for informal negotiation on almost every question. The main question which comes up in this situation is the price which the person should pay for such informal agreement. In England formal and juridical regulations set some limits to the scope of informal negotiations, but in Russia sometimes following the laws and regulations means getting into difficulties: getting less money, resignation, and sometimes even prison, because the people on the top as a rule are more powerful and have more means, even false evidence, for pressing on people. Although, as we shall see, the type of problem handled through informal relations is very similar in Russia and in Britain, in Russia the informal relations traditionally swamped all of the formal rules and regulations.

Thus, informal relations play a decisive role in the whole system of production. No one can ignore it. It should always be taken into consideration, otherwise you will lose. Of course such a situation complicates the whole system of relations in production and enhances the role of subjective factors, which is why the level of unpredictability within Russian production is so high.

To what extent this informal power is widespread within the enterprise and how it operates on the level of the workshops we will see below, now we would only stress that the range of questions where informal relations play an important role is very wide. Here are several examples from the enterprise before its structural reorganisation at the end of 1993:

Relations with the bosses

The relations with the bosses are mainly based on the informal relations. Here are several examples:

– Could you give me some examples, when you personally have negotiated the matter with your boss?

OK. For example there is firefighting within the plant, when everything should be done quickly because of the plan. The foreman comes to us and says: 'Guys, I want you to work hard.' We ask him: 'What we will have in exchange?'. He asks us: 'What would you like?' I, for instance, know that I will need a day off in the nearest future. And the foreman could say, OK, do this job (it could take 2 - 3 hours) and you will get a day off. The same on the weekends. We work till 1 p.m. But it is considered by him as the whole day. If in one week I need the day off, he will give it to

me. Of course, no documents are drawn up, just an agreement between the foreman and us. Why do we need the paper work?

And one guy in our brigade was a drunkard and he could be out of work for several days because he was drunk. And our foreman had a special agreement with this guy, that if he is drunk and can't go to work, he should pay to the foreman part of his salary. The size of the payment depended on the number of days out of work. Of course, we didn't know the exact figures how much he paid, but it was not a secret that it is possible to negotiate such kind of problems with our foreman.

There are a lot of informal relations. I can tell you that almost all relations are informal (Interview with a fitter, The plant "Remet" Bogie brigade, June 1993).

Another thing which is quite important is that a person at the plant first of all should fulfil their tasks, and at the same time 'be nice with your boss'. And these two things could be absolutely opposite in the reality. First of all it is clear with the security system: they should fulfil their tasks and prevent stealing from the enterprise regardless of the position of the person. At the same time their own position depends on the disposition of the boss. So if he fulfils his/her responsibilities strictly, he can lose his/her job.

The same situation arises with the Department of Technical Control. This department is responsible for the quality of the repaired carriages and formed wheel sets. And if there is some complaint about the quality of repair, this department is responsible for it. At the same time there were some cases in the plant, when the first vice director at the end of the month, when it is essential to meet the target, comes to the head of the department and asks her directly: *'you should close you eyes and do not notice some defects in the repair, and all our resources are available to thank you for this'*.

So it is obvious that there is a kind of informal pressure in the plant, when the bosses use their position in order to reach some aims, sometimes even by violating the written rules and regulations.

Informal relations with the other brigades

Within the Russian enterprise if there is a necessity to get some people from another brigade to do some work there is a system of written rules, that the foreman should write a special order and transfer this order to the other brigade. But as a rule nobody wants this paper work. It is usually organised on the informal level - between brigades - some workers would ask the workers from the other brigade to fulfil the job. If the second brigade is busy with some other work - in this case the informal negotiations continue on the level of the foremen - they would agree about the right time to fulfil the job. All these relations are favour to favour. It means that this time the second brigade will do the job for the first brigade, but at another time the first brigade will help the second one in return.

Very often people ask workers from another brigade do something for their personal aims.

Here is an example of such relations on the Russian plant:

With the fitters you have negotiations if you have some personal need. If it is not very difficult work and you have good relations with this fitter - he can do it for you free. If it is a job, which takes a lot of effort - you should either negotiate the price or give him a bottle of vodka (Interview with a fitter, Plant Remet. August, 1993).

Sometimes in the brigade there are no parts. You can go to another brigade and ask:

I could not find the bolts in our section, then I went to the other brigade and asked their foreman. He looked for them and could not find any. Then he went to the store house and brought me these bolts, of course without filling in some forms. Just asked for them in the warehouse.

Informal relations and promotion

The formal system of promotion as such does not exist. There is no official system of selection for a certain position as in some western countries. And the system of appointment and promotion is organised only through the informal system. This system covers any level of the enterprise - from the top to the-bottom. The workers for the upper positions are selected on the basis of loyalty to the shop chief. Their commitment to the enterprise, their ability not to ask too many questions, keep their mouth shut if they see some hidden action of the upper leader and so on.

The approximate examples of the informal negotiations regarding appointment could be as following:

One of the people in a senior position could come to the General Director and say: I have a very good person (relative, friend). He is unemployed at the moment. Could we hire him in our plant?

Usually the Director will think about it and if he trusts the person who asked him to do a favour, he will make a positive decision. As we have already noted, at the moment a lot of people in the plant were appointed with the help of such an informal system. A son-in-law of the First Vice-Director was appointed to a prestigious job in the new Marketing Department. The wife of the Chief Engineer is working in the bookkeeping department. A relative of the Vice-Director on Production works in the security group and so on. These people were taken

on because their patron was in a quite senior position. But this system works also with ordinary people. Of course the position offered could be lower in this case. Take for example the Planning-Economic Department, the husband of one of the economists in this department works as a driver, and her sister as a crane driver. The relative of another person in the Planning Economic Department works as a worker. The daughter of another economist works as a clerk in the Department of External Co-operation. All of them were appointed because of a guarantee of their relative for their good qualities. And, of course, I owed my access to the plant to the fact that my mother has worked there for a very long time.

A job in the plant has itself become a value in modern conditions in Moscow. That is why this value is distributed only among a restricted circle of people, who have some relation to the plant. So if there are some vacancies in the plant and the plant should inform the local employment agency, nevertheless there is no chance for a person from this agency to get a job in the plant. The people involved in the process of selection in the plant would find different ways to reject a candidate 'from the street'. The most preferable way is always through relatives and friends.

Sometimes informal criteria are the only explanation for an appointment - if there is no logic to the appointment, then it must be profitable to somebody. For example, nobody could understand how a person with low education could be appointed on the shop chief position. The answer is simple - it was convenient for the upper management, because this person was loyal to the upper management and was not clever enough to undermine the position of the people on the top. He did everything he could in order to meet the target and didn't ask unpleasant questions. And these were all the qualities required to put him into this position.

Cutting corners

If there are some rules and regulations of doing the job, nevertheless it is very difficult to fulfil it according to them - sometimes there is a lack of parts because of problems with supply, sometimes the parts are so old that the plant has stopped producing them any more. How do the workers resolve such problems? The answer is in the following examples, some of which are already familiar from the British plant.

In our engine repair workshop quite often there is a situation, when there are long bolts, and we have no short ones. In this situation I used to take a hacksaw and cut the long ones, or whet them with emery for a shorter size (Interview with a worker in the motor shop. March, 1995).

A shortage of parts was one of the biggest problems within the plant:

26th of July 1993, Monday.

The rhythm of the work quite normal. During the day in our part appeared the shop chief and vice shop chief and technologist with them.

There is a shortage of some parts: distance rings, bolts (suspension), 'hats' for the engine fixer. Foreman was warned about a shortage of such 'hats' almost one month ago, and there is no result yet. There is no additional 'chalk' [special metal boxes to move heavy part] so we need to move things during the day from one place to another ourselves, and it is very heavy job. Several guys have refused to do it.

At the same time the plan was a real dictator, that is why management was forced to do the job even if there were no spare parts or details. Within the plant, if there were several carriages of the same type, the parts from one carriage were taken out and put in the other one - which had to be repaired first. Such a system was called 'take off one's shoes'. The system

was very widespread on the plant. There were no obstacles to such a system, although the carriages could come from different depots for repair, but it was a state system and all they belonged to one state. In Russia there was a saying, that 'everything that belongs to the collective farm, belongs to me'. In this circumstances it was quite easy to exchange parts from different vehicles.

Sometimes the plant needed huge amount of parts to fulfil the plan. But because some economic ties with different plants had been broken, it was quite difficult to get spare parts. In this situation a whole system of informal relations with different partners could help. The parts could be found as a result of negotiations between the plant and some depot. The agreement usually was on a 'favour to favour' basis, because the depot could face the same situation. Sometimes the spare parts could be found in exchange for a bottle of vodka in the nearest depot. The shop chief of the carriage repair workshop at Kukino had very good relations with people from the depot. In case of emergency he could ask not only for some parts, but also he could ask for several people to work on the plant. It was not very often, but sometimes he asked workers from the depot to help in fulfilling the plan for the plant.

Stealing at the enterprise

People try to steal almost everything from the plant: wood, plastic, paint, stick, veneer, bolts, steel, glass and so on. Before 1994 there were people on the gates who controlled the stealing, but they looked the other way: as a rule people carried the stolen things through the holes in the fence around the enterprise.

People steal everything from the enterprise: the engines - not the big ones, but the small ones, which can be put into a bag. But also some reducers were sometimes stolen through the gates. The cable as well. One time I saw, that the material was thrown out of the window in the shop. In my opinion, everything could be stolen (interview with a worker from the bogie brigade - June 1993).

Relations with the storemen/storewomen

The relations with the storewomen was based only on the personal relations. For example, I made a repair at home and I needed some paint. I asked the storewomen. I needed a lot - 6 litres. The paint is very good, it is bright and you cannot buy such paint in the shops. The range of the temperature of this paint is very wide. I talked to her, and, I don't remember exactly, but I think I presented to her a box of sweets. That's it. But to be honest, I didn't have very good relations with her.

If one had good relations with the people in the store, he/she can get everything from the storehouse. But if the relations with the storewomen have been spoiled for some reasons, she could make an obstacle to getting material from the store. And if you need something for your home, you can't get anything from her. But other people use this way of communication very often.

Drunkenness

In 1993 drunkenness was one of the most serious problems within the plant. The labour discipline among the workers was very low. The situation in the labour market at that time also was not very difficult, the level of unemployment in Moscow was not very high, and the wages in the plant were not above the average, and sometimes fell below. Also in the plant at

that moment there were shortages of workers. Here are observation of one of the bogie brigades in the carriage repair workshop (Kukino area):

Someone who drinks a lot has a bottle of vodka when they come to work in the morning. During the break they could drink, or even during work they could always find ways to use 10 minutes. Nobody notices it.

When there is some celebration - all the brigade organises a meeting with vodka. If it is some big holiday - we can sit around the table after work. If there is a shortage of vodka, we can run to the underground station - there are a lot of kiosks where we could get spirits.

The bosses also could allow themselves to drink vodka during work. Once I came to the office of the shop chief, and a bottle of vodka was standing right on the shelves behind him.

The workers knew about it:

The shop chief and all the bosses have spirits. All the workers in the warehouses have spirits. The higher the position - the more spirits they have.

At the beginning of the 90s the shop chief could still not fire the workers because of drunkenness (then there will be nobody to work), but step by step the shop chief began to fire such workers. Once, in the middle of 1993, I came to interview people in the workshop and right at the front of the shop a drunk worker was laying. I went to the shop chief and asked him: 'What are you going to do with him?' He said 'I will fire him immediately. I warned him several times. That's enough.'

Informal relations and the payment system in the plant.

The most dramatic example of how the informal system operates within the plant is that of the payment system. In the payment system the informal system has almost substituted the formal one. And as we can see in the following examples, there is a clear tendency for the further informalisation of the payment processes. Below we will try to explain the real situation with the organisation of the payment system in the plant in 1993. For this purpose we chose one of the workshops, the carriage repair workshop (CRW)

A little bit of history

The CRW workshop is one of the main workshops in the plant. Earlier the repair of carriages was carried out only at the Popugai area, but since 1974 the carriages have also come for repair at the Kukino area. This area is larger than the old one, there is more space for manoeuvre. But the system of repair is different from that at the Popugai area. At the Popugai area there is a stable system. When the train comes to the plant, the carriage is separated from the bogie and the different brigades come to this carriage to repair it. This system was quite efficient and had proved itself during all the years of the plant had been conducting repairs. But when the Kukino area was constructed, the designers and constructors decided 'to improve' situation and organised the new workshop in another way – they created a line (conveyor system) in order to improve the efficiency and output of the new area. But in practice everything went in the wrong direction. The designers were too far from the real processes in production. The main fault of this system was that the designers thought all the trains would be similar, and it would be easier to repair them on a conveyor system. In reality

what happened was that there were at least 5 modifications of the trains, and it is impossible to organise a conveyor line with it. There are different trains, and they need different kinds of repair. The workers and the line managers at the plant are very surprised, who invented such a stupid system?

The payment system in the workshop

The main aim of the CRW is to carry out two types of repair to carriages - full renovation and maintenance repair.

In the middle of 1993 according to the staff schedule there should have been 112 people in the workshop. In October 1993 the workshop was only 75% staffed.

The structure of the workshop was :

Shop chief

Vice-shop chief.

Foremen

brigadiers

brigades of workers.

The system of repair was organised through 12 brigades, among them:

- bogie workers
- electro-fitters
- electro-operators
- inside carriage workers

- painters
- upholsterers
- pneumatic workers
- galvanic workers
- body brigade
- covers
- carpenters
- operators

In the shop there were two systems of payment among the workers: piece work and by time. The number of workers engaged in piece work was much higher than those who worked by time, see Diagram 2.1.

Diagram 2.1 The number of workers in CRW (1993)

	The number of piece-workers (%)		The number of workers worked by time (%)	
	plan / fact		plan/fact	
1. January	73.1	67	14	12.5
2. February	72.2	68.4	15.3	7
3. March	85.3	80.7	7	5.2
4. April	86.5	78.1	5.2	6.2
5. May	88.3	74	6.5	4.5
6. June	92.1	74.4	8	4.9
7. July	92.4	67.6	7.3	5.2

In each section there were special norms of work, for example in the bogie section, there were different times for bogie repair depending on the type of bogie. From time to time, according to changes in the technical process, these norms could be revised. In the past there was a

special normative station, which sent its specialists to standardise the processes. There were special plans of norm revision. When perestroika began, all this system collapsed. The plan for norms revision does not exist, and the specialists from the normative station stopped visiting the plant in 1992. Thus the process of norm revision had become very chaotic. Now it is mainly the responsibility of the Labour and Wages Department. The procedure of norm revising itself is endless. Sometimes it takes several days, sometimes several months. The most difficult thing is that the norms which operated within the plant were established at the beginning of the 70s. So, the Labour and Wages Department was aware, that almost all of them were out of date. There is a lot of dissatisfaction by this situation. The technologists send to the Labour and Wages Department (LWD) their suggestions regarding the norm revisions, the planners also remind the LWD about the necessity of revision of some norms. And of course the workers' demands are the most militant. According to the opinion of the specialists from the Labour and Wages Department, the norms are now very out of date. When they were worked out, the main aim was that in every section there should be equal efforts. But the workers and the specialists confirm that it is not true. For 20 years some processes have changed, there was modernisation of carriages, in some sections new equipment appeared - so different sections have different loads. It is clear, that almost all norms should be revised as soon as possible. But the LWD has no resources for this. They accept the necessity of creating a special bureau. At the moment people in the LWD are overloaded and that is why the norm revision goes very slowly.

The payment system at the plant had considerably changed since April 1990. The plant began to work on lease and became more independent in the organisation of payment for its

employees. It established a 12-grade system within the plant which mainly concerns salaried staff. As regards the workshops, the plant pays to the workshop in accordance with definite norms. There is also a set labour capacity for each operation. For each year the full year labour capacity is calculated. During the year the labour capacity is the same, but the valuations vary. The whole system of payment was worked out in the LWD. For each section the average grade per year was calculated. Each norm correlates with a particular grade. Each grade has its own tariff. The piece wages for a workshop are calculated according to a certain formula:

The number X norm X 1 hour tariff rate = piece wages of carriages of labour efforts for a certain grade

The wages in the brigades in the past were calculated according to:

1. coefficient of labour participation. (It was quite a difficult task to calculate wage, because this coefficient could be 0,8 or 0,9, according to the particular labour efforts of the worker.)
2. the amount of time spent at work.
3. special addition for the labour conditions.

Later, at the beginning of the 90s, at the plant the role of the coefficient was diminished and the work of each worker was equal to 1.0. Step by step the distribution of money in the

brigade began with a definite sum. In the middle of 1993 the distribution procedure was like this:

All people gathered at a brigade meeting and they form a special record of the proceedings:

agenda: the distribution of wages fund of a certain section.

decided: to distribute money in a following way...

If, for some reason the worker of this section doesn't agree with the way the money was distributed, then he will get payment according to the tariff and actual time spent at work. But it is like a punishment. For example, if the average wages in the workshop were 60 thousand roubles, according tariff they would get no more than 18 thousand roubles.

The bonus system

All clerks belonged to the salaried staff. But the salary of the clerks depended on the plan fulfilment of the shops. Sometimes they had a 50% bonus in addition to their salary. In 1993 a new Statement about the bonuses for the engineering and technical staff was adopted which reduced the dependence of the bonus on plan fulfilment.

**The Regulation about the procedure of payment of additional salary for
managers, specialists and clerks in the plant.**

1993

- 1. The volume of the additional salary of the managers, specialists and clerks depends on the level of fulfilment by the workshops or the separate sections of the planned volume of production and also on the limits of the wages.*
- 2. The maximum size of the additional salary could not exceed 50%.*
- 3. The calculation of the quantity of the additional salary:
it is calculated only on the basis of the volume of production of the corresponding production.*
- 4. If the plan was not fulfilled by more than 20 %, the additional salary will not be paid.*
- 5. The governing body could increase or decrease the quantity of the additional salary of the concrete person, but by no more than 25 %.*
- 6. The heads of the departments distribute the additional salary on the basis of the coefficient of labour participation, stimulating the fulfilment of work for temporarily absent employees.*
- 7. The additional salary is calculated for everybody, including people on sick pay and on holidays.*
- 8. The size of the additional salary for the Vice-Directors is defined by the General Director of the plant.*
- 9. For work in the governing body 5 % additional salary is paid.*

This system itself was quite ridiculous, because some clerks had no connection with production. At the same time the direct producers didn't get any bonuses for their efforts.

This Regulation confirms the fact that the bonus system did not correspond with the contribution of the person to the production process, and was too far from any organisation of a balance between rewards and results.

In reality, almost all clerks considered such a bonus as an additional part of the salary and people see it as an integral part of the basic salary. The system of bonuses depends on the will of a definite person, in our case it could be the shop chief, foreman or the director.

The situation with workers bonuses even before 1990 was completely absurd. Officially the workers did not get any payment for meeting the target. It was considered that the payment for each carriage repair includes the bonus. What is this bonus the workers didn't know. But the bonus system within the plant was a really striking point, because all the office workers got an additional 50 % payment to their salary in case of plan fulfilment by the workshop. At the same time the *direct producers* did not receive any additional money for plan fulfilment. Because of piece work they could get payment only according to their productivity. This situation made many workers very tense.

The above description is supported by an interview with the shop chief about the process of money distribution in the CRW:

– How do they distribute money within the brigade? They do it themselves?

The procedure of money distribution is like this: There is a plan task per month for a whole workshop. For example, it is twenty carriages per month. We need to fulfil it. Then we will do the

calculation of the cost of the unit of production, which includes the wages, the calculation of the per cent of the plan fulfilment. So the wages depend on the per cent of the plan fulfilment. For each brigade there is a particular price for their work. It depends on their job, but it's stable. I have the fund for the workshop. It is approximately 4 mln. roubles - the fund of the shop chief. For each brigade we have a staff schedule. This staff schedule is based on the labour capacity. For example, if there is a plan to repair twelve carriages, then there should be nine people in this brigade. And it is calculated for each brigade. And then there is a sum of the tariff schedule of each brigade and we calculate the basic coefficient of the whole workshop. And then we try to calculate the figure for each brigade.

- Then you are supposed to be a great mathematician?

The main calculations are made by the Department of Labour and Wages, and we work together.

- Do you have any professional education?

I graduated from the railway transport technical college. My wife has higher education and she works on the plant.

Okay, let's go on: the tariff schedule is calculated for one year. We have the plan. And if there should be 9 workers, but only seven work, it doesn't matter. We need the volume of production, and it doesn't matter how many workers did it. 90 % of the workshop are on piece work. In many plants there is the same piece rate system. Automatically, if they do less, they get less money.

We, the shop chiefs, the vice-shop-chief have a stable salary. Plus I get a particular per cent bonus.

If the workshop didn't fulfil the plan, then I won't get the bonus.

- If it is a problem of supply, then you automatically don't get your bonus?

The definite per cent I will get anyway. I will get the bonus for the volume of production which my workshop fulfilled, but not the bonus for other indicators. Of course, the department which is responsible for supply will be punished, but automatically some part of my bonus will be cut because of a such situation.

– Do you think it is a just system?

I don't think so. I don't think it is successful. But this is state enterprise, and the whole system of organisation of production in Russia needs better organisation. But it is very difficult to change it.

– Can you explain the further system of money distribution?

I am gather the foremen and brigadiers here, I give them the data, which were prepared by the Labour and Wages Department and each brigade gets the money for the brigade. Then the brigadiers and the foremen go to their brigades and there the foreman and the brigadier distribute the money within the brigade. They know more closely their brigade, who does what. On the basis of the coefficient of labour participation. There are two ways of distribution of wages within the workshop. There is a special statement, which is renewed each year. This statement was legally organised. It is specially worked out, the whole system. There are two ways: by KTU (coefficient of labour participation) and the free system - by figures. The brigadier can choose the system and it is his choice to give pure money. The brigadier can distribute the money, for example, between 9 people, he calculates, how much each person should earn and while he has this average, he can vary the figures. This man - gets more money, that one - less. If one is more efficient - he will obtain more money.

– How does it really happen within the brigade in practice? Are there a lot of conflicts about the distribution? Whether it was distributed equally, or not.

I am outside all these processes. The amount of money the worker will get depends on the level of qualification, on the contribution to this brigade. The person could work in the evening or work on Saturday. And everything is taken into consideration.

The shop chief is well informed about the whole system of payment distribution within the plant. Moreover, he is the key figure in it. At the same time the workers in his workshop were in a less privileged position. It is clear from the next interviews:

We 'give' the plan and they promise to us everything. For example the plan consists of 20 carriages, and we have made 18. So they formed the documents about this fulfilled 18 carriages. And for the other two carriages which we didn't repair they won't receive money. And in case we make 20 carriages, who will get bonuses?

- Who are they?

The administration of the plant. We do not receive the premium. ... Why have we made the plan? Because this was a quarter month. And they have the plan - I don't know for the ministry or for whom and how many carriages we have to repair. In three months we should make 54 carriages, then they will get the quarter premium. This was a quarter month. Therefore they pressed on us, that we made 20. Further, we have made 20 - and they will receive the premium for fulfilment of the plan, they will receive the quarter premium. We won't receive anything. We have nothing from this 20.

- And why do you have nothing from this?

That is why we are told we have the lease - that's it. No premiums, no bonuses. Only according to our quotation. And there is another question. The quotation is very low as such, and when they begin to divide the money they try to equalise - to make a balance in a such way that within the shop there are uniform wages. That is to say, the chief of shop removes money from another team

and ostensibly adds to us. When you go to him and ask: 'Why we were so poorly paid?' He says: 'And what did you want?. I gave you 'superfluous money'. And it is happening in a such way, that we are begging, and if he gave us some additional 10 to 15 thousand, then we are obliged to him. It means that we cannot approach him and ask. (Group interview with the bogie brigade, March 1993).

Thus the system of payment within the plant was organised in a such way that the workers will get nothing for fulfilling the plan. So the formal way leads to disturbance among the workers. So, the shop chief finds other ways of paying people. He has his own fund, also he can take out some money from one brigade and add it to another. And it is used in order to prevent militancy among the workers. But the means which the shop chief uses are sometimes too far from the formal one. Besides, it is quite profitable to the shop chief to have such old norms: he always can say to the workers that without his help they will get money only according to the formal norms. By paying people additional money he, therefore, puts them into a position of dependency.

- Could you tell me a little bit more about these quotations, because it is not quite clear for me - who is responsible, that such quotations are so low?

These quotations were made in 1968. the whole technical process dates from 1968.

- And what can you do in order to change them?

We have tried everything. We even struck for 2 days. And we were given 20 thousands additional money once, that's it. They shut our mouth. That's it. Yes, it is useless.

- And have you stopped the strike? You didn't work during this strike at all?

Yes, but we made the plan anyway.

– That is to say you struck, and then you made the plan. How did it happen?

We were pressed. For two days we did nothing and in the following days with the help of intensive labour we made the plan.

– And the conflict with the shop chief, how did it begin?

The shop chief can't talk and communicate with people. He speaks like this : 'If you don't like to work here go to the meat factory. There is greater payment there.' The foreman in our brigade always supported shop chief's line. We wrote a grievance about him, and he was removed.

– And now have you worked out a further plan of action?

We struck. We went through all the bosses. The General Director told us, that we are unskilled workers. If you get out - we will definitely find other workers. Here is a constant turnover. There is no stable staff.

There are constant shortages, there are no tools. Nobody knows how we work. There are no proper work clothes. But all they know is the plan. They require from us only the plan. By any means. Because they need their bonuses.

The other brigades are dissatisfied too, painters, for instance, but they are complaining all the time, and we have no time even to complain.

– And what have you decided? To strike with your legs (to leave the enterprise)?

Yes. The shop chief said that he'll find the workers if we leave the enterprise. And you can write a letter of resignation and get out.

The shop chief doesn't even talk with us.

– Have you decided for how long you will work here? Have you written these letters of resignation?

No. If you want to be dismissed, the only thing you need is just to be drunk. Then you'll be fired quick.

As soon as we find new work we will leave.

The lack of knowledge about the process of formation of the payment among the workers is a very common situation among the different brigades. Here is the opinion of one of the workers in the bogie section, which was expressed in his diary of the working week:

4th of August, Wednesday.

Not so much work again. There was a rumour within the brigade, that the electricians have received for the 16 carriages, which they repaired, more than we've received. We've got an average 120 thousand per person, but they have some workers, who received more than 140 thousand and 130 thousand. The deputy shop chief passed through our section. We tried to find out why this happened. We mentioned this point, that it is not profitable for us to fulfil the plan at all, because there is no motivation. He said, that it is our responsibility to be ahead and to have 2-3 bogies apart from the others. We tried to prove to him, that he gets some bonuses from the plan, but we have none. Then he said to us that the price of every carriage includes the bonus also, and we just couldn't see it. If it is so, what percentage of our work includes the bonus, and what idiot did that? So, it is automatically added to each carriage and for me it is not quite clear if it is a good thing, or not. No clearness, no stimulus. For a Russian man it was always clear, if somebody told him something like this: 'This money - for this, that - for that'. Here we have a totally different situation. And nothing is clear at all. Besides this, he denied that he eventually has a bonus. It will be useful to obtain some information about their bonuses: how often they (I mean shop-chief and deputy shop chief and other 'white collars') have it and what percentage. Have they the bonuses per quarter?

Because we have only the bonus which is put into the cost of a carriage. We asked him a question about our work: 'Do you consider that we are unskilled workers?' He stood on our point of view and answered that it is quite skilled. But the General Director, when he came to our meeting at the end of last year, said that we are unskilled workers. But this is unfair because I am working with a spirit level.

And the average grade is 4 for our brigade? To be honest, in order to speak with the administration, it is necessary to be a diplomat. And also it would be nice to have some 'informant', who can give us some sorts of information. Then, they will feel, that we are not so foolish. To be honest, they already felt some our power, that is why they are resolving our problems. And we, while we are speaking with them, we are stressing that we know how to fight with them on the documentary level, we know now how to formulate the documents according to the law, but we don't want this yet. And they also understand this, that is why they don't want to get involved so much with us. I am afraid that there are only 3-4 people in our brigade who speak and express their opinion, the rest of our people usually keep silence. But now, if we need this, the whole of our brigade will vote as we want, and if we will need them to sign some document, I am sure that all the people from the brigade will sign it.

We have no real description of the technical process. We don't know the real price of the repair for a bogie. We can calculate only the number of bogies repaired. Everything is hidden. That is why they can tell us: 'The shop chief gives you much more than you deserve.'

There should be 15 workers in our brigade. In the electro-operators section - 23. The plan increased from 15 - 16 carriages per month to 20. But the payment is stable and didn't increase. Why? Nobody knows. (Quotation from interview with worker. July, 1993).

The payment and its distribution is one of the vulnerable points all over the plant. The shop chief also confirms that there are a lot of troubles with money distribution:

There is a statement in each brigade about the distribution of payment. There is also the shop statement. But nevertheless each month in each brigade there are troubles about payment distribution. When I was on vacation - there was distribution according 1 or 2 type (by KTU or according tariff status). But again there are conflicts. People in the brigades could not distribute money. (CRW, Shop Chief).

And here is an opinion of a worker from a facing team. Again the same problems with money: a lack of payment for a very difficult job. Sometimes the evaluations are made without any real calculation of the time which is needed for an operation. There is a feeling that the evaluations were made absolutely arbitrarily. And the revision of such an evaluation is a very long process. In some brigades there are fewer people than are necessary, but still they can't get money for the absent people. So again and again - the same problems:

After running for 5 - 6 years the carriage comes for repair. We were paid earlier 20 percent over the shop norm. Now it has been cut down.

- And why were you paid more?

Could you understand how we work? Almost all the shift we work on our knees. All day, every day. For hazardous conditions we receive 12 percent plus. Earlier the carriage cost 80 roubles. And it is now costs 7 thousand. Earlier it was more, now it is less. Then, according to the staff schedule it is necessary to have 5 persons for 15 carriages. We get a minimum payment for 3. So for two person we receive nothing.

- Have you tried to make any kind of protest?

Yes, we tried. I talked to the chief of the Labour and Wages Department. She has explained to me that the plan was increased, the quotations for each carriage were increased as well. But our quotations were preserved. Later this business was equated, and they have begun to level us with the whole workshop. Say, the average payment in the shop is 35 thousand roubles. and we've got 35. But we could not understand, why we have to get equal payment with the others if we have 12 percent for harmful conditions and 20 percent the director has given us for heavy work. Plus we are working three persons out of 5. It is very hard. Last time we worked for 7 days without a day off. And 3 worked instead of 5. And we didn't receive money for the absent people. Earlier we had the highest salary in the shop. Now they have equalised us. Now we receive even less. I have been here 16 years and am in my fourth year as a face maker. We consider that this is unfair.

- And have you spoke with the vice-directors?

We do not jump through the head. At first we spoke with our direct boss. We went to the shop chief. He said the foreman will decide. For example, there is a small bump on the floor. I punch them. It takes a lot of time, and you can not make the plan with such work. And I should do the plan. This is a big problem, because if you do this job, you can't fulfil the plan. So now they should make a decision about this question before the 15-th of March. But I doubt that they will make any decision. I am more than sure. We need to spend up to 4 hours per carriage for this work. And at the same time if we shall sit for 4 hours on the carriage - then we could make only 10 carriages, a maximum. And we have the plan now of 19.

- Who is the master in the shop?

It must be the chief of shop. We appealed to him several times about punching the bumps. He said it is at the discretion of the foremen. I wrote a special application, that if I punch the bumps, they should pay me for this.

- And what happened with this application?

I do not know. I gave one copy to the foreman. One copy to the chief of shop. And now he has said to the foreman 'At your discretion', and 'If we need to punch the bumps on the carriage, so we have to pay for it'. But it is not clear how much they would pay for it?

- Have you saved a copy of your application?

No, I gave it to the foreman. She should decide something on the level of the chief. If it will be not decided, then it is necessary to try above.

- When have you written this application? In January? And now it is April. Nothing has changed. What you are waiting for? Why are you waiting for 4 months?

We have begun to set it right and it turns around and we become fools.

- Since you began to act have you found that your payment was cut down?

If the foreman wants it, you know, she'll find a way. She is a foreman of 4 sections - carpenters, upholsterers, painters and inside carriages.

- And you have a suspicion that you are suppressed by her?

Well, not suppressed, but at the same time we do not know in what direction money disappears. Then the deduction has gone. The calculation was worked out that in our section all carriages are under different prices. We do the same work on each carriage, but the prices have variations from 5 up to 6.5. It should not be such. We consider that we spend an equal amount of effort for each car. Only on intermediate carriages we could spend a little bit more. The payment should be identical. And we expect that they should calculate on the top price, instead of the lowest. The money distribution in our brigade goes according the second variant, it means that it is according to coefficient of labour participation and by figures. We signed for such a distribution. And in

order to avoid some superfluous claims, we do not divide different categories. We pay no attention to the different grades. We agreed that we all in our brigade work equally, and that the coefficient of labour participation is the same too. Now, when there is the process of distribution, we even are not always present. Because nobody informed us about it. Once we found out that they divided the money we went there. And usually just the foreman comes and gives us a sum, and I personally consider it is not enough. I evaluate myself higher. For one carriage I was not paid, for the second was not paid, but at the end of the day she will pay, otherwise she has no choice. In other words I'd like to say that, before we were paid 20 percent over the shop norm. At the beginning of this year there was a general meeting. The director agreed to add this percentage to our brigade. Then, after this meeting, I appealed to the foreman, then to the shop chief - but in fact nothing has changed. The prices are still equal to other sections.

- And have you communicated with the other area ('Popugai'). Are there the same brigades with a similar situation?

We know that in the other area the prices for the carriage are even cheaper. There continuous 'cheating' goes on. Deceive the people.

The guys in the upholsterers brigade work, they have a quite normal situation. And in our brigade there is real pinching. Earlier we were supported in some way, 20 percent was thrown to us and in the past when everybody had 300 roubles per person, in our brigade there was always 350 - 380 roubles. And we felt the difference. And now everything is upside down, for example, the mechanical shop is now receiving directly 50 thousand. And we receive under 40. And earlier we always had more then them.

- You have written the application in January, today is April. Are you going to take some further steps?

We have not stopped the struggle. The head of the Labour and Wages Department promised to pop in and to clarify the situation with the wages. I don't know what they will decide, but I touch this problem twice a week. (Interview with a Facing Team. April 1993)

The previous interviews have revealed that there are differences in the picture, which is showed by the shop chief and the workers. Definitely within the workshop there is room for money manipulation. The shop chief and the foreman are the key figures who are responsible for the wages in the workshop. From one side it is quite good that all the money is concentrated on the level of the shop and the shop chief together with foremen could distribute the money. From the other side, the role of subjectivity in such distribution is very high. Within a Russian workshop, as I stressed several times, the role of informal relations are very high. That is why the hope for objective distribution is very low. In our case the shop chief has a special fund from which he takes the money for incentives. Because he is a human being he could have his weaknesses as well. And the rumours in the workshop confirm this situation: the shop chief is very keen to help the inside carriage workers, because he began his working life in the same place. That is why he uses any possibility to support financially the workers from this brigade. Besides, at the moment of my investigation, at the beginning of 1993, he worked out his new order in accordance with which the brigade which didn't fulfil the plan or made some faults or made a lot of defects or went slow would be punished up to 50% of their salary. And the appropriated money will be accumulated in the fund of the shop chief. One of the consequences was that the shop chief received several disciplinary punishments from the governing body for free manipulations with money. But that's it. He is still a shop chief.

The data from the research showed that the disputes and scandals regarding the money distribution took place within the workshop quite often in 1992 and 1993. One of the interesting features of all these disputes is that there was a clear demarcation line between the workers from the one side and the line managers from the other. Thus, we could see, that the old Marxist principle about the division between 'us' and 'them' is still applicable to the modern situation within the plant.

The shop chief of the CRW confirmed that there is a possibility for subjective decision in money distribution. But he was insistent that such cases happened very rarely. Here is an extract from the interview with a shop chief:

– Could some subjective factors influence the foreman's decision of distribution of money?

Of course there are some cases. I can't say that there could be a special love between a fitter and a brigadier, but it is not a secret, that there are some brigadiers who are more loyal to some workers. The brigadier could support the nucleus of the brigade. When the brigadier distributed the money, each member of the brigade is informed about the amount of money, a special protocol is constructed, where there is the wage of each person of the brigade, and the brigadier, two or three members of the brigade should sign this protocol that the brigade has accepted this protocol. After this the brigadier goes to the Labour and Wages Department where all the calculations are checked. And then the protocol goes to the Bookkeeping Department. There were some cases where there was dissatisfaction with the wages after such a distribution of money. In this case, according the statement, the shop chief or the foremen can distribute the money according to the tariff rates and the time actually worked.

– How often do such cases happened?

Very seldom. In my experience - twice. When the foremen and the shop chief signed this document - then again - to the Labour and Wages Department and then to the Bookkeeping Department.

- If there are conflicts within the brigade on the distribution, do the workers come to you?

Yes. If there are some conflicts between the members of the brigade - they do not come to me. But if there are some conflicts between the majority of the brigade and the brigadier or the foremen and they disagree with the distribution of money and each side considers that it is right, then the workers usually come to me.

- And does this happen very often?

Quite often. Seldom, but more often than the first one.

- During your two years how many times did they come to you?

I suppose 10 times. In this case he appeals to the foreman. I am trying to understand the essence of this conflict and then to make a decision. And more often I keep the foreman's side. Because the foreman is the most qualified person, most responsible person and he is responsible for the fulfilment of the plan task. And I think that he is the most objective person.

Forms of conflict: case study of an industrial dispute

When we decided to observe any industrial disputes within the enterprise, the main aim of such observation was to understand in what way disputes within the enterprise are institutionalised. What formal channels do the employees use in order to resolve industrial disputes? Besides, our aim was to give several typical examples of industrial disputes within each particular enterprise in order to have a basis for comparative analysis with the others.

The first dispute appeared in the Carriage Repair Workshop when I began to study the enterprise in spring 1993. The dispute began in February 1993 in one of the 12 brigades of the workshop. The workers of the bogie brigade (12 people) put forward a series of demands, including:

- salary increase,
- revision of the technical process,
- changing the foreman.
- providing work clothes,
- providing special material for doing the job.

The demands were discussed between the workers and written on a small piece of paper (which afterwards disappeared in an unknown direction). The whole dispute appeared spontaneously when the payment for the previous month was paid. According to the worker's view, it was not enough, and the payment didn't correspond with the workers' efforts. In search for justice they went to the shop chief, where tried to convince the shop chief to meet their demands. They said that they would not work until the demands were meet. At this stage three people became leaders - the brigadier of the brigade and two other guys. In front of the shop chief the brigadier made a speech, the others tried to support him. The shop chief explained to the workers, that it is not his fault, that he has a tariff agreement and that, in accordance with this tariff agreement, he made all the payments and even added something to the brigade from his own fund. Besides, he warned the workers that if they won't work they will be punished according to the present rules of labour discipline.

Up to this point there were no documents which made any mention of a strike, all the workers' activity was in accordance with the labour legislation. According to the law the workers could be punished for a violation of labour discipline, but not for a strike. Being dissatisfied by the shop chief's explanation, the workers went to the first vice-director. The brigadier explained the situation. In order to explain to the workers the situation, the first vice director explained the main points:

There are external organisations, underground authorities, for example, who are responsible for the prices for carriages. But at the moment they didn't increase the tariff for the carriages, that is why there is no possibility to increase the payment within the plant.

There are financial problems. When the underground will sign for the new prices, then the payment will increase automatically. But now there is an agreement with the underground, and we are operating according to this agreement.

He spoke for a long time and from more practical questions went to the whole situation in the country. The workers were absolutely dissatisfied and angry because they didn't want words, they waited for some real practical solution. Absolutely disappointed, they returned to their workplaces, but didn't work. The deputy shop chief came across the workshop and reminded the workers that they should work, otherwise they will be strongly punished. Then another person, the vice-director on Kukino area came over. Among the workers he was known as one of the leaders who doesn't like to talk foggy, but who can help the workers. He said, that he will try to find some resources. The workers were in doubt, that is why they continued to play dominoes till the end of the working day.

On the second day the workers came to their work but played dominoes. Because of their position (the brigade was situated at the entrance to the workshop) it was impossible to avoid contact with the brigade. That is why the shop chief, while he was walking down the workshop, several times warned the workers about the consequences of their behaviour.

On the second day a division among the workers appeared. Those workers who sometimes drank vodka at the workplace or had any other violations were frightened and said that it will not possible to get something with the help of a strike. But the leaders advised them 'to shut their mouths'. The strike continued. The workers from the other brigades supported the bogie workers silently.

At the end of the second day, the vice-director of Kukino area came to the workers and said that he had found some money for the workers - 13,5 thousand roubles and that it should be shared among the workers. He also said that the technical process will be revised as well as the piece rates. But it was only words. There were no documents given to the workers from the administration side.

As the workers found out afterwards, the vice-director together with the shop chief found the money for the workers. The workers were promised they would be paid the money on the next day, and that the question about the foreman would also be resolved.

On the third day the workers didn't know what to do: either to work or to continue the strike. The majority of the workers thought that it is better to work and to make money. 'They promised to pay us money, and to meet our demands. May be it is enough.' By this time the majority of the workers were afraid of some sanction from the side of administration, that is

why they decided to work. The paradox of the situation consists in the fact, that they worked hard. And although the whole workshop didn't fulfil the plan, the workers of this brigade fulfilled the plan.

The main results of the strike were:

1. 13,5 thousand roubles were paid to the brigade and shared between 5 workers (the three leaders of the strike among them). The workers considered it a pittance from the administration.
2. The foreman was changed. And instead of a 35 year-old man a 55 year-old man from the technological department was appointed.
3. The administration promised (oral obligation) that the technical process will be revised in the nearest future.

How did the events develop further?

The administration was very skilled in battles with the workers. Because several disputes had developed since January 1993, the administration decided to work out a regulation about strikes and put it into the Collective Agreement.

That is why in the Collective Agreement which was signed by the trade union on 21.04.93 two new points appeared:

1. In case the administration of the plant does not fulfil its obligations under this collective agreement because of some objective reason, the trade union has no right to strike.

2. If the parties cannot reach agreement, the trade union has the right to organise meetings, pickets, demonstrations in order to support their demands, but in non-working time and without violation of the plants' activity.

In spite of its apparent wish to help the workers, in reality the administration showed its literacy in the struggle against the workers and very quickly reacted to the workers' militancy. The workers, on the contrary, showed the absence of even a small knowledge of how to struggle with the administration. That sheet of paper, which the workers used for their demands was destroyed by the vice-director of the Kukino area just after the conflict.

The administration showed its power and decisiveness in their struggle for power. Besides, the administration has got many other resources: lawyers, Department of Labour and Wages and other specialists. The workers in this battle were very vulnerable in comparison with administration.

As I found out, the administration used the old principle in its struggle with workers: to divide and rule. During my investigation I've seen several times that one brigade has got much more than the another. It was done by the administration in order to break any solidarity between brigades.

The further results showed that the technical process was not revised even in July 1993. And then the order about a new structure was appeared, according to which the bogie section in Kukino area was restructured, and became a part of the new bogie shop. The whole situation with the restructuring we will discuss in a later chapter. But first we will explore the situation when all the contradictions of the plant came to a head, and it failed to make the plan.

Chapter 4. The Non-fulfilment of the Plan: a Case-study

The system of Soviet economic planning was based on the principle of command: the Ministry gave orders to the plant, the General Director then gave commands to his subordinates. As Dryker wrote, this system 'operates through the dimensions of hierarchy, subordination and obedience/disobedience, through vertical rather than horizontal links'.⁶³ The whole system of 'Soviet planning' needs more focused discussion, but here we would like only to note that it was based mainly on the system of 'planning from the achieved level'. Because the whole system was highly centralised and the planning organs often could not get very detailed information about the enterprise, the only means of constructing plans was to look back to past performance and simply to make some addition to the achieved level in order to make plans for the future.

Under the Soviet system achieving the plan was overwhelmingly the most important objective of every enterprise. However, although the plan was supposed to be rigidly laid down, and imposed on the enterprise with the force of law, in reality there were dozens of ways around the plan, from regular re-negotiation of plan targets to systematic concealment of failure. Nevertheless the failure to make the plan could have serious consequences, especially for the

⁶³ Dryker, 1981, p.39.

managers and other engineering-technical workers (ITR), whose bonuses, unlike those of the workers, depended directly on the fulfilment of the plan.

The Soviet system has now collapsed, but the legacy of the system remains at the level of the enterprise, which retains the principles of command and of planning from the achieved level in its internal operations.

Although the enterprise transferred to leasehold in April 1990 it still retains the traditional forms of management, including the central importance of the plan. Moreover, because the system retains the very strong monopolistic features of the former Soviet system the breakdown of one part of the chain means stoppages or problems for the rest of the chain. The present chapter investigates the causes and consequences of the dramatic failure to fulfil the plan in May 1993.

In the enterprise the plan is no longer handed down from the metro authorities, but is now constructed on the basis of negotiation with the main plant's client - still the metro authorities - and agreements with other clients. But the plan remains just as important, and just as much a constraint, because if the plant does not fulfil its contracts it will not get the money to pay for new equipment, meet the cost of wages etc. So the whole system still operates in order to meet the plan. And if the plan is not fulfilled, there are a lot of problems inside the enterprise for all the employees and for the top managers, and outside the plant for the clients.

Within the plant the senior managers try to construct a scientifically approved plan for the enterprise, but because the real system of production operates in a really complicated way, it is almost impossible to predict the result. The weaknesses of the system of planning from the

achieved level remain, because if there is no basis for increasing performance within the workshops, at the points of production, the system of planning by mechanical addition to the achieved levels will always fail. So the whole system of planning is incomplete. In reality there are a lot of factors which influence the fulfilment of the plan within the enterprise. In the past, the plant belonged to the Ministry of Railways, and the Ministry planned the whole range of its production and the variety of its services. Now, there is a special department of planning within the enterprise, which has a very complicated system of planning.

The transformation of the plant to a leasehold enterprise certainly brought a number of advantages to the plant, which have been discussed by Tchetvernina.⁶⁴ First, the plant was transformed from an unprofitable enterprise into a profitable one. Second, in the past the plant was subordinated to the Ministry and metro authorities, and came under great pressure from them in relation to output and other questions. In new circumstances the enterprise became more independent from such bureaucratic structures. The relationships with higher authorities now involve mainly negotiations about the prices of the units of production. The plant reached an agreement with the metro authorities to reconsider the prices for the carriages every three months. And they have to stick to this agreement, because if it is not kept (and it is usually the higher bodies who try to breach it, because they make a profit if they can delay price increases) the plant can secure the sanction of a fine, and can refuse to deliver the repaired carriages to the client. This means that the plant no longer suffers the pressure of orders from above.

⁶⁴ Tchetvernina, 1991.

I would say that the other advantages mentioned by Tchervernina in her article are more questionable. She wrote: 'leasing changes the status of the collective and individuals by making them responsible for the enterprise's results. The advantages of collective self-management are clearly demonstrated when employees do not simply take part in decision-making but really manage the enterprise'.⁶⁵ She also argued that 'leasing creates an effective system of labour incentives for the collective as a whole, as well as for its workers. That is because the collective is in charge not only of distributing wages but also of deciding how to use revenue, such as whether to expand production or build equipment to increase labour productivity, or build a sports complex'. This idealistic prediction is not borne out by my study, which concerns the difficulties which impede the fulfilment of the plan, problems with the incentive system and other problems.

It appeared that REMET was more or less able to meet its plan targets every month, when suddenly in May 1993 the whole industrial program of the enterprise appeared to collapse. One of the main workshops didn't fulfil the plan. The result was that the plant failed to supply the contracted repaired carriages to the metro, and for this reason incurred a penalty of about 110 million roubles. How did this happen? How did the events develop? How did a plant which was supposed to be increasing its production programme suddenly collapse, apparently without warning? These are the questions I will try to answer in this chapter.

If we look at the process of production as a whole in May, we can see that the whole plant worked as usual. As usual there was a shortage of material, a lack of workers and

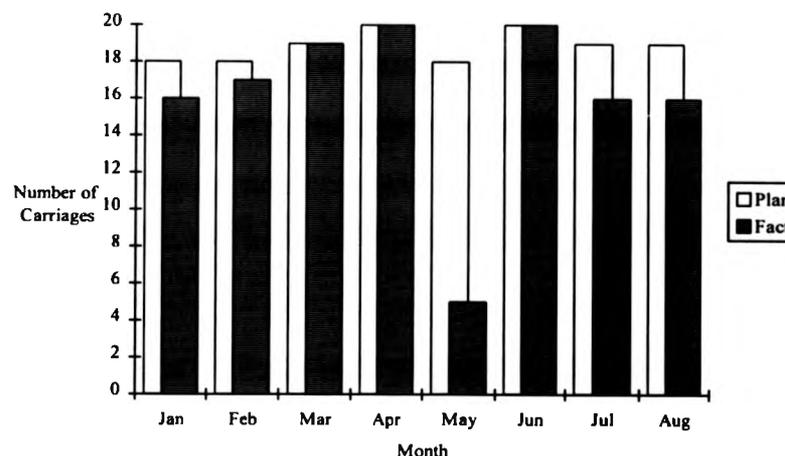
⁶⁵ *ibid.*, p.217

unrhythmical supplies of parts. As usual people went to work on Saturdays and worked in the evenings. But nevertheless nobody could remember such a serious failure in the past. Let's consider the situation closer. For our purposes we chose the carriage repair workshop at Kukino area (CRW), which we discussed in the last chapter.

The carriage repair workshop

The carriage repair workshop at Kukino was supposed to carry out maintenance repair work on 18 carriages and capital repairs on 1 carriage each month. At the end of May only 5 of the carriages for maintenance repair were delivered. The carriage assembly workshop at Popugai, according to the plan, had to carry out maintenance repairs on 11 carriages and capital repairs on 4, and in May fell short of the plan in respect of one capital repair only. As we can see, the most serious problem was in the Carriage repair workshop at Kukino area. Table 4.1 provides a general idea of plan fulfilment at Kukino area during 1993

Table 4.1: Fulfilment of the plan in 1993 in the Kukino area.



In order to analyse the situation we should try to investigate the whole range of reasons for the non-fulfilment of the plan. Let's start by considering some objective factors.

First of all, a shortage of supplies of materials and parts from different enterprises. In the past there was a centralised system of supplying materials within the metro system and a special store supplied about 40% of the parts needed by the enterprise. With the transition towards a market economy this system broke down. And now the role of the Department of External Co-operation and the Department of Material Supply within the enterprise has increased. But the problem is that first of all the whole system of accounting and inspection of parts is not regulated. Second, the staff of this department are the same people as were there in the past and they have no special skills, they have not been taught such things as how to establish communication with new partners, they have no idea of how to work in the developing

conditions of the market economy. The third reason is that the number of staff is the same, but the amount of work has increased. So sometimes they just psychologically and physically cannot organise this work in the best way. Besides, some of the partners who supply materials are in different parts of the former Soviet Union which are now sometimes situated in different countries, for example in Ukraine. If several years ago it was very easy to get parts from Ukraine, now it takes a long time, because there is a new customs service and before you can transfer parts from Ukraine to Russia it can take a month or more just to co-ordinate all the formalities. Because of this situation some departments within the plant faced the real threat of breakdown. That is why two people from the Department of External Co-operation went to Ukraine and carried out up to 50 bearings per person themselves in sacks. These were sufficient for two weeks, but then it was necessary to repeat the trip to Ukraine. This example shows us that in the conditions of collapse of the Soviet Union and the whole system of economic connections enterprises have invented a new system of 'carriers' (*perevozchiki*), i.e. people, who try to resolve supply problems by carrying parts from one enterprise to another, from one part of the former Soviet Union to another. And this system co-exists with the system of 'pushers' (*tolkachi*) - 'these are men who try to by-pass, or at least speed up the official supply system and obtain by semi-legal or even outrightly illegal means, the key supplies needed to ensure plan fulfilment' (see Dryker, 1981, p. 64).

The supply position in May at CRW workshop was really awful - there was no special caustic to wash bogies, there were no locomotive engines and other parts, but it is really difficult in analysing this situation to distinguish objective reasons for these problems, connected with the breakdown of the Soviet system, and the subjective reasons which, from my point of

view, played an essential role. Thus one explanation for the supply failures could be the inefficiency of the Department of External Co-operation. The head of this department had amply demonstrated his incompetence over the previous months, but because he was a good friend of the General Director nobody could do anything about the situation. He had been invited by the General Director from another enterprise, and in the Director's eyes he was a 'verified' person, on whom the Director could rely. In addition, he was in his early sixties, and therefore he was not considered as a serious pretender to the Director's post. Maybe as a technician or as a specialist in engineering sciences he was really good, but as the head of such a serious and important department he was really weak.

The other very important problem is the organisation of the rhythm of production. Because of the lack of parts it is very difficult to organise the production process. So the tradition of 'storming' at the end of the month very much continues to exist within the enterprise. Besides, interviews with workers and middle management showed us that parts are distributed in a very unequal way. Thus, the Popugai area has much better conditions because the main store is there, and there is a better system of communications between the workshops and the staff in the store. The Kukino area, because it is situated in another part of the city, has problems with supplies because people at Popugai have no motivation to supply the Kukino area. For this situation there is a Russian proverb: 'keep your own shirt close to your own body', which means in this circumstance that people in Popugai's workshop were closer than those from Kukino to the staff of the Popugai store, who distinguish between 'our people' from the Popugai plant and 'strangers' from the Kukino area. If people from Kukino go to the Popugai store to get some parts or material, in the words of one of the shop chiefs

from Kukino: 'The Popugai staff will tell them to fuck off and they will get nothing.' So the Popugai area is in a privileged position. From the objective point of view there is no system of regulating the relationship between the parts of the plant and this creates real problems.

Now we would like to analyse another very serious objective factor which prevents the fulfilment of the plant - the shortage of workers. The production program of the plant is calculated by the Planning-Industrial Department in accordance with orders from the main client, the metro, and from other clients. In drawing up the plan this department takes into consideration the situation within each workshop: the number of workers, the productivity of each workshop and other indicators. But the main problem is that the Planning-industrial Department draws up the whole industrial program on the assumption that the program will be carried out by the whole staff within the workshop. But what happens in reality? In reality there are a lot of vacancies. This situation is really interesting, because in the mass media there are a lot of reports about unemployment in Russia. Why in these conditions are there so many vacancies? In order to answer this question, we have to investigate more closely the real picture within the enterprise.

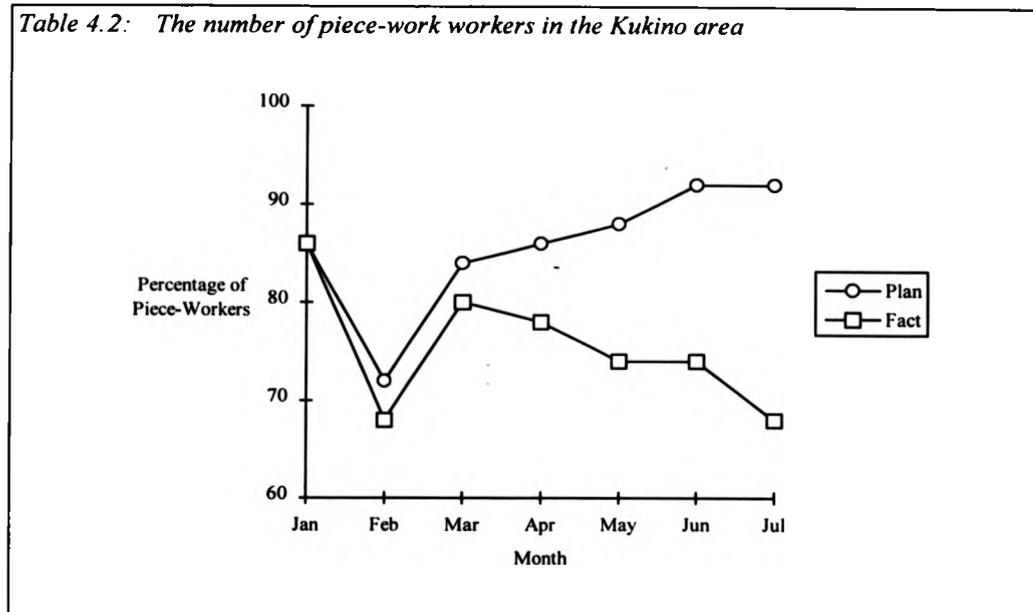
One of the main causes of such a situation is that the workers want to earn much more money. And it is possible for them to do this if they work not only for themselves, but also 'for that guy', i.e. for an absent person. The amount of money which the workers earn is calculated in accordance with the numbers laid down in the staff schedule, so there is an unwritten agreement between workers and middle management (foremen and the shop chief) that the shop will keep vacancies and the workers will work hard without any recruitment of new workers. This unwillingness of workers to allow recruitment is described by the Russian

saying 'I won't eat it, but I won't give it to anyone else'. The workers physically cannot fulfil the job with the reduced number of people, but nevertheless they object to the recruitment of new workers. The shop chiefs understand that if they recruit new workers to the plant, then the salary of the existing workers will be much more lower (and consequently the labour motivation of the workers will be reduced). So the shop chiefs carry out a quite conscious policy of recruiting people to the workshop up to the limit of 70 % of the staff. As I mentioned above, the Planning-Industrial Department follows a quite different policy, they calculate the whole plan in accordance with the complete staff. Thus we can see that there is a real disproportion in numbers between those who plan the industrial programme and those who carry it out. According to the data of the Planning-Industrial Department, it is possible to fulfil the whole production program for the month, indeed to repair 22 - 23 carriages per month if the sections are fully staffed. But as we can see (Table 4.2) the number of workers within workshops is much less than is required. And this is one of the most important factors which constrains the fulfilment of the plan.

Another important objective reason for the failure to meet the plan is a lack of repair equipment. The plant is a monopolist. There is no similar plant in the city which carries out the same kind of repair, so metro carriages can be repaired only at this plant. But the demands are bigger than the plant can meet, so the carriages run for longer without maintenance each year. Because of the increasing runs, the parts are more worn out, and so the more parts need to be repaired. But the capacity of the special mechanical-repair workshop is limited, and the workers in this workshop can't provide the whole range of parts required. The repair equipment in the mechanical-repair workshop is very old and also can't cope with the whole

volume of work. Thus, this is one more objective constraint on the ability of the plant to meet the plan.

Table 4.2: *The number of piece-work workers in the Kukino area*



In the ideal case the mechanical workshop would have a special circulating store, from which replacement parts could be drawn while the broken part is repaired. But the creation of such a store is a very difficult task and it can only be done in the future. It is not only in the mechanical workshop that there is no such 'normative stock', there is none anywhere in the enterprise. One might ask why the General Director doesn't buy new equipment or the whole range of parts required? And here we can see another constraint which has a major influence on the activity of the plant - financial constraints. There is a limited amount of money in the plant for the General Director to spend on equipment at any particular time. But the problem

is that almost all the equipment is now in such bad condition that it needs repair or replacement. It is impossible to replace all the equipment, although the equipment is being replaced step by step. The plant has got some new presses and lathes, but this is still a drop in the ocean.

The whole situation is aggravated by the bad organisation of the production process. There is a lack of responsibility at every level of the plant, which appears in a lot of examples of interaction between parts of the organisation. Here is one of them. In February, the special service of technical inspection (OTK) raised a question about the automatic couplings. The head of this department warned the Deputy Director about the problems with automatic couplings in February: they are working at the limit of the permitted tolerance. She wrote a special message in the Deputy Director's Report Book. Her assistants warned the staff of the workshop in March and again in April that it is almost impossible to work with such automatic couplings. There was no reaction from either the Deputy Director or shop chief. Finally, the head of the technical inspection service, following her formal warning in February, decided to stop the production process and refused to accept the carriages with defective automatic couplings which did not correspond with the required standards. Because the service didn't accept carriages the whole of production was stopped for a week. As a result 6 or 7 carriages were not accepted by this service. Undoubtedly, this delay influenced the productivity of the whole workshop. When this case was analysed at the production meeting devoted to the failure to meet the plan it turned out that the Deputy Director had simply ignored the warnings from the inspection service, and did nothing to improve the situation. However the head of the inspection department had also exceeded her rights:

according to her job description she had no right to stop the whole production process without first warning the General Director of the enterprise. This example shows that people at different levels do not always fulfil precisely their own instructions and job descriptions, which can lead to big breakdowns of the whole plant.

People who are not very familiar with the Russian production process could easily be led to believe that the objective factors described above are more than sufficient to explain the failure of the plant to meet the plan in May. But those who know the Russian enterprise better know that all these factors explain nothing. All these factors have been more or less characteristic of Soviet production for decades. They influenced the production process in the previous months, just as much as in May, but nevertheless, the workshop fulfilled the plan or almost fulfilled the plan from January till April, as they had done month in month out over previous years. So, it is necessary to look more deeply, and to investigate the reasons which lie beneath the surface. So we would like to analyse other factors which had a very large influence within the enterprise.

Formal and informal relations in the Soviet enterprise

Production relations in most enterprises are characterised by the co-existence and co-operation side by side of formal and informal relations. Theoretically, the enterprise should produce its goods through the well-organised and institutionalised system of formal relations. In reality a lot of enterprise processes pass through a non-institutionalised system of informal relations. These kinds of relations penetrate the whole system of organisation, including:

- operations;

- participants, including relations inside and outside the enterprise;
- different levels of organisation;
- the process of production;
- the whole range of ways and degrees in which control is organised;
- results.

In general it is in practice the nature and extent of the informal system of production relations that largely determines the structure and functioning of the formal system, and it must also be recognised that the informal system has its own dynamic. Because informal negotiations are not subject to official control and regulations it is difficult to get information about such relationships, and it is really hard to say to what extent such relations are based on informal agreements. But it is undoubtedly true that the informal system within Russian production relations is extremely important.

One of the problems of getting valid information within the Russian enterprise is that at different levels of the enterprise the researcher can find absolutely contradictory explanations of what has really happened and is happening within the enterprise. Sometimes these contradictions concern very substantial questions. And sooner or later the researcher could assume that people are telling lies. But there are various different reasons why this might happen. One of the possible answers could be that people at different levels of the enterprise possess different amounts of information. Those who are working on the top levels of the enterprise very often have less information or distorted information about what is happening at the lower levels. That is why inadequate information leads to insufficient and incomplete explanations. In addition, there is a desire to present the enterprise in the best possible way to

strangers'. This position is also deeply rooted in Russian culture and we have special proverb for this: 'don't carry out rubbish from your house'. From the researcher's point of view the most fruitful approach is to hear as many explanations as possible with all their nonsense and exaggerations and then try to construct your own opinion about what has really happened. But it is also very useful to use a multiple-strategy, i.e. combine different methods in your research. For example, in one interview with a female foreman I was told that the workshop always fulfilled the plan. At that moment I was at the beginning of my study, but nevertheless, I already knew something about production, so I didn't believe this information. but in order to prove or disprove this information I spoke with different people and also I found the statistical data, where it was quite clear that every month the workshop failed to repair one or two carriages from the plan.

Why is the system of informal relations so important? One of the main reasons, from our point of view, is the shortcomings of the formal system of production relations, and in this situation the informal system is needed to supplement or even entirely replace the formal system, whose restricted rules and instructions don't lead to satisfactory results and do not reflect real relations of power, capability and influence. The strength of the system of informal relations lies in the fact that it is firmly rooted in traditional values and practices and that the process is very flexible and speedy. And this leads to the alternative kind of explanations for the failure to meet the plan - explanations which refer to intrinsic features of the whole former 'Soviet system'. Under the Soviet system all subjects within different economic and social structures used informal methods which became established practice. The results of the case study show us that the informal system has a great importance within

the production process in Russia. One of the aims of the case study was precisely to investigate the whole framework of industrial relations within the enterprise from the point of view of their formal and informal structure, organisation, operation and practices, as well as the economic circumstances to which they are subjected.

In looking more closely at the failure to fulfil the plan we find several examples in which the two systems are really complementary, and some in which the informal system completely replaces the formal system. To put it in the most general terms, the plan appeared to have been fulfilled month-in month-out by the operation of various informal relations, which made up for the deficiencies of the formal system. However, as the situation inside and outside the enterprise got increasingly difficult the informal systems came under increasing pressure, until in May they reached breaking point. In May a whole series of problems arose in these informal systems which, when they broke down, revealed the complete inadequacy of the formal system that was supposed to regulate production. Already in the discussion above we have seen the importance of informal relations in the operation of the system, supplies only being maintained by pushers and carriers, the informal relations between the incompetent Supply chief and the General Director, the regular practice of storming, the informal system of distribution of supplies from the main store, the maintenance of a permanent labour shortage, the informality of the system of inspection. In the following sections we will investigate the crucial areas in which informal relations broke down catastrophically in May, and not by chance, as in the case of the factors already mentioned, but by conscious decisions of customers, workers and managers.

Informal relations with customers

When we look at the official figures for the fulfilment of the plan it appears that on paper, apart from May, more or less all the planned carriages were repaired. But if we checked all these carriages at the end of the month we would see that almost every carriage still had defects and incomplete repairs. Yet all these carriages were accepted by the metro authorities. How could this happen? One of the explanations is that within each plant there is a system of informal relations surrounding such inspection. We are all people, we all have our weaknesses. So, the workers and the managers from the workshop established good relationships with the people from the metro inspection. The whole system works on the old principle - 'you do something for me - I'll do something for you.' That is why at the end of the month it is only the system of informal relationships that helps to get people to sign that this particular carriage has been accepted by the metro inspection's rolling stock service. Theoretically, it means that within the same day all these carriages should leave the gates of the enterprise and be delivered to their customers. But in reality, of course, all these carriages will continue to be repaired for at least ten to fifteen days.

Now, let us consider, what happened in May. Some of the customers - i.e. various metro depots - expressed their indignation at such a system. They expressed their opinions several times in the daily meetings of General Directors of each unit with the head of the whole metro system. They rebelled against the old system, saying simply that they could no longer put up with such a long cycle of repair. They insisted that they pay for the job, for quality and for quick repairs. Instead of that they can't get their repaired trains back in time. They wanted a proper system of repair with concrete terms and conditions established. Their complaints

created a great scandal and a lot of depot managers supported this complaint. The result was that the head of the whole metro issued a special order to the rolling stock service. This order laid down that any person who signed for an unrepaired carriage without authority would be sacked. Following this order everyone in the rolling stock service was very frightened, and they decided to carry out their work according to the rules, which meant that only those carriages which had been fully repaired were signed for by the SPS service. All the other carriages, which had some defects or problems, were not accepted. That is why this system of informal relationships broke down.

What about the workers?

And what about the workers' role in all this? After all, they are the people who actually have to repair the carriages. They are the people who have to make superhuman efforts to complete jobs with inadequate supplies and inadequate equipment, working in bad conditions with bad organisation of production. They are the people who have to work in the evenings and at weekends to meet the plan at the end of the month. In the end it was the workers who did not make the plan because they were no longer willing to compensate for the defects of the system.

The most important reason for this, as we saw in the last chapter, is that within the plant there is a badly constructed incentive system, which doesn't focus directly on the producers. The system does not motivate the workers to fulfil the plan. The earnings of the administration of the workshop, as of all the managerial staff, depend on the productivity of the workshop and fulfilment of the plan. They have special bonuses of up to 50% of their salary if the workshop

or the plant meets the plan. As regards the workers - they have no such system of extra bonuses. Their bonus is related to each carriage that they repair. But the workers have little information about how the price of each carriage is calculated, and so how their earnings are calculated.

The workers' big dissatisfaction arises from the fact that those who don't fulfil the plan sometimes earn more than those who do fulfil it. The workers think that it makes no difference to their earnings whether or not they fulfil the plan, and so they have no incentive to do so. Thus, the system of workers' payment doesn't correspond with their aspirations. And there is a real contradiction in this sense between clerical workers, managers and the General Director, whose bonuses directly depend on the fulfilment of the plan, and the workers, who do not feel themselves sufficiently motivated to meet the plan. When I interviewed a shop chief about this matter, he said:

We have a piece-work system within the enterprise. For example, we should produce 20 carriages per month. We know the price of each unit of production (for example, one carriage). People, when they begin to fulfil the plan, know at the beginning how much they could get by fulfilling the whole plan of 20 carriages. And if they fulfil less, they will get less money. The workers' bonuses are included in every carriage they repair. If he repairs the carriage he will get a 75 % bonus. As regards the ITR, if the plan is met they get a 50 % bonus. But what happens is that the worker can't see his bonus. He may earn, say, 70 thousand roubles, but he doesn't realise that this automatically includes his bonus.

As we saw in the last chapter, the workers know the total wage that they receive, but they do not know how this breaks down into basic pay and bonuses.

Thus, from our point of view, one of the most important factors underlying the failure in May consisted in the unwillingness of the workers to fulfil the plan. The workers' dissatisfaction with the bad incentive system, which gave them no incentive to make the plan, and which they had tried to change, led to an unwritten agreement between the workers in May in some sections that they would not fulfil the plan. For them it was one of the means of trying to draw attention to their problems. They had raised the question of the incentive system a long time ago, but nobody took any notice. They asked people at different levels of the enterprise about this unjust system, but got no answer. In February, one brigade had gone on strike. The First Deputy Director with responsibility for the Kukino area clarified his position towards the fulfilling of the plan later, in August 1993, when some of the workers raised this question again after one of the production meetings. Here is a short quotation from the diary of one of the workers:

After the meeting we again went to the First Deputy Director and said to him that it is not profitable for us to fulfil the plan. We have no bonuses for fulfilling the plan. But people who don't fulfil the plan have the same payment as we do. Also clerical workers always have bonuses if the plant fulfils the plan. The First Deputy Director answered, 'If you are not mad about the plan, you should have nothing to do with this plant. There is no place for you here.' Then he told us to get out and hinted to us that he was spending 95 % of his time resolving our problems, but he has more serious production questions to resolve.

This quotation very clearly shows us the real attitudes of management towards the workers. The dictator's voice and tone still exist in the enterprise. But the problem is that times are changing, even if only slowly, and for workers it is not sufficient to hear orders only now.

With the transition to the market economy some of them very quickly accepted the 'wind of the change' and now they are really trying to understand how the system operates, and how their labour efforts will be evaluated. And if they are really dissatisfied with the system which operates within the enterprise, sometimes it is in their hands to show the managers that they also can do something. Such a situation happened in May, when they were really dissatisfied with the whole system and part of the workers agreed that they wouldn't work too hard for no reward.

It is very interesting that the shop chief in this situation aligned himself with the workers. He tried to organise the whole production process, but there were so many barriers to this. In the middle of the month he organised some working Saturdays, but at the end of the month, when he received a strict order from the 'top' to work on Saturday and even on Sunday he refused to do it. He said in his interview:

I realised that the workers are really exhausted, they are working like tired-out horses. And I didn't force them to work on Saturday. I thought that if it is not the fault of my workshop, but of a whole set of other circumstances, why should I do it?

Role of personality and authoritative control

If we investigate the management structure at the Kukino area, we can see that the most authoritative figure within this area is the First Deputy Director, a man with a very strong character. In previous months the plan had been fulfilled mainly because of his great pressure on the people and his strict order 'to fulfil the plan'. In May he went on vacation and his responsibilities were taken up by his deputy. The Deputy Director, although he had worked at

the plant for a long time, is nevertheless considered by the specialists as completely incompetent in the organisation of production. So, another of the real reasons for failure was the absence of such an authoritative person from the plant. The Deputy Director at that time was fully involved in the organisation of a small enterprise within the plant, and this was much more important for him than the organisation of production. Some of the managers complained that it was difficult ever to find him at his place of work - he was always absent. Moreover, immediately after the failure to meet the plan in May there were rumours that the breakdown in the Kukino area was contrived by the Kukino management as a challenge to the governing body of the enterprise as a whole, to force it to pay attention to the Kukino area, which is too far from the top and whose problems are always resolved last.

We missed the plan! Purging the guilty

Everybody has always known that the whole system of production has always been irrational and inefficient and needed to be changed, and that economic crisis in the transition to a market economy makes such changes inevitable. Several people within managerial circles have long been saying that it is a bad system that there is no clear organisation of production, but their voices were not considered.

It was clear from the middle of May that the plant would miss the plan by a long way (which was why I decided to carry out intensive fieldwork during this period), and at the end of May the full extent of the failure was apparent. But serious attention to this matter was only paid at the beginning of June, when the plant was faced with the problem of incurring enormous losses on its contracts.

An investigation was launched and a series of production meetings held to get to the bottom of it. But this was a typical Soviet investigation. The issue was not why did we not make the plan, but 'Who is guilty?' and 'Who should be punished?' These two questions become central at the all meetings devoted to analysing this breakdown, with only isolated calls to change the whole system rather than spending the whole time working out special punishments. On the 7th of June, the Director organised a production meeting with the heads of departments and shop-chiefs to analyse the general situation. At this meeting many shop chiefs spoke, complaining about shortages of parts, about the failings of the supply department, etc. The chief of the carriage-repair workshop demanded that the people, who, from his point of view, were responsible for this should be punished, including the head of the Department of Material Supplies. Eventually it was decided that in accordance with the regulations all engineering-technical personnel would be deprived of their bonuses. In addition it was decided over the next two days to prepare a special Order concerning the punishment of the people most responsible. The First Deputy Director for Production was urgently summoned back from his holiday to head the special group working out this order.

In the morning of 9th of June, after the Order listing the proposed punishments had been prepared, the General Director organised a second production meeting, at which the calculations of bonuses for the various shops and sections for the month were announced, followed by a roll-call of the heads of departments, each of whom was quizzed by the General Director about shortages, with a cross-examination of those responsible for various failures of supply and production decisions.

A further production meeting was called that same afternoon, attended by about thirty managers, the main aim of which was to find 'scapegoats' for the failure to meet the plan and to decide their punishment. The meeting began with a reading out of the draft Order, which noted that the failure to meet the plan had cost the factory 110 million roubles, identified the main reasons for the failure, and proposed various punishments involving the deprivation of various managers of a proportion of their pay and bonuses. After the reading of the draft Order the Director asked for suggestions or opinions, and the meeting flared up. The whole atmosphere of this meeting was unpleasant and awful, and reminded one of a real 'bazaar' because everybody tried to 'throw the blame onto somebody else but justify himself'.

The sharpest argument was between the head of the quality control department (OTK) and the Director. The former had been deprived of 20% of her pay as a punishment, but she insisted that she had done nothing wrong and so did not deserve any punishment. The head of the OTK asked the Director a question:

— Do I understand you correctly that I have been punished precisely for the fact that I stopped accepting carriages with defective automatic couplings, and that is what I am being punished for?

Director: — No that is not right. For the organisation of quality. The question of quality is very complex and your fault is not that the automatic couplings are defective, but that in the organisation of work itself there must be a system of regular pressure from the management to maintain quality. In February you wrote an order to the Deputy Director, and he did nothing. But there are other people in the leadership. You know whom you should take these things to. You should write orders into the log repeatedly to say, repeatedly to record, repeatedly to resolve things and if everything is not sorted out you should come to the Director and tell him. It breaks my heart

to say it, but you know that the result is that tomorrow the factory will come to a standstill. And this has consequences for everyone.

The head of the OTK put her question again:

— I do not understand what I have been punished for, because I did not produce defective products or ruin the plan.

Director: — We have explained it to you: because having seen a particular defect you did not register it correctly and did not resolve all the problems. You should have given an order to the Director or his First Deputy for Production or told them about the problem. There is a log for orders.

The head of OTK was becoming increasingly upset:

— Paragraph 3.4 of my official instructions says that I am obliged not to release products which do not conform to the existing norms and to prevent the movement of defective products. How have I acted incorrectly? Where does the Order state what I have been punished for?

Director: — Well, you violated point 3.1, which provides for a situation in which a fault is discovered. In that case you have to bring it to the knowledge of the Director of the factory.

Head of OTK: — I was punished because since the 1st June the wheel shop has come to a standstill, but until then nobody gave a damn about anything, although we have been writing orders since February and this problem was put forward then.

Director: — You stopped the shop. The metro did not stop anybody, and the factory is not allowed to stop. There is a shop chief, if he does not resolve the problem, it is necessary to go to higher authorities.

Head of OTK : — I have a question: why is everything confined to the questions about the automatic couplings? Why out of 12 carriages signed by the OTK - yes, we took responsibility for them ourselves, and signed them with bad automatic couplings, nobody stopped them. Why out of 12 carriages were only 5 accepted by the metro rolling stock service? What is the OTK punished for in this situation?

Director: — Not the OTK. I told you - the head of the OTK. I was not told about your problems, although I knew about this question at the end of May. You should have signed this question into the log for the Director. You are being punished for not fulfilling point 3.1 of your official instructions.

They suppressed further discussion of this question and went on to elucidate others.

Then the question of the punishment of the Deputy Chief Technologist for the failure of the automatic couplings was discussed. People rose to his defence and said that he was to blame for nothing. The faulty part in the automatic couplings is not one of those which is renewed and it is not possible to resolve this problem all at once. The Deputy Chief Technologist spent all his time in the shop and the proposed 30% reduction in pay did not seem just.

Then the question of the punishment of the Supply Department arose and its representative spoke:

— Apart from the reducing gears, all the problems of components in short supply itemised were resolved in one or two days. The chief of the carriage assembly shop comes to the Department five times a day and these were all resolved and, as you can see, the carriage assembly shop made the plan. And so you have to answer the question, why did the Kukino site fail to deliver such a huge quantity of carriages? Why are these questions now raised so sharply, why could this not be

resolved at the time? Why did the shop chief himself not move quickly, phone? I heard nothing from him, not a single call for six months?

A cry came from the ranks:

— Because comrade Popov [First Deputy Director] was there, and he pushed them all, and he went off on holiday, he is still on holiday now, now they are making a mess of it here again.

Director: — Comrades, we are not in the bazaar, I call you to order.

Then the proposal was put that the punishment of the Material-Technical Supply should be kept to a maximum of ten percent, and not to punish its Deputy Chief at all.

Director: — Tell me, how is your conscience? What about the stocktaking? We have to do this sometime. Will Ivanov [Chief of the Supply Department] work alone, or will you help him all the same? And work as agreed? So what are you proposing?

Head of OTK: — Can one ask a question?

— One can.

She repeats her earlier question:

— Why out of 12 carriages signed out by the OTK were only 5 carriages handed over?

The Director appeals to Ivanov, the Deputy Director for the Kukino site, who was in charge of the site in May.

— Anatolii Dmitrevich, please answer the question.

Ivanov: — Yes, I can. The carriages were not ready, they were not ready. I am also interested in the question: you had the right to stop production. But what right did you have to sign out 12 carriages with defective couplings?

Head of OTK: — It is very difficult to work with dishonourable people.

Ivanov: — I would have been able to turn out all 15 carriages, but the OPS knew what was going on, and they all had defective couplings.

Head of OTK: — This is a vile lie.

She is in tears, but continues to speak:

— I have no regrets about my pay, the thing is that the whole business is very unpleasant. I can even resign in favour of Anatolii Dmitrevich. But that is not the point. We are simply looking for a scapegoat and not for a reason. The reason is presented as something else: wanton practice, not the system. Everything rests on a personality and that personality is Petr Andreevich Popov. He is not at work and everything collapses. And as soon as he is not here they do not fulfil the plan, because there is no clear organisation of production. And now Anatolii Dmitrevich - a very dishonourable person - tries to pile it all on us. When we assumed responsibility and signed for 12 carriages, a total of five were handed over. We took on this responsibility, together with the Chief Technologist and Chief Engineer, but this was not the reason. Then he accuses me of having signed for them. Yes, because I understand and I spoke with Petr Andreevich about the fact that one cannot tear everything up all at once, because then we will not fulfil the plan at all. We need to get together again and think about how we will fulfil the plan in future, and not look for a scapegoat.

Director: — Is that your proposal?

Head of OTK: — I don't know. But I think that the question of the couplings has nothing to do with this investigation. And Ivanov is the only one who is at fault. At fault in the organisation of production. We must resolve the question of how we are going to fulfil the programme in future.

Then the Deputy Director for Economic Questions stood up and stated his opinion that nobody should be punished.

— I think that nobody should lose any pay. All the services worked in May as they had worked before, including the supply service. Everyone has been punished by the situation existing in the factory. There are imperfections in the situation itself which we must take into account. There has not been any wrecking. Maybe the service of the Chief Technologist and so on could have worked better. All the services mentioned in the order have already been punished by the situation existing in the factory. I have spoken repeatedly about the fact that the existing regulations on the incentive system and the system of bonuses are inadequate because they don't take into consideration the particular features of each department and service. It is necessary to work out a differential approach to the different departments and services within the plant. But for this reason it is necessary to organise the whole system of accounting, for example for the Department of Material Supplies, and to calculate, how many parts were brought to the plant, how many were taken out and so on. But before such a system is organised it is absolutely useless to punish people, because this regulation has absolutely no connection with their labour efforts. As regards the other departments, in accordance with the existing regulations we automatically punish people because the main workshops didn't fulfil the plan. But some departments, for example the book-keeping department, shouldn't suffer from this. If they had their own plan and they fulfilled it, they should not be punished. But the issue is the revision of the existing system. The new punishment doesn't correspond with the existing regulations. We can't improve the regulations constantly by inventing such new orders. We should improve the whole system. The system of accounting first of all, because on that point the whole incentive system is based. That is for production. And wrecking. Here it has turned out that there was a situation in which there were personalities, conflict situations, about which I did not even know (between OTK and production). But we have already

punished all the ITR for the existing situation [because they had already lost their bonuses for plan non-fulfilment M.K.]. And this order simply does not refer to the system and I think that simply cannot be repeated from month to month as a result of such an extraordinary situation. One cannot put things right carrying on in this way all the time. It is necessary to improve the system. The system of accounting first of all, since the whole incentive system is based on that. This is my proposal and I am still more convinced of its rationality. So my proposition is that the order should not be about cutting people's pay, but it should make maybe two or three concrete points. For example, the Deputy Director for Production must prepare production that means we must give precise dates for the perfection of the supply accounting, working out the normative bases. Concretely, not one programme is fulfilled. If he were made responsible for them regularly each month, then they would work more regularly.

Director: — Look, we have sacked one, two, three people in this service, and the situation does not change, the system is still there. The stocktaking has not been carried out. The order about carrying out a stocktaking has not been fulfilled, but nobody has been punished until this Order. So my opinion is that they have to be punished.

At this wider meeting management was divided about the question of punishment. Some of the members of management were for punishment, others for partial punishment, and a third group against any punishment, but for improving the whole system.

At the end of the meeting the question of punishment was put to the vote, with six of those present having a right to vote. There were four alternatives:

1. to punish corresponding to the proposals of the draft order, supported only by the Director.
2. to reduce the punishment for some individuals, supported by only one present.

3. to punish nobody, which got three votes.
4. to punish the Deputy Director for Production A.D. Ivanov, supported only by Ivanov himself.

Thus the majority took the decision to punish nobody. With this the meeting came to an end.

At the end of the meeting of management, the Director, who had tried to prevent me from attending such a 'scandalous' meeting took the sociologist aside and said:

Marina Vyacheslavovna, now you have seen a little spectacle which I put on specially. I knew that my proposal would not carry, but I had to play it out.

So, in accordance with the existing regulations, all the engineering-technical staff lost their bonuses, but those shops in which the plan was fulfilled or slightly underfulfilled, received bonuses as follows:

	Plan	Fact	Bonus (%)
Carriage assembly shop at Popugai	15	15	16.34
Carriage repair shop at Kukino (CRW)	19	5	none
Wheel shop	264	264	50
Wheel repair shop	205	182	50
Motor section	15	14	49.30
Electro-machine section	19	16	22.46
Bogie section Popugai and Kukino	15	14	none

In the most 'guilty' shop, because they had not fulfilled the plan and repaired only 5 carriages, there was no money to pay wages to the workers, so the shop chief went to the First Deputy Director and asked him for approximately 1.5 million roubles to pay the wages. He asked permission to pay a percentage for the carriages which were partly repaired, and as a result workers received 70 % of earnings for each carriage (15) which they had partly repaired. The average salary for the whole plant in May was 55 thousand roubles, the average salary in the

carriage-repair workshop was 45 thousand roubles. The shop-chief earned 63 thousand roubles, but if we take into consideration the fact that he had in his hands a reserve fund, which is 3 % of the wage bill for the whole of the shop, he added 15 thousand roubles to his own salary, i.e. he had 78 thousand roubles. Thus, even if the bad organisation of production in the workshop was partly to blame for the failure to meet the plan, nevertheless the financial position of the shop-chief did not suffer.

What was changed in the plant following the breakdown of the plan?

Nothing was changed. An Order was worked out which listed the duties of the main people responsible for the organisation of production, but this just duplicated their existing job descriptions, without any changes in the systems as a whole. The requests of the workers to improve the incentive system were ignored. The workers were still trying to improve the system, but without success. Nobody was punished. From an interview with the shop chief which was conducted in August it was clear that nothing had changed at all:

I asked them to punish the people responsible for the breakdown. The General Director put this question in the hands of the Board of governors, but this proposal was rejected. Everybody wants to be very kind. Nobody was punished and nothing was changed. Now I again have nothing in the workshop. The heads were delivered only yesterday. Supply has gone to hell. If I were the Director, I would say: 'Lads, you worked like this, I propose this and this. I propose and insist that we punish those responsible. This is my responsibility. And as the person in authority, I order that this person and this person be punished. ... But now everything remains as it was in the past.

The General Director of the plant together with his First Deputy Director invented a new structure for the enterprise. The new structure was worked out in great secret and only these two people were involved in it. As a result, several people who were directly involved in the breakdown were appointed to new and higher positions. The head of Material Supplies, in addition to his existing responsibilities, was offered a post as the head of a new small enterprise. Another person was appointed as head of carriage production. Just as in good old 'Communist' times, when a person fails to do a job at one level, the people from the top usually put him in a higher position. The same happened in our plant, when the person who was directly responsible for the breakdown of the programme was put in the new structure of the enterprise in a higher position and instead of control of only one part of the plant, in the new structure he is responsible for two parts of the plant. This is the opinion of the one of the shop chiefs about this transformation:

Now there is a restructuring going on. Ivanov has been put in charge of the whole of production. If it were up to me I would throw him out. But 'they' held him... He is usually a very rare guest in the production area. It is difficult to catch him in the workshop, and nobody knows where he hangs out during the working day. He is zero in terms of production.

But there is a good reason why the General Director and First Deputy Director have kept this person. First, because he was quite flexible and quickly understood how he could benefit from the new conditions. He organised a small enterprise, which involved a restricted circle of people, including the General Director and First Deputy Director, who could get additional money for their own benefit. Besides this, there are other explanations for such behaviour of the people at the top. From interviews with different people, I discovered that he has a relative

who works as a guard within the enterprise. All materials and parts which are removed from the enterprise go through this person. So, he possesses all the information about the people who use their position for their own benefit. For example, the First Deputy Director built his own dacha (country home), and he needs to remove a lot of cheap material from the enterprise. In this circumstances, the same kind of relationships still exist - 'you do something for me - and I will do something for you'. That is why, because of his relative's information, Ivanov knows too much, and it is better to sustain a good relationship with him, because it is well known that if he dislikes somebody, he could make trouble.

The two Deputy Directors who offered some reasonably intelligent remedies were weakened and either some departments were taken away from them, or they were shifted to lower positions. They were simply left out of the new structure of the enterprise. One of them, who realised the game that was being played, said with bitterness in his voice:

All the rules of the game are now constructed in a such way that it is possible to weaken me, but not for me to progress.

The main reason for this is the struggle for power of the General Director. He just wanted to weaken the potential pretenders to his post. With new conditions and with the transition to leasehold, the Director of the enterprise comes to possess a lot of power. And he has much more power than, say, the metro authorities, and he doesn't want to lose this power under any circumstances, at least until he decides himself to give up his position and to move to a more profitable one.

The whole process of restructuring of the enterprise, and what role the system of formal and informal relations in the plant played, we will discuss in the following chapter.

Chapter 5. Structural Reorganisation, Stabilisation and Recovery. Continuity and Change 1994-97

Changes in management structure 1993-1997: Informal relations in structural reorganisation and the new management structure

The new structure was proposed in the plant on the first of August 1993. According to the previous structure the plant was divided into two parts: Kukino and Popugai and different workshops. According to the new structure there was a restructuring of these workshops and organisation of production in a such way that similar workshops in the two areas were united. Organisation of the production and repair of carriages (PRC) replaced two workshops: Carriage-Repair shop (Kukino) and Carriage-Repair Shop (Popugai). Wheels production (WP) replaced the two wheel workshops in Kukino and Popugai areas. Some sections were transferred into separate shops (for example, the bogie section in Kukino and Popugai areas was transferred into a separate shop).

This new structure was worked out by the first Vice-Director under the leadership of the General Director and none of these coming changes were discussed among the employees. They were faced with the fact of its implementation. The General Director made an order with a statement that this new structure is constructed in order to improve the control of the plant, increasing the volume of production and in order to help the future transition towards a share-holding company. The work on this new structure was conducted secretly. Several

people had some vague ideas about the development of a new structure, but they were not certain about the real changes.

The approach of organising the *position for the person* and not the *person for the position* was preserved in the whole process of restructuring of the enterprise. All this situation of the implementation of the new structure caused some troubles among the management team, and tension within several departments, because people were not sure about the future existence of their sections. There was no discussion about the changes in the old structure, on the contrary, the main specialists didn't take part in the discussion. Even the chief specialists, among them the vice director on economic questions and the chief engineer, were only informed about the new structure when it was worked out. A lot of people in senior positions could not understand the logic of the whole restructuring. For example, the vice-director on economic questions expressed his opinion about new structure to me in an interview:

It is the same eggs, but the view from above. It is necessary to rebuild the whole system of the enterprise, but here we see only tiny changes on the surface.

The first appearance of the new structure was accompanied by *a lot of rumours*, because there was general information only about the new positions, but it was not clear who will get which post. But this was all on the surface. In reality the new structure implied a *hidden agenda* where all the top positions were reserved for certain people.

Order

08.07.1993 N197

regarding further improvements of control in the plant

In accordance with the decision of the governing body of 02.07.93 and in order to improve the management system within the enterprise, for fulfilment of the main obligations to the metro and depots, and also taking into consideration the influence on the economic development of the market activity and competition, I order:

1. From 10.10.93 implement the following changes in the production structure:

1.1. Exclude the positions of 3 vice-directors of the enterprise on the Popugai and Kukino area.

1.2. Exclude from the production structure of the plant :

- production-operation departments (Kukino and Popugai areas)*
- production-planning department*
- analytical operation department*
- bogie department*
- engine department*

2. Implement from 15.07.93 the new departments in a new structure of the plant:

- production on repair carriages.*
- production on the repair and forming of wheel sets.*
- production of making and repair of spare parts*
- material technical supply service*
- production-operation department*
- operation department*
- bogie workshop*
- engine shop*
- 3 production-operating bureaux*

3. To implement the new positions into the staff schedule:

- the head of the production of repair carriages.*
- the head of production on the repair and forming the wheel sets.*
- the head of production of making and repair of spare parts*
- the head of production-operating department.*
- the head of the operation department*
- the head of material technical supply service*
- the head of the bogie workshop*
- the head of the engine shop*
- the heads of the production-operating bureaux (person)*

4. To the head of the Labour and Wages Department - to implement the new changes in the production structure and staff schedule of the plant.

5. The heads of production should work out in July Statements about their productions and job descriptions for new positions in their structures.

Director of the plant

Signature

As we can see from the above order, there are only positions, without names of the people. Who will get those positions was a big question. A lot of people wanted to be appointed to the top positions. There was a struggle for power. The candidates first of all had to obey the General Director, committed to the enterprise and not undermine the position of power within the enterprise.

Obedience and support of the General Director was extremely important. One person in the top position - the vice-director on economic questions - didn't understand that importance opportunely. Several times he tried to press his opinions, even ones opposite to the Director's. He insisted that there should be constant revision of the Director's activity and that there should be legislative and executive authorities within the plant in the new structure. He was quite clever, but he didn't anticipate that because of that feature he could be thrown out of the plant. In winter 1993/94 he was accused of having been caught red-handed taking bribes at his work place. Later the case was not proved and was thrown out by the court, but he was fired from the enterprise. A lot of people regarded him as a very honest person, and didn't believe that he could take a bribe, and there was a rumour within the plant that everything in this case was contrived, but nobody could confirm it. This case just demonstrated that where there is such a struggle for power, all means could be used. And one should know that if he/she is not a supporter of the director, he/she could loose everything.

The most 'hot point' was the position of the head of the Production of Repair Carriages (PRC). At the very beginning there were some rumours that this position will be given to the vice-director of production in Kukino area. But at the same time some people were very critical about the abilities of this person. The only positive fact was that he was very loyal to

the first vice-Director and very helpful to him personally. One of the shop-chiefs expressed his opinion about this person:

we couldn't find this person during the day, because he is fulfilling his own business, and if I was a General Director, I would throw him out.

But nevertheless, as was announced later, that person was appointed to this position. The appointments were often made not on the basis of the professional abilities of the people or their business skills - mainly it was on the basis of closeness to the General Director, and the obedience to him or to his close circle.

According to the new structure there was no such position as vice-director on production (as in the old structure). This position was substituted by the position of the head of carriages production. The person who had been the vice-director on production refused to accept this position because he considered that formally the position of vice-director sounds more important than the head of carriages production and that the position of head of production is lower than the previous position vice-director on production. That is why he told the General Director that he didn't agree with such a title. That is why the Director then decided to implement a new improvement of the structure: to organise the title General Director for himself, and to rename the position of heads of the productions as Directors of Production. This example shows that some Russian people like not only an important position, but also an important title, which brings a lot of significance on the surface.

As about the changing the whole production structure, there were different opinions also. As the vice-director on economy told me:

Any system has a rational kernel, the previous structure could be very effective, if it was organised in a proper way. - and on the contrary,- it is useless to do anything if it violates the principle: 'the right man in the right place'. And if now there are a lot of people who do not correspond with the position they obtained, then in one year there will be the same problems even with a new structure.

That is why some people argued that the whole of this reorganisation was not helpful for the plant.

When all the people had been appointed to their new positions, there were some more problems: the structure had been constructed, but the responsibilities of the people had not been determined. That is why a lot of time was spent in order to work out new responsibilities which would be co-ordinated with the new positions. For example, there was a person who worked in the plant, then left the enterprise, and just at the beginning of implementing the new structure came back to the enterprise. The General Director thought where to put him and preserved the production-operating department especially for him. At the same time, when the new Directors on Production heard about this they were opposed to it because they thought that it will be duplication of functions with the planning-economical department. The people in this production-operating department for some period didn't know whether they would work or be fired. Then, step by step the main functions of the department were defined. The department became responsible for the production plan on the basis of data from the marketing department. And the planning department calculated the prices. As a result of such hidden developments of the structure, the whole of its implementation introduced dissonance on the different levels of the organisation.

At the same time the structure was a formal recognition of some changes which had taken place in the organisation since it had been working on lease. In December 1992 the department of marketing had been formed, at the same time the department of external relations was organised, so the situation in the plant was changing in accordance with the new times, and these changes were regulated by the new structure.

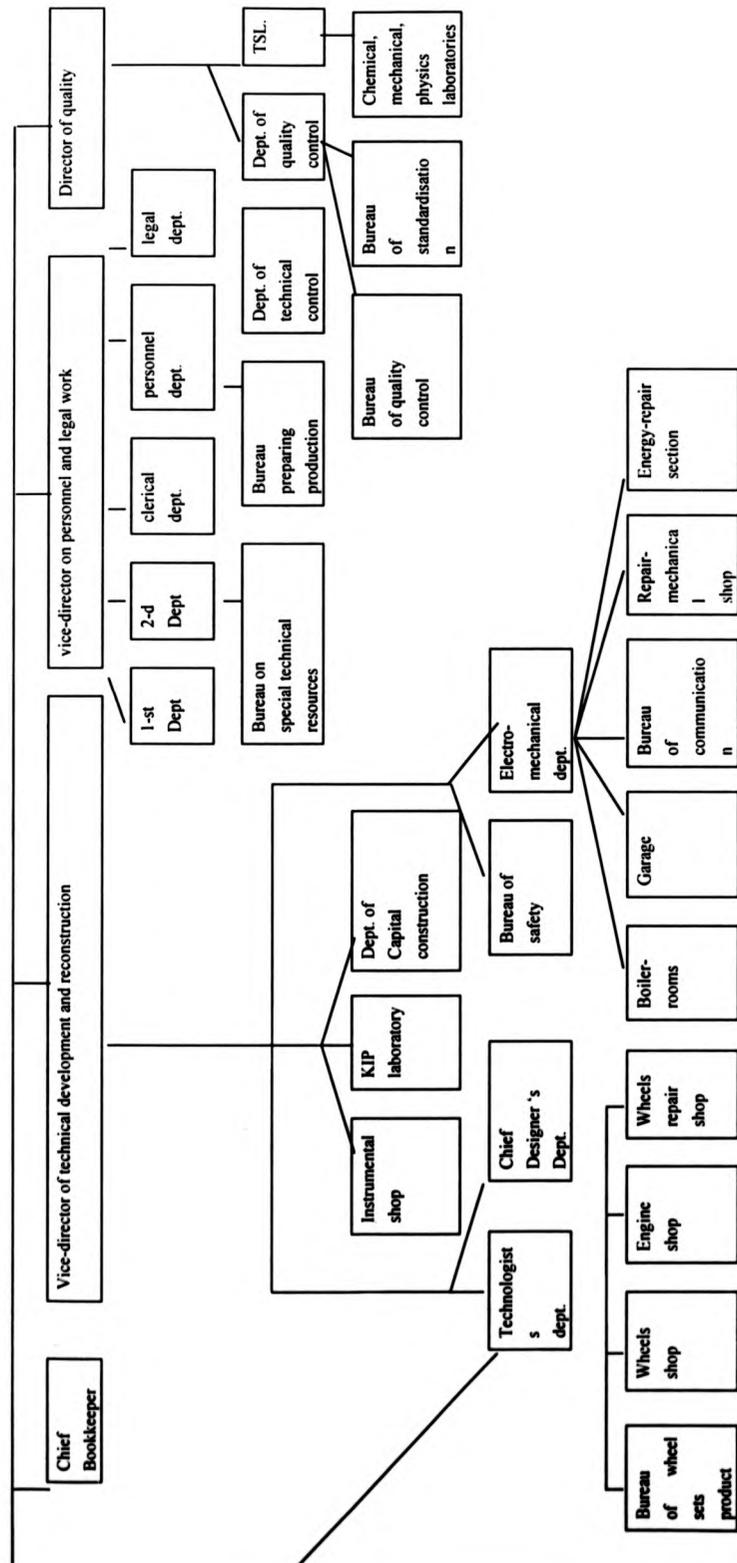
Despite all the difficulties of its implementation, more and more people came to recognise over time that the new structure did correspond more with the real situation. Although within the enterprise the method of appointing through friends and relatives prevailed, it develops the independence of some structural units from one another and also the results of the whole reorganisation speak for itself: now the plant fulfils the plan and the level of production has increased significantly in comparison with the past.

At the same time the General Director expressed his opinion on the structure:

although the structure now more corresponds with the tasks we need to fulfil, nevertheless we have to recognise that it is very clumsy and difficult for managerial control.

Below, we will represent the new structure of the plant, which has been constantly revised and renovated since 1993. Some new departments have appeared. The structure will show, how the organisation has changed since the beginning of the 90s. But at the same time it will show that the further development of the real life was immediately reflected in a very complicated structure.

Conference of the shareholders



We can see that the whole restructuring within the enterprise was a natural process from one side. The changes in the organisational structure followed the changes in the legal form. The same processes we can observe in many other enterprises.

The enlargement of the main industrial workshops and the unification of them into one production unit have led to the elimination of the duplication of the functions of some of the workshops, and also reduced the number of disputes. (For example, the old dispute between the providing spare parts in the Kukino and Popugai areas. There is no division for competitive workshops now, they became a part of one production and the Director of Production is now interested in the uniform provision of both sites).

Besides, new departments were constructed. So, the changes in the enterprise structure were characterised by the new market relations. Some of the departments were constructed on the basis of western models (for example, a Venture Department). Thus, the main tendency was the correspondence with the present situation. That is why the role of the traditional departments, who played a decisive role in the past command-administrative relations was diminished with the new market relations. And the role of the new departments as for example, Department of Marketing or Department of External Co-operation increased.

From the other side, the whole process of restructuring was a part of further centralisation of power in the hands of the top managers and especially of the General Director. All process of reorganisation were organised in a such way that all new structures supported the unlimited power of the general director. He tried to destroy any threats to his position as soon as possible.

Besides, the new western approaches together with market mechanisms were combined in the new structure with the old traditional approach to organise the *place for a certain person*, and the whole process of restructuring was organised with the help of informal relations, which played a decisive role in the whole process.

Privatisation and transition of the plant into a share-holding company. September 1994

In 1994 there was a further step in the privatisation of the plant, with its conversion from leasehold to a joint-stock company. The program of the transition of the plant into a private company was organised under the direct leadership of the General Director. The documents had been prepared in 1992 and sent to the government authorities. But the documents lay in the government offices for almost two years, before the plant was allowed to be privatised. The plant was privatised in September 1994. If we consider the whole preparation for privatisation within the plant, we can see that there were some tendencies towards transforming the enterprise into a competitive market enterprise: production was reorganised, some new departments were formed (for example, the department of marketing). Thus, the upper management, and mainly the General Director, was one of the main leading forces of the future changes.

In order to analyse the main causes of the conversion of the plant Remet into a share-holding company, it is necessary to stress several positive features of its new legal form:

1. If the share-holder decided to leave this company, he can sell his shares to the company.

2. The new organisational form gives the possibility to attract quite big financial resources from investors without being dependent on the financial support of the banks.

Now, consider the process of development of the plant since 1994. The registered capital of the company on the 25.05.95 was 476 347 000 roubles, which consisted of 422 641 normal shares and 53 706 privileged shares (1 share = 1 thousand roubles).

The first issue of shares was registered in the Department of Finance of Moscow on the 4th of September, 1995, a total amount of 320 mln. roubles. The second issue was registered on the 2nd of February 1996, total amount 880 mln. roubles, among them ordinary shares (total amount 580 mln. roubles) and privileged shares (total amount 300 mln. roubles).

Thus, the plant was organised into a share-holding company. The main governing body of the shareholding company became the annual Conference of Shareholders that can elect the Directors, change the regulations, approve reorganisation and so on. Once a year the company should organise the Conference of Shareholders. The main governing organ of the company between Conferences was the Council of Directors.

The first conference of share-holders of the Remet company was 20.05.1995. 526 share-holders took part in this meeting. The share-holders approved a report on the activity of the governing body and the annual balance of the enterprise and made a decision to set the rate of dividend payment as 2 238 roubles per 1 share for 1994, which was an annual rate of 446 % per year. (Note: the deposit rate of the financial banks in the same year was 120-150% per year).

In 1995 the plant developed at very high speed. The sum of registered capital increased in 3.8 times and by 1.01.1996 reached 38.9 billion roubles. Balance profit was:

Table 5.1

Balance profit of the plant Remet in 1995-1996.
(mln. roubles.)

01.01.95	01.04.95	01.07.95	01.10.95	01.01.96
18 573	3 499	9 764	23 525	30 304

The process of share distribution was conducted without any difficulties, there were not any disputes about this question. According to experts, around 10% of the shares belonged to the General director, another 10 % of the shares were in the holders had no more than 60 % of the shares.

By the time of the second Conference of Share-holders, which was organised on 25.05.1996 on the plant, there were 1551 registered share-holders, who possessed 414 327 shares, among them 347 261 ordinary shares.

Very soon people felt the positive sides of the possession of shares. The dividends per share were paid each quarter of the year. And the pensioners first considered that it is profitable to get shares. So now, they began to buy shares as one of the ways to increase their incomes.

If before the plant always had to consult with Metro authorities about everything, now it received much more freedom, for example in formation its own payment system, clients' connections and soon. At the same time, although all employees automatically became shareholders, there were not any substantial changes in their rights. In fact not one of the workers could explain the difference between the modern situation and the past. A General

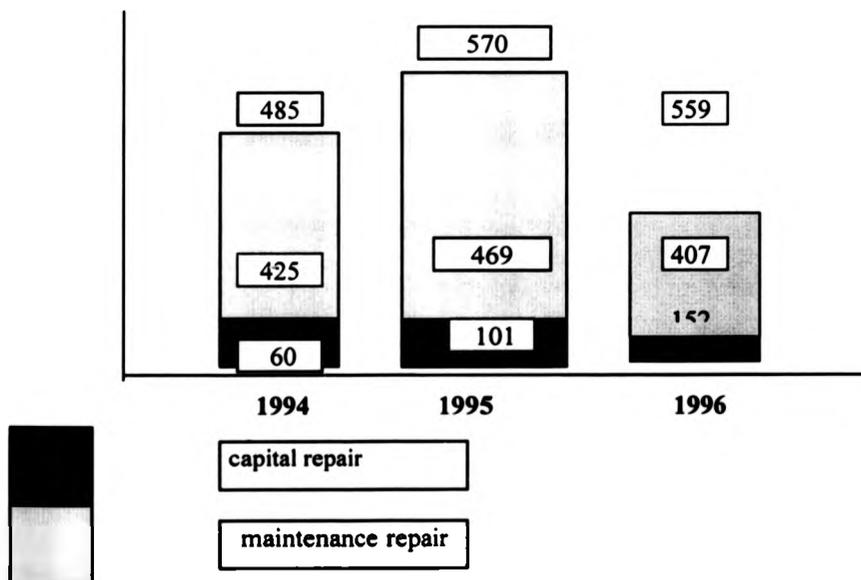
meeting of the Leaseholders was organised once a year. The Collective Agreement of the leaseholding enterprise had to be revised once every 3 years.

The economic situation in the plant since 1994

The plant had quite big problems approximately till the end of 1993. The difficulties of the past influenced the plant's production. Only at the beginning of 1994 did the situation within the plant become stabilised and the plant began to show an almost unique example in Russia: in the situation of total production failure all over the country, there was a stable increase in production.

The general dynamic of production you can see in Diagram 5.1.

Diagram 5.1. Dynamic of the repair of the carriages 1994-1996



The programme for 1996 was planned according to the orders received by the marketing department. The fulfilment of the program of the plant for 1996 showed that there was an increase in the volume of production in comparison with 1995 in :

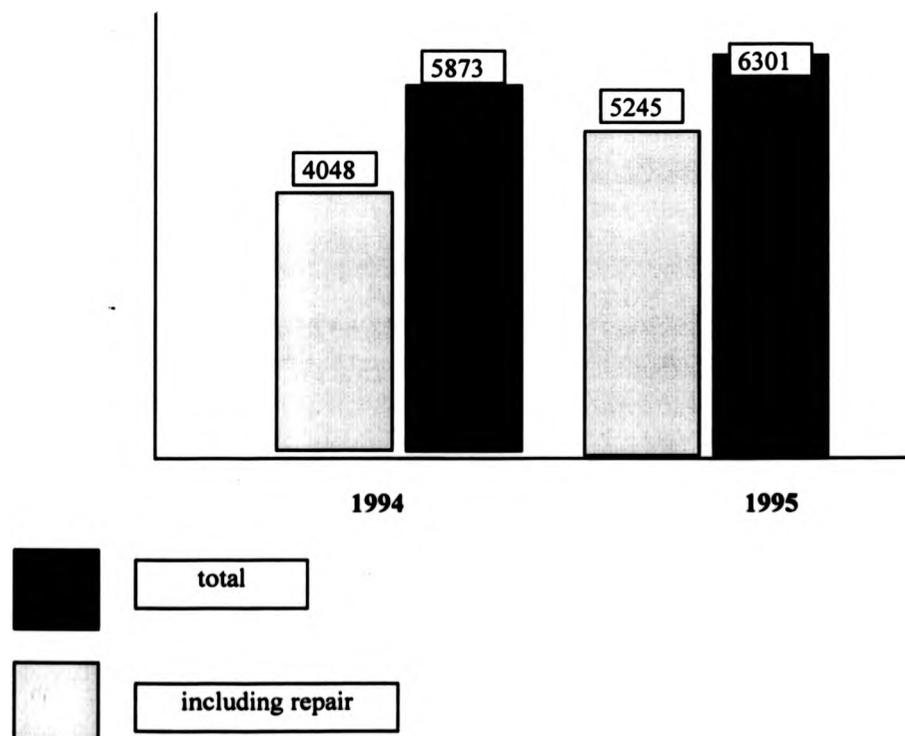
capital repair of carriages : by 50,5%

forming of the new wheel sets - by 15,9%

The volume of production of the other products of the plant fell because of the lack of the external orders.

The construction and repair of the wheel sets increased in 1995 in comparison with 1994. But

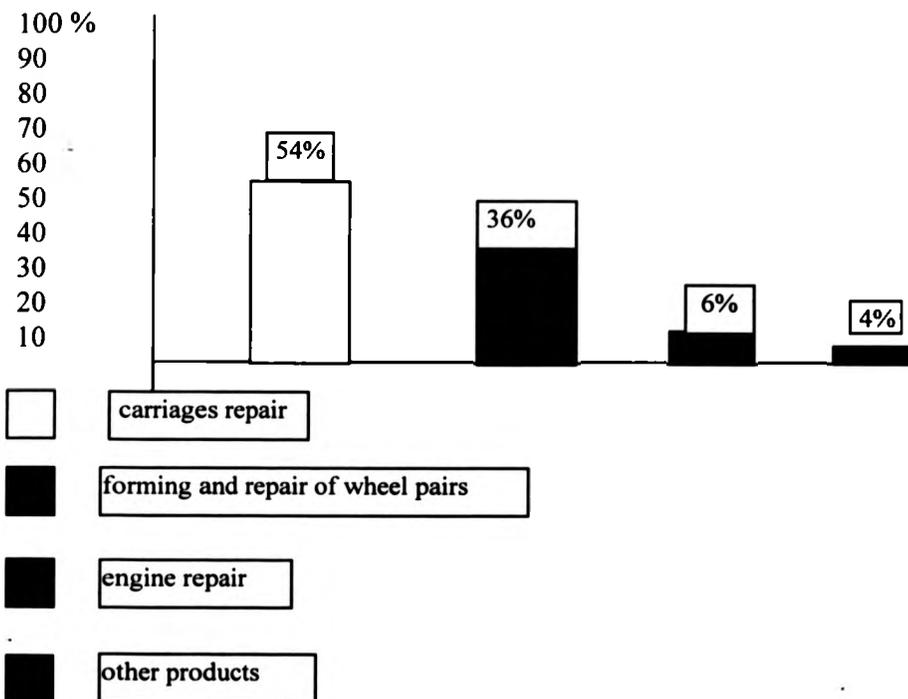
Diagram 5.2. The dynamic of the wheel sets construction and repair 1994-1995.
The number of pairs of wheels per year



afterwards fell because a lack of the orders from external partners:

Since 1994 the structure of output has constantly changed. The structure of output in 1994 was as follows:

Diagram 5.3. The structure of output in 1994



In the structure of the production of the plant in 1995 the share of the repaired carriages was 64% in comparison with 54% in 1994. The share of the new wheel sets - 27% (36% in 1994), and the repair of engines - 7% (6% in 1994). The existing economic conditions on the Moscow Metro influenced the changes in the output of the plant. From one side, the number of passengers in Moscow Metro increased considerably. At the same time, approximately

70% of the rolling stock has been running for 15 and more years. As a result, more and more carriages required the full renovation and capital repair. That is why the number of the carriages passing through the capital repair increased.

At the same time, in the situation of constant deficiency of financial resources, the Moscow Metro has reduced the number of carriages which they used to buy from the Mytishi carriage-construction plant, because the cost of the new carriages is considerably higher than the cost of repair the old one. The plant Remet had an agreement with the Mytishi plant about the construction of wheel sets. Once the Moscow metro reduced the number of new carriages it bought, the Mytishi plant reduced the number of wheel sets bought from the Remet plant. That is why the output of wheel sets fell considerably in 1995. The lack of orders for the production of wheel-pairs forced the plant to look for new orders for this kind of product. And the General Director stressed that it is necessary to get orders from the metro in different cities and to organise the repair of the railway carriages. As the General Director pointed out to the Conference of Share-holders in May 1996:

'Constant dropping wears away a stone'. At the moment, the Moscow metro has increased the orders for capital repair to our plant. But it could not be forever. We hope that some other plants will put an order to our plant for 60 wheel sets per month as they do now. But we should concentrate all our attention on the improvement of the quality of our product, and we have to reach the highest levels of competitiveness.

The plant has a great potential and we will open in the nearest future other branches in different cities of Russia and CIS countries, where there is a metro. The plant will enter the XXI century as a great financial firm with a whole system of branches with a whole set of designers, technological

elaborations. We have power, we believe in ourselves and we do believe in the victory of our mutual business!.

One of the main features of the industrial activity of the plant in 1996 was the further tendency to the stabilisation of the work of the production departments.

Table 5.2 Comparative analysis of the rhythm of production (in %):

	Popugai area		Kukino area	
	1995	1996	1995	1996
Finishing repair of carriages in the first ten days of the month	23,2	23,3	27,9	27
Delivery of repaired bogies to the client in the first ten days of the month	31,6	34	42	38
Delivery of wheel sets to the client in the first ten days of the month	14,5	23	23,1	34
Delivery of engines to the client in the first ten days of the month	23,5	25,6	28,5	38

As we can see from Table 5.3, the situation with the rhythm of production improved considerably in comparison with 1993, when storming at the end of the month was quite common:

Table 5.3 Rhythm of production of the main production workshops in 1993:

decades	carriages repair workshop (Kukino area)			carriages assembly workshop (Popugai area)			wheels shop Popugai area		
	1	2	3	1	2	3	1	2	3
January	13,3	-	86,7	-	19,7	80,3	18,9	20,9	60,2
February	15,7	28,1	56,2	13,2	24,2	62,6	20,6	29,5	49,9
March	14,3	27,4	58,3	-	30,3	69,7	1,0	4,1	94,9
April	-	44,4	55,6	26,7	-	73,3	19,4	40,0	40,6
May	-	-	100,0	7,1	14,3	78,6	7,6	36,0	56,4
June	32,7	12,2	55,1	-	7,1	92,9	9,8	4,5	85,7
July	-	26,1	73,9	12,3	3,9	83,8	19,5	23,9	56,6
August	-	-	-	4,2	13,3	82,5	-	-	-
September	9,4	15,0	75,6	16,3	4,4	79,3	21,8	27,2	51,0
October	-	29,0	71,0	-	8,8	91,2	20,6	13,6	65,8
November	-	9,2	90,8	-	12,7	87,3	20,5	36,2	43,3
December	-	-	100,0	19,0	3,9	77,1	21,4	26,3	52,3
Average 1993	4,7	15,4	80,2	7,8	10,0	82,2	16,4	26,6	43,0

As we can see in 1993 mainly, workshops fulfilled the plan in the last ten days, and this is true for almost all the workshops. The carriages workshops repaired the majority of their production output in the third ten days (more then 80%).

The present situation in the plant from this point of view became much more organised, and the departments usually fulfilled the repairs according to the planned program without firefighting at the end of the month.

Besides, the time for the repair of the carriages was also reduced, mainly because of a more effective way of utilising the repair places.

One of the key factors of stabilising the rhythm of production in 1996 was the very stable work of the production of spare parts within the plant. In order to improve the planning and

control of providing materials, the production-operating department was re-structured, and within this department a bureau for preparing production was constructed.

From the very beginning of the disruptions of the economic connections in the former USSR, the plant was re-oriented into the organisation of a self-providing system of spare parts. That is why the mechanical-assembly workshop became responsible for providing spare parts for the needs of the plant.

In 1996 there was a further tendency within the plant to reduce the number of parts produced by external partners. The number of the parts produced by the mechanical-assembly shop increased by 201 units.

In 1996 there were still 79 parts made by external partners, among them:

6 - because of the lack of equipment,

22- because of the lack of rigging,

51- because of internal reasons within the mechanical-assembly workshop.

In 1997 the plant will maintain the tendency to reduce the number of parts delivered by external enterprises, and it was planned that by the beginning of 1998 the plant would provide the whole range of spare parts.

Another factor proving the tendency towards stabilisation in the plant was the reduction of labour turnover.

Stabilisation of labour turnover

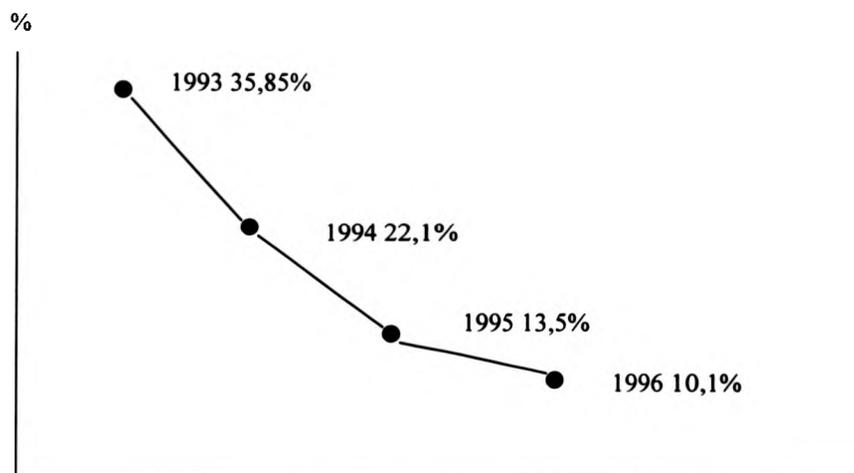
In 1995 the staff structure of the plant was constructed in the following way:

managers (heads of the departments, workshops and so on)	12,1%
specialists	13,3%
clerks	0,4%
workers	74,2%

In 1996 the plant hired 336 employees, including 272 workers and 64 specialists and 240 people left, of whom 203 were workers and 37 specialists.

The next figures show us the main tendencies in labour turnover:

Diagram 5.4 The dynamic of labour turnover in the plant (in %).



Wages increased and became the third highest in Moscow.

Stabilisation of wages

Table 5.4 Average wages in the Moscow metro system as a whole, in some electrical railway depots, and in the plant Remet in 1996 (average wages for the month).

Depot	January 1996 (roubles)	October 1996 (roubles)*
Depot 'Severnoye'	1365 498	1 415 982
Depot 'Fili'	1 422 263	1 588 828
Depot 'Izmailovo'	1 229 164	1 324 000
Depot 'Novogireevo'	1 050 315	1 354 888
The average wages in the underground for average number of workers for this month	1 071 118	1 216 170
The average wages in plant <u>Remet</u> for average number of workers for this month	1 541 253	1 908 704
The average wages in Plant <u>Remet</u> including the wages for work in the small enterprises.	1 531 994	2 300 024

* 1 US Dollar in January 1996 was around 5 200 roubles. By the end of the 1996 it was equal to 5,590 per 1 \$.

As the General Director pointed out at the conference of the labour collective, devoted to the problems of production:

We have constructed an island in the ocean while there is such *bardak* (chaos) in the whole country. The average worker in the country gets 200 - 300 thousand roubles, no more. A worker in our plant has 1.5 mln. roubles. In the Saint-Petersburg plant which constructs carriages for the metro the wages of workers are at most 300 000 roubles. Moscow is characterised by the same situation, excluding the oil and gas industry (Speech of the General Director at the conference of the labour collective, May 1995).

Core-periphery relations in the new conditions

Core and peripheral workers

As we saw earlier, there are different ways of categorising 'core' and 'peripheral' workers and there are some questions about the applicability of this conception in Russian conditions. At first sight there are a lot of differences between the conceptions of 'core' and 'peripheral' workers in two different countries like Russia and Britain. From some points of view, the 'core' and 'peripheral' workers within a Russian enterprise have a relatively homogeneous status and secure position within the enterprise and this is completely different in Britain. But also, there are differences in the sense that in Britain mainly, the higher the skills of the employee, the higher the status he has. In Russia we can find a lot of examples when low-skilled workers are highly paid and, though it is more rare, it is possible that a high skilled worker has a lower payment. (For example, if he has high skills, but also he has no commitment to the enterprise, and is constantly fighting with the administration and the middle management about his rights. In these circumstances the management could find a way to reduce his level of payment. Because a lot of questions are resolved in an informal way.) However, despite the differences, this conception is very useful because it gives us the opportunity to consider how the labour force is organised, and what is really useful is that this conception is applicable both to the internal as well as to the external labour market.

One basis of the distinction in Russia is in accordance with the division of production into main and peripheral production, leading to a division among the workers depending on the form of production. In the past the main attention of the administration of the enterprises, and

also the ministries, was concentrated on main production. And there was a hierarchy of productions: main production was the core production. All the rest of the workshops which repaired and made equipment and parts for the main production were considered as peripheral to the main production. As regards the status of the workers employed in these different shops, their status also was different. The workers of the main production were always highly paid, the work on the main production was regarded as more prestigious work.

In the period of transition within enterprises that stratification began to change. First of all such subsidiary productions as the production of spare parts for the plant became much more important than before. And simultaneously the status of the workers engaged in this production increased as well. So the role of the workers of the high qualifications as toolmakers in the new conditions increased considerably. Thus, we want to stress that the understanding of the categories 'core' and 'peripheral' workers connected with the technological division among the workers has changed considerably. But when we turn from the division between workshops to the division within workshops we find that in the workshops themselves the divisions among the workers were preserved, just as they were in previous times.

'Kadrovye' - 'non-kadrovye' workforce in modern conditions

With the transition to the market economy, a lot of co-operatives were organised. And at the beginning some of the 'kadrovye' workers left the enterprise, while some persistent violators of discipline were also dismissed from the enterprise. So, from one point of view, the process of unification of the workforce took place as the number at the top and the bottom shrank. But

at the same time, we can't say that the differentiation between different workers had fully disappeared. Within the workshops there is still a clear demarcation line between the 'core' or 'kadrovye' workers and 'peripheral' workers.

Some researchers have stressed that with the transition to the market economy the workers become a more homogeneous group than before (Kozina and Borisov: 1986) I would stress that from my point of view this could be the case if we only consider the workers as opposed to the administration, and in this case, keeping in mind the division between 'us' and 'them' within the enterprise, we could say that the upper management and middle managers with the development of the commercial relations have opened for themselves much more new business activities and therefore became much more alienated from the workers. The workers, in turn, became a much more coherent group. But this observation could also be very deceptive. The processes observed within the enterprise gave me the opportunity to suggest that the division among the workers with the appearance of the market relations exists, and in some cases has become much stronger, because there are workers included in the process of getting additional resources in new conditions, and there are workers who are excluded from it. This leads to the clear demarcation line between two different groups.

Before I begin the analysis of the real situation within the plant concerning the status of 'core' and 'peripheral' work forces in modern conditions I should stress that in real production it is very rare to find the pure situation of a cause-consequence relationship. As very often happens, there are several sets of problems which are interconnected. In our case-study we found a lot of cases when informal relations were interlaced with payment problems, or caused payment problems, and cases, where formal/informal relations were interrelated with

'core'/'peripheral' relations. Thus, it was quite difficult to define, what is the real picture, because life itself is very complicated. In the following mini case-study we will see, how the division between 'core' and 'peripheral' work forces caused a serious conflict about the payment system, and we will try to uncover what role formal and informal factors played in these circumstances.

As we pointed out above, within the enterprise there was a system of 'core' workers, who played a decisive role in the production process and had considerable control over production. The core workers within this enterprise were the workers of the main production area, highly qualified, skilled workers, who had worked for the enterprise for 20-30 years. But we should stress that not all workers included in this category by the formal criteria of length of service within the enterprise should be regarded as 'core' or 'kadrovye' workers. Among workers with a long length of service they formed a separate group. These were workers who knew production very well, with whom managers, designers, technologists could come to consult. So it was workers with some abilities. It is not a secret that usually there are some workers within the enterprise, who have worked there for a long time, but can not even hit a nail. Certainly this kind of workers could not be regarded as a 'core' workers.

The 'core' workers are sometimes called by managers the 'skeleton' of production, i.e. if, for example, 100 workers work in the shop, the 'skeleton' of the shop could be formed by 10 workers, so it was usually up to 10% of the whole collective. And production almost completely relied on these workers. This is the minimum number of workers, who work in particular jobs and without whom the process of production would not be possible.

In some enterprises, with the transition towards a market economy and because of the very difficult economical situation within certain plants, this group of workers has been almost destroyed. In our researched enterprise, because the situation was not that bad, the 'core' workers were preserved, and such workers stayed within the enterprise. Some changes may have taken place in their age configuration. If workers with length of service of 30 and more years left the plant because of health problems or have got their pensions, they were substituted by a younger generation.

The position of the managers towards the kadrovye workers

In the past a lot of attention was devoted to the 'kadrovye' workers. With the transition towards a market economy, the attitudes towards this group of workers on the different levels of management have changed. On the level of the plant real attention to this category of workers has almost disappeared. The upper managers, including the General Director didn't pay any attention to preserving of such a group of qualified workers. In an interview with the General Director he said:

We know that there is a queue outside the enterprise, there are people who would like to be employed by us. Not only people from Russia, but also people from CIS countries, who are prepared to work hard like miners (including two weeks on - two weeks off). So it does not matter, how skilled are our workers here. If they are not satisfied with our wages or something else in the plant, we will let them go. We are not interested in preserving such workers. There are a lot of highly qualified people outside, who would be glad to get even one tenth part of the salaries of our workers. (Interview with the General Director, November, 1993)

Thus, as we can see, the position of the top management, including the first vice-director, became more pragmatic in comparison with the past. If before there was a tendency towards preserving such workers on the enterprise level, in new conditions this approach has changed considerably. Nevertheless, this was only the opinion of the General Director, who was quite far from the real relations with workers. But the employment policy very much depends on the level of the shop. Always the shop chiefs implemented their own policy, sometimes absolutely opposite to the upper managers. How has it changed now?

On the level of the shop in new conditions very much continuity was still clear. The policy towards different categories of workers among the middle managers was quite differentiated, because at the end of the day the middle managers were responsible for the plan. And they had to organise production in a such way that they would efficiently meet the target. And in order to do this they have to rely on a definite category of workers as in the past, mainly on the category of 'kadrovye' workers. So, there is an unwritten agreement between the line managers and the 'core' workers. The workers are prepared to support the foreman and shop chiefs, and they, in return are ready 'to feed' them.

These workers are sometimes also called the 'worker elite'. I would see a slightly different nuance of this term, but I think that this term also could be appropriate to that category of workers who are very qualified, and who can fulfil the program of the plant. And the line managers divide the workforces in their workshops into two groups: the core workers, elite, who get the piece of the pie together with managers, and in return provide the plan fulfilment from one side, and the peripheral workers, who fulfilled less privileged work from the other side.

At the same time the position of such 'kadrovye' workers within the different shops also varied. For example, as we can see below, in the engine shop, the 'kadrovyi' worker works hard, but he organised production in a such way that everything is constructed for his convenience.

In another shop, which we will not consider here, the situation happened as follows: the 'kadrovyi' worker organised the process in a such way that he does not work at all. He became a brigadier, and he is free of work. And he works very rarely, in certain cases, when the person is ill, or absent for some reason.

One of the features of such workers in the new conditions in my opinion is that they have a more secure position within this particular shop or section in comparison with the others. By secure position I mean first of all that if there will be a reduction of the work force, they will be reduced in the last place. Then, the system of informal relations with the middle managers provided them with quite good financial rewards, of which other workers were deprived. The 'core' workers keep secret the amount of money they receive in order to prevent social tension within the collective.

Besides, I should stress that the relations between core/peripheral workers comprise a whole set of dependencies of the peripheral workers on the core workers. And this dependency is very often regulated in informal ways.

Production was arranged in a such way that everything was organised for the 'kadrovye' (core) workers. If they need a crane, then it is organised first of all for them. Highly paid work

also was organised mainly for them. And vice versa, because they had quite good conditions for their work, they had higher salary, a higher percentage of plan fulfilment.

This is the view of one of the workers regarding the core worker:

Yes, he gets everything. But he can work hard as well. And he can organise the workers in his brigade.

For 'Kadrovye' workers everything is organised in a proper way, everything is done quicker. There is a mutual connection between 'kadrovye' workers and the managers: the managers rely on these workers, and the workers could get some benefit from managers for their diligence. But because of such different approaches to the workers, the other workers, who are excluded from this category consider this as real discrimination. Look at the following example:

In our workshop there are 2 brigades, 4 persons each. These brigades are identical. We repair the engines. At the very beginning of my work at the plant I found out that the other brigade was always doing the most profitable work, more clean, if it is possible to say. We are doing all the rubbish and actually we are doing the jobs which they are don't want to do. I tried to understand why it happened. In the second brigade one of the 'kadrovye' workers works. He is the leader of the other brigade. He has worked on the plant for 36 years. He knows the plant and the people very well. I've heard that he worked with our shop chief at the beginning of their working career and even that they studied together in technical school. Now he admits that the shop chief is a 'bowl of shit', but at the same time he doesn't want to spoil relations with him. I found out that he has selected people on the principle of hard working. And if somebody entered his brigade and he didn't like him, then he got rid of this person from his brigade. Everybody in the workshop is

afraid of him and doesn't want to argue with him. They think it will cost too much, because of his relations with the shop chief. Sometimes even the shop chief consults with this worker and asks his opinion. He organised everything in such a way that better work (higher paid), good material, tools are given to him in the first place. The second brigade (where I am working) gets all the rest.

There were several times, when I argued with him. I faced a situation when he took over the crane from our brigade for a long time. The crane should work equally for both brigades. But at least 70 % of the working time the crane is used by his brigade. But we have to accept this situation, because everybody in the shop is scared of his reaction.

On the 5 of February I had another scandal with our 'core' worker. He became so impudent. Usually everything is for him - cranes, tolls and nobody could say a word to him. And today I had assembled the engine and I had to transfer it for further technical inspection. For this operation the cranes was necessary. And he took the crane without any excuses for tomorrow's work. I told him : 'Hey bastard, are you crazy? Why not put a label on the crane that it belongs to you, that it's your private property. I must give the engine to the technical inspection, and you work for tomorrow.' He kept silence, because he respects me. But if there was another guy instead of me, he would hardly notice him and would continue to do his work. And in this situation I took the crane, and he didn't object.

Yesterday, on the 14th of February, I noticed that he again took the crane for his brigade. I decided to stand up for our rights and see what he will do. In several minutes he called for me. I was surprised, because I hadn't even talked to him for the whole week. When I approached him he said: 'We will do this job now and then the crane will be returned to your brigade.' Partly I was glad - it was my victory. It was not easy for him to overcome his pride and say it to me. For many years everything was done for him and in this case he failed.

To be honest, I could not understand this division. The young workers are nothing in comparison with the old ones. The new are suppressed by the old ones. They are given the worst work and so on. At the same time 'kadrovye' workers have all the power over the production process. They organise everything up to the highest standard. And in any case they can stop the production process. That is why they have power. But at the same time the shop chief also has the power, and it is recognised by the 'kadrovye' workers. They say, yes, we can do nothing with the shop chief. He is the master here. Thus in a such way there is some kind of parity between them. Each party knows its power and preserves the necessary neutrality. (15.02.95)

The situation where almost everything is regulated by the core workers is sustained in different workshops. What we can see in the workshops is that there is a relation of dependency of the peripheral workers on the core workers. Below is an example from the blacksmith section in the mechanical assembly workshop:

One of the kadrovyi worker has worked in this shop for 12 years and because this is work in hazardous conditions, he already qualified for an early pension. Now within the workshop:

1. Formally he is a brigadier.
2. He has the highest qualification and respect from the top.
3. He doesn't work - he just governs who does what.
4. He chooses the newcomers. In case he doesn't like anybody, he just gets rid of him.
5. The whole process of production is regulated by him: he defines the quality of work done, he controls the work in all senses: the quantity and the quality.
6. Informally - he is the right hand of the foreman and the shop chief.

The line managers organise their policy through the 'kadrovye' workers. At the same time, in case of any unrest among the other workers, they can rely only on 'kadrovye' workers, and they will perform the tasks for all.

Now, in modern conditions, where the rate of unemployment in Moscow is quite high, nobody wants trouble and even does not think about any kind of protest. So, people obey the orders of the brigadier.

Thus, can see that the employees in the workshops are not a homogeneous group, but it are a combination of different groups, among which one of the central roles is played by the division between 'core' (kadrovye) workers and 'peripheral' workers. This division was organised by managers in the past and this division is still maintained even in transformed enterprises. This division helps managers to preserve their power. At the same time it is a double-sided relation, because the managers divide the workers and feed one part of them, and these workers, in return, support the managers' power and prevent it from shaking down. These relations are not regulated in any institutionalised papers, they exist in real life in the whole system of informal communications. They are not lying on the surface, but they represent one of the main parts of industrial relations in the modern Russian enterprise. That is why we decided to find out the hidden mechanisms of communication between different groups of the enterprise, based on informal relations. It was not easy, because these kinds of communications are mainly hidden from the outsider. I am sure that some part of these mechanisms are represented in the process of payment. That is why I suggest considering the modern situation in the payment system.

Plant and market restructuring and changes in the payment system

Approximately from the end of 1993, the distribution of money within brigades was almost fully replaced by the distribution money from the top. It means that the money calculated by

the Labour and Wages Department was accumulated in a special Shop Chief's Fund. Then the shop chief himself distributes money among different brigades. Sometimes he consulted with the foremen. And then the foreman distributes the money among the workers. Very rarely the foreman could invite the brigadier and ask him about how to distribute money within the brigade. Mainly everything was defined on the highest level and the workers didn't participate in the process of money distribution at all. This kind of money distribution opened the possibility for even more subjective distribution of money - the foremen as well as the shop chief could be subjective about some worker or some brigade. And now the role of informal relations with the upper management has increased very much. Even in the previous years, there was possibility for subjectivity and unjust decisions, but now the possibility for such things had increased.

Although in the past the whole system of money distribution was quite complicated, there was some kind of participation of the brigade in this process. I would argue that, of course, the whole system was far from a real democratic method of distribution, because the amount of money for the brigade was fixed, but at least there was some kind of participation of workers in this process. Since 1994 this process was concentrated only in the hands of the foreman and the shop chief. The worker now only gets the payment list two days before pay day. In this payment list you could not understand the process of wage calculation. If the majority of workers on the plant do piece work, at least the process of piece work payment should be understandable for the workers. But it is a dark point. Nobody knows how it is calculated, there are only rumours about this calculation, and how money is distributed between the workers. But these rumours show that the whole this process is very far from

scientific methods developed by, for example, Frederick Taylor. According to them everything is simpler - first the shop chief takes off his payment, then the foreman takes off his part. All the rest is divided almost equally among the brigade. The differences could be only if one person worked fewer days than the others, or if the person belongs to a privileged group of 'kadrovye' workers - the workers, who have worked for 15-20 years in the plant, showed their loyalty to the bosses and for their loyalty they get paid more.

To pay more to some workers and to deprive some of the workers can now be done easily because of the Shop Chief's Fund. These funds began to be formed in the early nineties. The main aim of such funds was at the beginning to give the shop chief more responsibility and the possibility for encouraging the hard-working brigades. In reality this system opened up greater possibility for machinations from the side of the shop chief. The shop chief is almost the only person who controls all this fund, so there is a possibility for appropriation of money by them. It could be only rumours, if they were not proved by some facts from reality - the shop chief of the engine shop has three cars - one is a Russian Lada, two others are Mercedes. Several months ago there was a traffic accident, where one of the Mercedes crashed. Then he quickly repaired it in the auto service. The shop chief of the blacksmith workshop has two cars - a Mercedes and Russian NIVA. The vice shop chief of the same department has a Volga car. And these examples could be continued. The cost of the Russian car in Moscow quite expensive. As regards the Mercedes - it is a very expensive car, even second-hand.

The formation of the Shop Chief's Fund is only one of the ways in which management has more informal control of the system of payment. Even more significant was the development of a system of parallel payment through small enterprises.

Small enterprises

The system and principles of payment have changed considerably with the arrival of market relations. Below we will try to show that the range of frauds with the payment system have increased considerably. First of all, this was as a consequence of several changes in the whole system of organisation of the turnover of documents. Some of these changes are summarised in the following paragraphs:

First of all it was connected with the organisation of system of small enterprises (SE). Approximately in the middle of 1993 within the plant so called 'small enterprises' began to form. These small enterprises were one of the forms of limited liability company introduced by Russian legislation. This kind of company became very common in Russia because of its secure position from the point of view of financial responsibility of their founders. According to the documents the small enterprises had a contractual relation with the plant: they used the equipment of the plant, electricity and so on. And they are supposed to do additional work for the clients. But that was only on paper. When these small enterprises were organised within the plant, there was not any real restructuring of the staff. All that happened was that some people within the workshop organised a set of documents, and formed an 'enterprise within an enterprise' through which they could get additional money for the same work. Originally it was one of the means of escaping from taxes, as there was a special tax on wages: according to Russian law there was a special limit for the wages fund within the plant and the plant paid heavy taxes on overexpenditure of the wages fund. The mechanism of these small enterprises was very similar to that of Russian co-operatives. Some planned amount of parts the plant produced for the average prices. But additional work for other organisations the plant could

produce for higher prices. That is why the same work had a different cost within the plant and within the small enterprise.

The leaders of the small enterprises were selected carefully. They had to be devoted to the General Director, and the most obliging got the right to organise the small enterprises in the first place. The main principle, which was used for the organisation of the small enterprises was that the director of the small enterprise and the shop chief would be one and the same person.

The small enterprises as such were not the focus of the current research, but from the first steps of the organisation of the small enterprises it became clear that these small enterprises were opened as one additional income resource for the upper management of the enterprise. There was a non-written agreement between the upper managers of the plant and the heads of the small enterprises : the former gave the possibility for the middle managers to earn more money. And the second had to pay them in return. So it was a mutual advantageous agreement, which fed a selected circle of people.

Once the small enterprise was formed within the workshops, a lot of possibilities appeared for money manipulation. For example, the way of organisation of financial documents within such ' small enterprises' was simplified. So, for example, to receive wages from the small enterprises it was enough to provide the passport number, address and signature of the person receiving the wages. The payment for the small enterprise did not pass through the accounts. As a result there was an opportunity to put 'dead souls' in the payment sheets of the small enterprises. These could be the relatives and friends of the foremen, chiefs of shops or other people responsible for the organisation of the small enterprise. The directors of such small

enterprises were usually people who fulfilled the responsibilities of shop chiefs, heads of production, production managers and so on. As the financial documents of the small enterprises haven't to pass through the accounts department, there was an outflow of money through informal channels.

When these small enterprises were formed, there was a further changes in the status of the line managers - their positions became higher, because the small enterprises immediately increased their responsibility and financial authority.

How the situation with the small enterprise influenced the workers' conditions within the plant is shown by the following interview:

We have no exact information about how much money the management of the small enterprises receives at the moment. However, our chief obviously did not purchase a Lada car out of his own salary (it was just impossible) and then bought a western car without selling the first one. Then the western car crashed and he repaired it quickly. Only with one salary you couldn't do it. With us he creates complete arbitrariness 'If I want I will pay you the payment for the small enterprise, if not no.' One guy was absent for three days in the month, then the shop chief cut off his wages for the small enterprise completely. And why? He didn't come to work just for three days, and he was just sick. Well, you can not pay him for the whole month, but pay him proportionally according to his days in. But he refuses to do it. Another guy from our team has decided to tell the truth. He considered that he was poorly paid for the small enterprise. Well, he went to the chief of shop, who was at the same time the director of the small enterprise. The worker asked why he received such a small payment? And chief answered him: 'Well, you are dissatisfied with this payment, all right, next month you and your team will get absolutely nothing' And he fulfilled his promise. You

can not find the truth. You can not find the truth whether we are definitely owed something, and how much we are owed.

May be some other brigades know how much they will receive. We absolutely don't know anything. We were told that only part of our work is registered through the small enterprise and that in order to increase our salary they (bosses) remove a part of the payment from the other brigade and add it to ours. But the shop chief puts it in the following way 'I'll pay whom I want to pay from the small enterprise. (Interview with a worker of the engine shop, January 1996)

According to rumours, the guys from one of the teams refused to receive payment for the small enterprise from the hands of the chief. They wrote a paper that they want that all this to be conducted through the bookkeeping department. All the chiefs were not happy with it. They came to the brigade and asked them to take back their application. Probably it shocked them. Certainly, now, they fill in all the documents themselves, and do what they want. And the whole practice would be stopped if it had to go officially through the accounts department. The pay sheets are now organised in a such way that you should not see who else is on the same sheet. It was done intentionally so that people could not see how much money the other person receives. When you come to get your payment for the small enterprise the shop chief is shouting: *'Quicker, quicker, don't scrutinise the sheet.'* Here is the comment of one of the workers:

They are afraid that we could find out their payment. And recently we did find the payment sheet with the salary of the foreman, maybe he lost this sheet. It was for July. And now it is December. So he got 2 million, and it was in July. And our payment in this month was around 1 million. And he is simply the foreman, and gets 50 % more then us. I think that the shop chief has around 5 or 6 millions from the small enterprise. (Interview with worker, plant Remet, 25. 11. 95)

This interview shows that the wages for the small enterprises do not correspond with Russian law, according to the law the plant had to pay the salary. But with the small enterprise it is not true. The shop chief created his own laws, and he tries to make all workers live according to these laws.

Approximately since the beginning of 1996 the largest part of earnings was organised through the system of small enterprises. It was obvious that the most money was concentrated within the hands of the shop chiefs, who had more possibilities for money manipulation.

At the same time, the part which passed through the bookkeeping department became smaller and smaller. The proportion of the salary passed through the small enterprise and the official channels we will illustrate with the salary of one of the workers in the mechanical assembly workshop. Through the bookkeeping department he received the following pay slip:

Payment sheet
January 1997, days - 20, number of hours 158.60
Mechanical assembly workshop,
Blacksmith department/ piece work
Worker's Number 123 Ivanov M.K.
gross income 1 200 000
Calculated:
piece work payment 1 200 000 20 days
Total 1 200 000
Deducted:
pension fund 12 000
trade union fund 12 000
taxation 132 541
<hr/>
Total : 156 541

Through the small enterprise the same person got 2 400 000 roubles. This means that the earnings which go through the small enterprise are at least twice as much as the official

salary. Also, as you can see, the taxation is deducted from the sum of 1 200 000. And the taxation for 2 400 000 depends on the will of the person. If he is a law-abiding person he will go to the taxation bureau and pay taxes. If he would like to hide it he will hide it. And then it is a task for the tax inspectorate to find the hidden income.

As we could see from the payment list, there is no sign of the way the wages are calculated, although they should be calculated in accordance with some standing order. At the same time, according to the worker, he had never seen any such standing order at all.

Everything is done by the foreman and shop chief. They just ask us to come and get payment for the small enterprise. Of course we depend on them, because we don't know the exact date, when the money for the small enterprise will be paid as well as the amount of money. (Extract from an interview, December, 1996.)

The fact that such a situation with the small enterprises is quite common in Russia is confirmed by an article in the very popular newsweek *Arguments and Facts*. The workers of the experimental machine-building factory in Gukovsky town (Moscow region) organised a picket with the following demands: 'to dismiss management', 'Give back our salary'. As a matter of fact the workers of this factory, as well as the designers, had not received their wages for a long time. At the same time the management in this period bought themselves cars: first one chief of shop, then another. Why does it occur? Here is a quotation from the article:

Within the plant there are several small enterprises, through which all profitable orders are organised, such as 'Ggel' (the plant was given a very profitable credit for the creation of the light engine plane 'Ggel'), light wires for metro etc.

And from here there is some additional money for the management of the factory and other chiefs, although the agreement about the order at the beginning was formed with the factory. And then the management renews the agreements with small enterprises, i.e. with itself, because it is precisely they who are the founders. Then they select the executors, who have the chance to get some additional money.

Though it is necessary to note that those people who directly make the great amount of work receive very little. Here an example from the same article:

I worked for a long time on the principle that however much I was given, that's good, says the designer Verestshagina. But once I could not bear it at all. For an independent report which I made myself I was paid 130 thousand roubles, and six chiefs, who hadn't even read the report, just signed it, received 160 thousand roubles. I expressed my anger and since that time I have not been given any work at all.

It is necessary to note that the work itself now becomes a value. And *'the distribution of work is now monitored more seriously than before'*.⁶⁶

Thus, we found out that the organisation of wages within the plant depends on the will and disposition of people in power. So if you want to have a good salary, you should find out the informal ways of 'pleasing your bosses', you should be nice to them, do not ask any kind of questions, and wait for the pittance from above.

⁶⁶ Korostikova, 1995, p.6.

One of the features of the majority of reorganised enterprises is the change in the differentiation in the level of earnings of the specialists and line managers (so-called people 'from the upper echelons of authority') from one side and the workers from the other. And if the distinctions in earnings of the working people and line managers in the first stages of privatisation were not so big, step by step this distinction reached the highest point. So, in the researched enterprise, the difference only in official wages is between ten and fifty times.

The general tendency is that, if the difference in payment of the workers and line managers is on average two to three times, the earnings of the highest levels of the organisation reach ten times the earnings of the workers.⁶⁷

The freedom of the general director has increased since 1993, when in the collective agreement it was stated that the salary of the General Director should be 5 times the average level of payment within the plant. Thus, the salary of the General Director was dependent on the salary of the ordinary worker. But it was still only on the surface. This statement legalised the official amount of salary for the General Director. But it doesn't include his salary for the founding of the small enterprises. Besides, it doesn't include the unlimited power of getting

⁶⁷ By the summer of 1994 the average wages per worker within the Russian plant has reached 300\$ per month, by the end of 1996 - 350\$. In comparison with the western salaries it could be regarded as small. But if we will consider this salary in the context of the general level in Moscow, then it is possible to say that these wages were in the top lists in Moscow. A higher salary was earned only by the Gazprom workers (the gas and oil industry). If we compare this salary with the average wages in the whole of Russia, then we should stress that is very high, because according to data of ITAR TASS (Russian information agency) the level of wages in Russia from November 1994 to March 1995 has fallen from \$87 down to 72\$.

other resources from the plant such as building materials and parts for the General Director's own purposes.

The power of the General Director also increased because in the changes to the Collective Agreement for 1994 it was stated that the salary of the Chief Engineer, Chief Bookkeeper and Vice - Director would be fixed by the General Director.

New tendencies in the sphere of payment of labour

One of the typical features of Russian production is the fact that as a rule the workers cannot understand how their wages are determined. Any researcher can confirm this from her own experience or by asking workers. It is obvious that the system of payment of labour should not be so complicated and it should be understandable by workers. In theory many authors have recognised that there should be an interdependence between productivity and earnings. However, in practice everything occurs in an absolutely different way. Even if the person is paid time-wages, there are many extra charges and deductions from payment. Moreover, in Russia very often the salary is paid not only for good work or productivity, but also for commitment to the chief, and more often for humility before him. And it should not be hidden that in our post-socialist reality the organisation of payment depends absolutely not on formal criteria, but on the informal relations with the bosses.

Thus, to summarise the main features of the modern conditions in the sphere of payment within our researched enterprise, we found the following features:

1. Deeper differentiation in the sphere of payment of labour between the workers and the upper levels - the line managers, the director and so on.

2. More hidden ways of calculating payment. Decrease of the level of information, i.e. the reduction of information about from what components their earnings consist of, how they are determined and how much they will receive in hand. The upper echelon more often remind one of local tsars.
3. More complete dependence on the activity of a particular person. 'I will do what I want' is the slogan of those who possess the power. At the same time, middle managers now have more freedom in the distribution of money and now more freely dispose of money resources.
4. The line managers (foreman, shop chief) have received greater freedom in the distribution of money in modern conditions. And the level of **frauds**⁶⁸ in the distribution of money has also increased.
5. The differentiation of earnings between simple workers and the upper bosses occurs with the help of additional means, such as barter, dacha⁶⁹ construction, trips abroad and so on. At the same time there is a differentiation in payment of 'core' workers, supported by line managers and peripheral workers.
6. In modern conditions the role of the money incentive plays an important role in the whole process of rewards, whereas in the past money was part of a set of

⁶⁸ By **frauds** in this case we consider the hidden way of money distribution, when the money, earned in fact by the workers and the other categories of employees within the workshop, is distributed only between the small group of people in whose hands there is real power.

⁶⁹ Dacha - (Russian) - countryside home.

incentives, including getting a state flat from the enterprise or getting a car, which was in deficit. Nowadays, money has substituted almost all other kinds of rewards. Moral stimulus has almost disappeared from the reward system within the enterprise. Besides, now people realise that with money they can buy everything. It is obvious that the shelves in the shops are now full with all kinds of goods. That is why getting access to resources has diminished in importance, and getting access to higher levels of payment has now become more important.

7. At the same time, the growing rate of unemployment has reduced various kinds of collisions between employees on the one side and administration on the other. If in 1992-1993 there were cases of strikes and open disputes, at the present moment practically all open conflicts have ceased. The majority of conflict situations simply do not leave the latent phase. The discontent with the monetary policy of the administration is mainly displayed at home or in the smoking area, far from those who are responsible for it. Because the level of mistrust among the workers has increased, the level of individualisation, where each basically stands for himself or herself, has become one of the characteristics of the present time, contrasted with the early stages of privatisation.

We have examined some of the strategies which managers used in order to manipulate the payment system for their own purposes. We also tried to show some of the workers' strategies against these manipulations. But it is clear that at the present moment the workers lose considerably, because all the power lies in the manager's hands. Nevertheless the data from our research shows that the power struggle still remains in the labour process. The managers

use any means (money manipulation, informal connections and so on), for improvement of their personal financial position. First of all they think only about profit. They could change their position and think about the workers only under particular pressure or circumstances. Only if they see a threat to their position, could they support the workers.

The workers have less knowledge of laws and regulations in comparison with managers. At the same time the informal system, which has penetrated all levels and systems of industrial organisation, made the whole process of communication between different groups within the enterprise very complicated. In reality one can get nothing if one struggles only according to written rules and regulations. The system itself imposes the necessity to understand the whole system of unwritten rules, which might be more helpful than the written ones.

Because the informal system plays such an important role in the whole system of organisation, the role of personal relations with the top managers is a key factor in improving payment. In new conditions only personal loyalty to the direct boss or to higher chiefs is the key factor in increasing payment. At the same time, such a high level of personal power and informal ways of regulating things brings a high level of uncertainty and unpredictability to the whole system of the enterprise.

The system can vary from one brigade to another. But in general it is used to support the core workers, as was described in an interview with the shop-chief of the carriage repair workshop:

The brigadier can choose the system. And when the brigadier and foreman receive money from the shop-chief, they can distribute the money in accordance with the coefficient of labour participation. But this now happens quite seldom. A much more common system is to distribute

pure money. For example, the brigadier knows the number of people within the brigade and he just divides the whole sum by the number of people. And then he begins to vary to whom he will add something, and from whom he will take something. But this distribution depends first of all on the level of skills and also on the labour efforts. How the workers worked: some workers could stay in the evening, or to work on Saturday - everything is taken into consideration. Of course, there is no 'such special love' between the brigadier and the particular worker. But he, certainly, is more loyal to some of the workers, first of all to the 'kadrovye' workers ('core' workers, who have worked on the enterprise for a long time). And he tries to support the 'nucleus' of the brigade. (Interview with shop-chief, plant Remet).

But the problem is that very often this distribution doesn't depend on the real labour efforts of the workers, but on their loyalty to the brigadier and to the foreman. And also the workers who have worked for a long time on the enterprise usually have a high level of skills and therefore some categories of young or new workers are put in a much more vulnerable position.

Industrial disputes

Engine shop: February-March 1996 – Small Case-Study

The place of the workshop in the whole system of production

The engine shop is situated in the Popugai area in the centre of Moscow. The number of workers in the shop is 65, including 25 women. There are three sections: sectioning section, anchor section, fitters section. The shop deals with the re-assembling and renovation of

engines for the metro carriages. The organisation of the labour process is the same as in the carriage repair workshop: Shop chief, foreman, brigadier, workers.

The conflict arose on the basis of dissatisfaction with the payment system. The latent phase continued for a long time. A lot of people were not satisfied with the position of the shop chief. He was a worker in the past, but since that time he has forgotten about working life. Even the other shop chiefs noticed his bad attitudes towards the workers. The most unpleasant thing for workers was the distribution of money for the so-called 'small enterprise'. Only the shop chief distributed the money and the way he did it was hidden from the rest. The distribution was completely secret, nobody knew anything. There were no rates known. And this uncertainty generated a lot of rumours and suspicion among the workers.

Some chiefs of other shops began to notice that the chief of the engine shop became very rude with the workers, and in conversations with the workers they asked: 'He is very hard to work with. Isn't he?'

On the 15th of February, Friday, the workers got their pay checks and were surprised. The payment was considerably less than usual for almost everybody. Even the 'core' workers could not understand why the payment had been cut. When several workers went to the shop chief to find out the reason, they were shocked by the rudeness of the shop chief, when he told them 'You've got too much for your work. I even paid you more than you deserved.' A lot of people were very angry with him afterwards. The people shouted. But among the workers were people who knew how to struggle with this. They said, 'We should write a letter to the General Director'.

One day was spent for preparation of the letter. There were other suggestions: to break the plan target. But they decided first to try the letter.

On the next day the situation was very calm. People worked according to the 'go slow principle'. If before they were waiting for the crane, now nobody wanted to work with it. Several days passed and on Wednesday, 27 February the declaration was written and signed.

Here is the letter:

To: the General Director of the share-holding company Remet

From: The carpenters of the motor shop

27 February, 1996

Declaration

On the carpenter's section of the Motor (Engine) shop an unhealthily tense situation has developed. With conscientious attitudes towards our work, we are dissatisfied with the attitude of the shop chief towards us.

In connection with this we appeal to you and ask you to resolve the following question:

1. Unobjective payment for our work:

- when one or more workers are absent we do not receive the additional payment for this person;
- payment for work on weekends is considerably lower than in the other workshops;
- the work which is not included in the technical process is not paid.

2. In connection with unobjective payment of our labour we insist that the wages for the whole of the work executed by us is passed through the factory, excluding the small enterprise level.

3. We also ask the administration to pay attention to the infringement of working conditions:

- Bad illumination of work places;
- Bad working ventilation;
- The resting room is not equipped for this purpose.

Numerous oral references of the workers to the shop chief have not brought any results, in this connection we ask you to consider the questions stated above within three days, to draw appropriate conclusions and to inform us of the results. In case of the absence of an answer to the questions in our submission we will use the right to address to higher instances.

Yours faithfully,

22 persons signed.

Because the shop chief usually had informants within the workshop, he knew about the letter the same day. Some foremen came to the workers in order to find out what was going on. There was a rumour that the shop-chief and the head of the small enterprise were revising the rates for the small enterprise.

On the next day the workers went to the General Director at 9 o'clock, but his secretary was absent so they decided to come back later. On the way back they faced a person from the planning-operating department, who asked them to try to resolve the conflict at the lower

level, without appeal to the General Director. The workers were unsure, but one of the leaders said that we can lose nothing if we will wait a little bit. If there will be no results, we can always register this declaration.

Thus, the workers decided to resolve the question by peaceful means, without official registration of their letter. One of the workers went to the head of the production-operating department and the head of the small enterprise. He explained all the demands. And left a copy of the declaration. This man said that they will try to resolve the conflict.

Now, the brigade was warned that there will be a meeting in the shop. But nobody knew when. The head of the production-operating department and the head of the small enterprise, when he tried to find out the piece-rates for carpenters, was shocked by the low level of the rates which he saw in the Department of Labour and Wages. According to these rates, the salary of the workers within this shop was very low. That is why the shop chief said that he is paying more than they deserved. But it is not a normal situation that the rates had not been revised since the 70s. And this dispute just revealed that nobody cared about the workers. But from the workers' point of view, the shop chief should care for the workers. But it was their dream.

My comments: If we compare the dispute in the Carriages Repair Workshop in 1993 with the present one we can see that the militancy of the workers has reduced. The reason for this is first of all the developing unemployment in Moscow: the workers are frightened to be behind the gates. But nevertheless we can't say that disputes in such have disappeared. The objective processes had led to a situation in which it was mainly the most industrious people who had been gathered together in the brigade where the conflict appeared. Without any doubt among

the objective reasons for the dispute was the worsening of the situation in several spheres: financial, labour conditions, attitudes from the side of the shop chief. The development of a new market situation was a catalyst of the conflict, because the workers now know that for money they can get a lot of things. But the dispute developed in one particular workshop. That is why the main role in the development of this dispute was played by a subjective reason: - the developing machinations of the shop chief, together with the experience of some of the workers in struggle against administration. It has happened that in this motorshop was one of the workers who had been on strike two years before in the bogie section, and from my point of view this played a decisive role in this conflict. We can see the development of the means of institutionalisation : if in the previous conflict there was a sheet of paper with the list of desired questions, in the present situation it was a declaration signed by the 22 people.

The news that the workers decided not to register the letter reached the shop chief very quickly. Before, he was really afraid of the workers' actions, but when he got the news he passed through the workshop proudly. And there was even a very significant event: usually the workers take some materials from the other brigade. And here one of the workers was carrying the heavy material, and met the shop chief. At this moment the shop chief said: 'Why are you carrying this material from such a long distance? There is a whole set of it here, close. Go and take it.' The workers were very surprised. They had never seen him be so nice to the workers. The workers decided that he was really frightened.

After this case in the workshop there was a rumour that there will be an industrial meeting to resolve all questions. They thought that it would be on the 29th of February, but in one of the fitter's brigades one of the 'core' (kadrovye) workers was absent.

The key issue was the workers' decision was to get rid of the payment of the small enterprise and to organise it through the bookkeeping department. The workers discussed this whole question, and reached an agreement that it is not profitable for them to get payment through the small enterprise: first of all if you are on sick pay, you can not get the payment for the small enterprise, while if it will be organised through the bookkeeping department, then they will get more. Besides, the small enterprise also does not take into consideration when there is calculation of money for the holidays. At the same time the system of small enterprises was very profitable for the shop chief, foreman and people in power, because it allowed them to get a lot of money. That is why the shop chief sent the foremen to talk with the workers informally, to press on them a little bit in order to change this decision.

On the 6th of March the foreman came to the workers in the evening and told them that it is necessary to decide just now, how you would like to get their money. He said 'The shop chief is waiting for your decision right now'. The workers were curious, why should we decide it so quickly? The workers didn't understand exactly why there is so much pressure, but decided, if the bosses are so concerned about this, then they don't want it, and are trying to confuse the workers. The usual opposition of the workers to the bosses forced the workers to decide that they don't want to get payment through the small enterprise. They told the foreman. The foreman immediately warned them: 'If that is your decision, you will lose a lot'.

At the same time, the shop chief began to negotiate with the 'core' worker in a fitters' brigade, a person who had worked on the plant for 36 years. He said that I don't have enough time to explain everything, but I should warn you that you will lose money, approximately 400 000 roubles (at that time it was equal to approximately \$80). Until this moment this

'core' worker was on the workers' side: he signed the statement to the General Director and supported all their demands. When the shop chief came he changed his position and said: 'I told the workers several times that we gonna lose, but they don't want to listen'. The workers understood that he wants to change his mind. Nevertheless all the people in the brigade confirmed their decision to get payment from the bookkeeping department.

On the 7th of March in the workshop rumours were flowing that all the workers will lose if they stand by their decision. The workers were very suspicious about it: if there is so much pressure, then the bosses don't want to lose a piece of the pie. Some of the workers were saying: 'Even if I lose something, OK. It is better anyway, because I don't want to beg the shop chief all the time. We have our own pride. Not everything is built on money'. At the same time three people from the management even stopped to say 'Hello' to the workers who were at the centre of this dispute. At the same time, an order for the improvement of labour discipline came from management - the foremen passed through the workshop and tried to find out who was drunk. When nobody was found, they looked in the resting room and found empty bottles of vodka. It was a usual tactic of management - to look for vulnerable points among the most militant workers.

On the 12th of March one of the workers in the fitters' brigade decided that it is better not to loose 400 000 roubles. So he ran to the shop chief and told him that he wants his money put through the small enterprise. The workers from all brigades got the information about him and there was a spontaneous meeting, where they tried to explain the situation to him. He was in doubt, and after conversation with the workers again changed his mind and decided to put his money through the plant's bookkeeping department. Then he asked the foreman and the

workers about the industrial meeting in order to clarify situation. The meeting was organised in the office of the shop chief. The agenda was the following:

Meeting devoted to the demands of the workers concerning the small enterprise.

March 1996

Participants: The motorshop workers, foreman and the shop chief.

Voices: Let's begin.

Before the discussion began the workers were given a sheet of paper on which was written:

Payment in the past	Payment through the small enterprise	Payment through the bookkeeping department

The foreman said: Time is running out, so this is the essence: You've got the table, where there are two columns, in the first column there is your wages together with a small enterprise, if you are getting your salary in the small enterprise. The second... (he didn't explain). You should sign whether you agree with it or not. And how we decide, that is how it will be. You should sign the document, do you understand?

My comment : he was talking very quickly, so as to confuse people. Besides, the sheet of paper was constructed in a such way that there were three different kinds of payment, but the foreman asked for only one signature. In my opinion, any person, who signed this document,

even if he agreed with the first column, could be considered as supporting payment through the small enterprise. Because in the past the bosses worked out the whole process of cheating the workers, so they wanted to cheat them also this time again.

The workers felt that there was some trap, but they could not understand the essence of it. Then one of the worker raised a question:

- No, I didn't understand, how can I sign it, if I don't know how much money I earn? You calculated it, but didn't inform us about the method by which our earnings are calculated, on what basis? How can I agree with this? I can write only that I have been informed about this, but I can not agree or disagree.

Another of the workers:

'Well. Here we can see this sum and this sum, but where is the 30 % increase of wages?

My comment: The question was quite direct. The history of this question is that because of the level of inflation wages are usually increased every six months. The meeting was held at the moment when the workers were waiting the addition to their payment.

The foreman was really angry with the worker who raised the question, he began to shout:

'Do you understand? With those who violate discipline, and I am talking about it very seriously, the sanctions will be very hard, independently of the position of the person, whether it be a brigadier or a worker. Understand me? Have you read the statement near the canteen? I can remind you. And you shouldn't ask me 'why do I get less money'. I will punish you, and I will draw up special papers (on violation, drunkenness etc.) then you won't need to ask me why so small payment. You will go to the personnel department and see the documents. Then

you won't tell us to fuck off, that's a lie, and there will be nothing. For this I will punish everybody, I won't be so kind to you. I promise.'

My comment The foreman didn't even take the trouble to explain anything to the workers. His tactic was to frighten the workers. It was obvious that all the leaders of the shop were interested in putting money through the small enterprise - first of all because it is far from the official channels and opened the possibility for machinations, because there was less control. If the money was put through the bookkeeping department, the middle managers then will loss control of it. And they didn't like it. For some period of time they had used this channel for their personal enrichment, and they didn't want to stop it.

I am asking you again I gave everybody this sheet of paper during lunch and now we should sign it: agree or disagree with it.

If you decide to refuse to get money from the plant, then the payment for the small enterprise will be through the bookkeeping department. This is the main conflict.

The first question is the payment - through the small enterprise or separately?

Let's vote.

Who would like to get money through the plant?

Twelve.

Who would like to get it through small enterprise.

Three.

Who can explain this decision to me?

Silence.

Comments: In this round the bosses lost. The workers won. Later they talked among themselves: even if we get less money, we don't need to beg them all the time. And bow.

The latest phase of the dispute:

After this meeting the foreman and the shop chief understood that they had lost. That is why they decided to organise heavy pressure first of all on the 'core' workers. They spoke with them several times, argued their view and tried to divide the opposition and make it weaker. In fact, when the next payments were due, they bought the 'core' workers, paying them even more than 400 000 roubles, and deducted from the most militant workers about 1 000 000. When the rest of the workers saw the results, all their militancy disappeared, because the shop chief had found the most vulnerable point among the workers. One of the main organisers of the conflict gave up further struggle. The second leader, when he saw the results, went to the personnel department and asked to transfer to another workshop. Because he has some powerful relative, he was transferred quickly. The rest of the people were humiliated.

After this dispute finished, the shop chief realised that he has unlimited power in the shop, and now his manipulations with the small enterprise have even increased, but the workers keep silence.

Some thoughts about the conflict

1. This conflict showed that the bosses divide their workforce into 'core' and 'peripheral' workers and they use this division for their control. When the dispute arose, the shop chief

first of all tried to find support from the core workers. And then with the help of the division among the workers he stopped the conflict and victory was on his side.

2. In spite of the three years that had passed since the previous conflict, the list of questions touched during this dispute was almost the same: the problems with payment, disparity between technical process and evaluation of the worker's job. It means that during the last three years nothing has changed in the attitudes of administration towards the workers. In the plant during this two or three years there was no revision of the rates and technical process. The analysis of several conflicts showed that the same disputes about payment were repeated in the different shops and different sections.
3. Another feature of this conflict was that it proved that the opposition between 'us' and 'them' still exists. And at the present moment this opposition has appeared in a sharper way, because the gap between the amount of money received by the administration and the workers became much wider.
4. The conflict that arose in these two workshops revealed the real place of the shop chief in the plant. Shop chiefs (as well as foremen) express not the workers' interests, but those of the administration. Thus, they conduct the function of capital, that is why they inevitably belong to the class of bourgeois, even if they are not real owners of the enterprise.

Changing informal relations in production in modern conditions

Industrial activity

In many industrial enterprises there is a rule not to hurry up with meeting the target in order to prevent the revision of norms. Our enterprise was not excluded from the list of such enterprises. Within production this unwritten rule was common for the whole period of the existence of the USSR and is still preserved. The workers now try to fulfil the plan by no more than 104–105 %. Otherwise they could face an increase in the norms. As a rule, such a practice is supported by the foreman, because at the end of the day he is responsible for plan fulfilment and if the plan will be too high, it will be difficult for him to organise its fulfilment.

As before, there is a difference between the real fulfilment of the plan in production and its official documentation. With the appearance of the small enterprises the whole process of turnover of documents on the level of the workshop became much more complicated. The work fulfilled by the workshops is now divided into two parts: one for the plant, and one for the small enterprise. But this division exists only on paper. In reality the workers do the same work as before, and they don't know which part will be passed according to the documents through the small enterprises, and which part will be organised through the plant.

Cutting corners. The problems of quality

The problems of quality improvement were raised by the General Director constantly. He stressed that in the situation of competition with other plants, the quality of work will play a

decisive role in the quantity of new orders in the future. But the main problems within the plant were that the problems of the highest quality could not be improved overnight. It is necessary that the whole collective from the top to the bottom should be concerned about quality. At the moment such a shift in people's consciousness hasn't happened yet. In 1995 there were seven hundred calls to the depots about defects in repair. The plant had to pay damages in 122 cases, and there were six cases of stopping of the carriages on the metro lines, caused by poor-quality repair. It means that the violations of rules in the production process still exist. Here is one example:

We repair the engines. But they are very old. There are definite norms for each operation. But because the engines are very old it takes a lot of time to adjust them. The people from the department of technical control are checking our work. If I am busy with the part of the engine for too long, she tells me: 'Well, finish it. Enough'. I know what I should do, and that I've done everything I could, but the indicator didn't improve. I don't know why. And then she takes a decision: 'Okay, leave it like this.' She will accept it as a repaired unit. I know that it is against the rules, but may be this engine's impossible to regulate at all. This is a very small imperfection, but it could influence the whole work of the engine - it could work, it could stop. Who knows. Diary of a worker, engine department: May, 1995.

Employment policy and informal relations

The whole process of employment became fully based on the system of informal relations and *blat*. Since the plant was privatised and the situation with unemployment in Moscow became very sharp, even if there are some vacancies for specialists the plant does not employ people 'from the street'. The personnel department employs only the relatives and the friends of the

people who work in the plant. The person who works in the plant should give a recommendation for the new person to be employed, stating that he/she possesses the required qualities. And in case this person will cause some troubles, the person who recommended this person also could have troubles. Because everyone now values their job, they try to recommend only people with good qualities, and not jeopardise their own positions.

Drunkenness

The situation with drunkenness has changed considerably since 1993. Step by step it became much better. The real situation in the labour market, and also the changes in the position of the enterprise, improved the situation with drunkenness. The workers began to value their jobs and to be afraid of losing it. Now you can't see drunk people lying on the shop floor. The heavy drinkers have been sacked from the enterprise. Even very gifted people were sacked. One of them was the head of the computing department - very clever, but a drunkard. So the attitudes towards the drinkers was very strict. But it does not mean that the workers do not drink at all at the work place. Let's see the following quotation:

If the workers drink at work they drink very carefully so that nobody notices. A lot of people were fired for drunkenness, so we are afraid of losing our jobs. People who worked in the enterprise for a long time can violate the rule and be drunk. Then they can regulate this problem with the foreman or the shop chief, and resolve this problem. But if you have nobody to stand for you at the top, you've got to be careful. From an interview with a worker, April 1996.

Stealing from the enterprise

Since 1994 a security system was organised in the plant. Approximately 150 people were employed in order to secure the plant's property from internal and external thieves. Nevertheless the situation is still the same. Stealing is one of the main problems in the plant. How is it happening? First of all the security guards might check the bag, but they usually check only the big one. Thus, the majority of small things are stolen with the help of the bags. The second way is to bribe the security system – they live in a country where people in power use their position all the time. So, people try to find out which person from security is not honest and to steal something. The guards in the security called by the workers fly-fighters, because they do nothing on the plant apart from watching. It is possible also to bargain the problem of stealing with security, but only on a personal level with a particular guard. If you know a person from security, you can organise stealing. The third possibility is to organise stealing through the loaders. The loaders carry the rubbish out through the gate. (One of the workers in the plant needed steel plates for his sauna at home. So he bargained with the loaders, and they put 5 steel plates 1 m x 0,5 in the box, then put it on the car and went out through the gates.) The fourth possibility is to negotiate this matter informally with the direct boss. The system in the plant is organised in such a way that the bosses are not checked by security at all. There is one explanation: the jobs of the security guys depend on the bosses' decision. That is why if somebody from security became very suspicious about upper managers, they, in turn, could fire them immediately. The bosses in the plant have the right to put their cars in the car park within the plant. (All the workers leave their cars behind the

plant's gate). So if there is an agreement with the boss, he could take out some materials from the plant by car.

Within the plant there is a system of selling materials to the employees at prime cost. But people choose this way only if they need a great amount of material. For example, to take the linoleum for the house, if they need 10 - 15 meters. You can't carry it through the gate in their bag.

At the same time, the amount of stealing among the workers could not be even compared with the amount of stealing among the bosses. They steal not with bags but with cars and lorries. They steal material, steal the workers' time, when they ask the workers to do something for their houses. Some of the bosses invite the workers to their country houses to repair something or in order to build something. In this case they might pay the workers a little money, but mainly they work for their salary.

The workers feel that the bosses take out much more than they could do. Here is one example:

For one of the vice-directors sheets of a special high quality material were treated in galvanic baths. As a result all these baths were spoiled completely. The plant needed one tonne of special chemical means in order to renew the baths after the procedure for the vice-director's country home. The renovation of the baths was done at the expense of the plant. The head of production made a special statement, where these expenses were regarded as overheads.

Labour discipline

Labour discipline was one of the most difficult problems in the past in Soviet enterprises. The real situation in the observed enterprise showed that step by step the situation with the labour discipline has improved. Now the situation with labour discipline has become more strict. Several times per year within the plant there is a special checking of the time the employees arrive at work and leave work. Because people are afraid of being sacked, late arrival has almost disappeared from the enterprise. At the same time, we can stress that there was also a shift towards more formal relations or formalisation of labour discipline, nevertheless, there are some areas, where the questions regarding labour discipline are still regulated informally. One of the examples - the absence of the employee from the work place for one day. According to the formal rules, the person who wants to take a day off should write an appeal, which should be signed by the foreman and the shop chief. Then, this note should be transformed to the bookkeeping department. In reality everything is organised within the workshop informally. In some workshops there is an agreement with the line managers that the workers could have a day off without official registration and even they that don't need to do any additional work to make up for this day. In other workshops the workers could have the day off without official registration but they should work this day back on Saturday. In any case, it is organised through informal negotiations of this matter with the immediate boss: foreman, and in case of the absence of the foreman, with the shop chief.

The termination of work and the time of leaving the enterprise are also based on an informal agreement with the direct boss. Even if there is a definite time for each section for leaving the

work, nevertheless in many sections the workers leave work earlier. Here is the evidence of one of the workers:

Officially we should finish our work at 4:15 p.m. But usually at half past three we go to wash our hands and go to the shower. But before we always wait for the words of our brigadier. If there is a strengthening of labour discipline within the plant at a certain moment, he might tell us to finish later. And usually we depend on his decision. If he is in a hurry, we could finish earlier. If he is not in a hurry, we should wait for him.

Most recent events

At the beginning of March 1997 I received the following information from the plant: all the employees who were employed by the small enterprises were given sheets of paper, where there was a list of their wages in the whole plant and in the small enterprise. All the employees were strictly recommended to go to the taxation bodies before 1st of April to pay taxes. They were told that all the documents with all the names had been sent to the employees' taxation centres. This was the official information.

The unofficial version, confirmed by some senior managers, was rather different. In Kukino area several workers were dissatisfied with the whole situation with the small enterprises and they appealed to the Court. After their appeal the competent organs immediately found a lot of violations of the laws, one of which is that the work in the small enterprises should be done after working hours, but in reality it is fulfilled within the working hours. As a result, the leaders in the plant, including the first vice director, issued an order to disband the whole system of small enterprises within the plant. All the documents were suddenly destroyed

(according to rumours), and the workers received their payment for March through the plant, without small enterprises. The workers guessed that the founders of the small enterprises had been caught by the taxation bodies, or by somebody else, and they quickly destroyed everything. So now one of the most informal channels of getting money was broken.

All the employees employed by the small enterprises were strictly recommended to go to the taxation bodies, and actually it is very interesting, why the workers should go themselves to the taxation bodies, if there is a bookkeeping department in the plant and there is a bookkeeper in the small enterprises, and these bookkeeping departments had taken out all the taxes from the wages automatically according to the law? Why had the taxation not been taken out by the bookkeeping department?

The explanation was as follows:

1. The taxation was taken out from the part of the payment put through the plant.
2. The taxation was taken out from the part of the payment put through the small enterprise.
3. The taxation in these two enterprises for joint payment were not taken out, and this joint sum considerably exceeded the taxation taken out. So now people themselves should go and pay these taxes for the whole amount of money received from both sides in the plant in 1996.

I guess that before, the small enterprises escaped from thorough checking out, and evading taxes was one of the key points of their profitability. This year they were caught out. The workers' view is that the administration of the small enterprises had to pay a certain sum in

finances, and they decided that the workers would cover this sum, if they paid these taxes. So it is clear that the big money-pie for upper management has disappeared. But the management is now trying to revise the existing regulations in order to recover the small enterprises in the nearest future.

Conclusion

Despite the persistence of many traditional structures and practices, of conflict, confusion and corruption, the Moscow plant has been very successful, increasing employment and paying high wages. What was the cause of such success? Was this a result of structural reorganisation and privatisation? From our point of view there was an interdependence of objective and subjective factors which led the enterprise to success.

I discussed the reasons for the success of the plant with several people from the enterprise: the head of the Planning-economical Department, vice head of the Labour and Wages Department, vice head of the Planning-operational Department. They all had the same view: that the success of the enterprise was due first of all to the talent of the General Director. The specialists confirmed that he is a very intelligent person, with very far-seeing views on the future development of the plant. With the appearance of market relations, he was embedded into the new conditions very quickly. His wide scope, the number of issues he controls, and his policy have led to the current situation. In almost every interview with the experts about the causes of the plant's success the name of the General Director was mentioned. His progressive views, his ability to anticipate new situations, his constant aspirations to improve the plant's future. The economist said:

The plant in the past was one for the whole USSR, but I remember that six or seven directors were changed, and the situation of the plant got worse and worse. Only with the arrival of the new General Director was the situation stabilised. So I believe that it was his influence. He found the new orientation fairly quickly and used the new circumstances for the better development of the plant. (Interview with the head of the Planning-economic Department, April 1997)

And this is the view of the vice-head of the Department of Labour and Wages:

I think that mainly the success of the enterprise is based on the personality of the General Director. It was he who transformed the situation from very bad to very good. Besides, he selected a team of specialists, who were interested in success.'(The view of the vice-head of the Department of Labour and Wages, April, 1997).

Another factor which they enumerated was the policy towards independence from the metro authorities and, as a consequence of leasehold, the distribution of the plant's profit according to plant's own considerations. As they mentioned, in the past the profit of the enterprise had to be shared according to special normatives, constructed by the Ministry of Transportation, and approved by the metro authorities. There were certain normatives for fund of social development, fund of material support and so on. In the new circumstances the plant had the possibility to spend its profit according its own needs. Thus, in the situation when the metro authorities stopped providing the plant with state flats for its employees, the plant itself began to buy apartments for the employees, at an average rate of five to seven per year from its profits.

The development of production has now become the plant's own concern. If before the metro authorities could dictate the ways of spending profit: sometimes a decision was made to

cutting off expenditure for new equipment, or even cancelling orders for the new equipment, the plant in the new situation had become more independent in this sphere. Within the plant a system now was constructed in which the most necessary equipment was bought immediately. Moreover, the plant began to buy equipment not only for production purposes, but also for scrap utilisation. Thus, in 1996 special equipment was bought for converting copper scrap into pure copper and so on. In modern conditions, all the expenses of the plant were organised for its own profit. Thus, some of the expenses of the metro authorities were cut down and they could use the released resources for other purposes. Besides, for the metro it was profitable that the plant's production output has increased considerably since the transition to the leasehold. The metro needed more carriages repaired, and the plant provided the required number of carriages. So, without any additional efforts from the metro authorities they have a very profitable enterprise, which provided them with good quality repaired carriages.

The third factor, which was named by the experts from the enterprise as a cause of success, was *the reorganisation of the payment policy*. They were really misled that with the transition to leasehold the whole system of payment in the plant was reorganised, and that, despite some manipulations with wages, the payment policy was organised in such a way that the value of the labour of workers has increased considerably. The view of the experts was that the wages in the plant considerably differ from wages in the whole industry. In this situation the worker in the plant values his/her work and the amount of money obtained. Their main conclusion was that there has appeared a *possibility to get more payment for those who work harder*. According to their views, the payment by results, which had been implemented since the plant worked on lease, gave the possibility to increase the level of payment in accordance with the

amount of work done. I argue in my paper that this is absolute nonsense, and as we proved in our study, a lot of interviews with workers have proved the absolutely opposite situation.

The next factor discussed by the experts from the enterprise as a cause of the plant's success was *the high intensity of labour*. They believed that the level of intensification became in some parts of the plant even higher than in similar production abroad. In their eyes it was a great achievement of the General Director. His intention to investigate the intensity of labour at similar plants all over the world had brought a fruitful result. He travelled a lot himself, saw a lot of factories, depots, plants of the same kinds in different countries. Moreover, he organised trips of key specialists from the plant to visit similar plants abroad. One of the specialists remembered one case from her own trip abroad:

I don't remember where I've been in France, or in Germany on a similar plant, but we were there with the Vice-director on Production and the head of the Planning-operational Department. And when we passed the engine section, he raised a question how many items they repair per month. The production manager said two. Our Russian colleague tried to define more precisely: 'Two units per day?' The manager from the western plant said: 'No, two units per month'. It was a real surprise for the Russian side. The Russian manager said: 'then you should learn from us, not we from you'.

One more factor named was *the plant's policy towards suppliers and the marketing policy*. In the past the plant was supplied through the system of the MTS (material-technical supply) of the metro. With the transition to leasehold the plant began to form a new list of suppliers. The first two years was really difficult, because there were no connections with the new suppliers. After two years the plant had formed a whole network of new suppliers. The suppliers were

selected on the basis of their stable deliveries, good quality and low costs. Sometimes the plant had to stop connections with the closest suppliers, as for example with the bearings provided by the GPZ plant in Moscow, and to organise connections with other suppliers in other cities. The Moscow GPZ plant could not provide stable deliveries, and the Saratov plant was interested in long established communication with a stable Moscow plant. Over a period of three years, after the organising of the Department of External Co-operation, the plant formed a list of competitive suppliers. Now, in the situation when one supplier dictates their conditions, the plant has the possibility to choose between different suppliers.

Another basis for success was the plant's marketing policy. In the opinion of the specialists from the plant, the General Director was a market-oriented person. He was searching for new orders not only in Russia, but all over the world. Since 1990 there have been different kinds of orders from abroad: there was an order from Hungary for making wheel sets, there was an order from Iraq for producing wheel sets. At the end of 1996 the plant has opened a new branch in Tbilisi. The branch was organised on the basis of the profit of the plant. The idea was the invasion of the Caucasus market. The Caucasus branch will produce wheel sets and engines for the Caucasus.

Although we discussed the cause of success with experts within the enterprise, and their view of the main reasons for success were interesting, these estimates should be treated with caution. From our point of view, being inside the enterprise, where everybody is trying to prove their loyalty to the General Director and the nearest members of his team, deprived them from an adequate vision of what's happening in reality. But at the same time, since we have no access to the policy-making between the enterprise and different external bodies, we

can only guess what processes were taking place in reality. Thus, below we will try to express our vision of the situation.

We consider that first of all it is necessary to understand the character of the relations with the external organisation which gives orders to the plant.

To begin with, we should scrutinise the results of structural reorganisation. Before, the plant was a structural unit of the metro authorities, they could easily press on the enterprise managers to lower the prices of the carriages. Thus, there was a direct dependence of the plant on the metro officials. The movement towards leasehold gave the opportunity for the plant to form its own price policy. The price for the repair of the carriages was reorganised. First of all, the cost of labour became higher. The cost of the carriages became much higher as well. Thus, in this sphere the plant has got its independence. But at the same time this fact does not explain the situation, moreover, it is open to a number of different interpretations. First of all, there is a carriage-building factory at Mytishy in Moscow region, which produces new carriages for the metro. The question arises here: why is the production of the Remet plant preferable for the metro authorities? If the price of repaired carriages became much higher, why do the metro authorities not buy new carriages from the Mytishy factory and prefer to repair the old ones? One of the explanations could be the cost of the new carriages: it is twice as expensive to buy a new carriage than, for example, to organise the full repair of an old one. However, the impression that repair is cheap is very misleading. Despite scarce financial resources, the metro still has the possibility to pay for 50–52 repaired carriages per month. Why is it happening? Several people within the enterprise gave me the following explanation: *the metro authorities cannot buy new carriages from the Mytishy carriage-building factory*

because they would have buy them from their profits, which do not exist. The metro is still fully subsidised by the City Government. The metro pays the bills of the plant Remet from the utilisation category. So, the expenses for the new carriages and for the repaired ones are separated in different spheres in the metro. Because the cost of the repaired carriage was much less than the cost of the new carriage, the Moscow metro had the possibility to pay for it.

We may be more inclined to believe in this explanation, but it is not obvious. The metro authorities could change the category of their expenses on paper and buy the new carriages not from the profit, as they are doing now, but from utilisation category. Or they could move papers in a different direction and organise payment for the Remet plant through the profit category. In this case the plant could have problems with payment. But the situation is constructed in a such way that the plant is having orders, receiving payments in time and so on. Thus, we should make a conclusion that there is a sense in such a situation. This situation is favourable for both sides. We know also that payment to the Mytishy plant for the new carriages bought by the metro has always been delayed, but the Remet plant is almost always paid in time. This is a situation, which needs further examination.

Another example of the disposition of orders is the order for repair of the engines. The metro authorities wanted to give an order for engine repair to the Dynamo plant in Moscow, instead of the Remet plant, but they changed their mind. What circumstances forced them to change their mind? One could guess that it was the quality of repair at the Remet plant and the cost of the repair, but I would guess that it was because of 'better organised communications' between the General Management of the Remet plant and the metro. The quality of repair in

the Remet plant may be higher than in the other plant, but it is not considerably higher, because it is a question of technology and the technology at both plants is the same.

At the same time the real problem for the researcher is that we don't know where to get this information from. Nevertheless, the best guess on the basis of a lot of interviews with top management of the enterprise and with other informants is that there is undoubtedly a hidden agenda in the relations between the enterprise and the metro authorities. There are hidden informal connections of the enterprise with those who are responsible for the orders. That is why I think that the main cause of the good connections between the plant and the metro authorities is their personal relations. The results of other investigations, examination of literature, information in mass-media support my point of view: in a period of deep economic crises the role of mafia-bureaucratical informal relations has increased. We don't think that in this case these relations have the character of mafia connections. We only stress that subjective factors, mainly the personal informal relations between the people in charge from both sides, play a decisive role in the plant's success. I am sure that the management of the plant uses both formal and informal relations with the authorities in order to construct favourable conditions for the plant.

It does not mean that the other factors, as for example economic factors, do not play any role in getting orders, but I suppose that the economic factor plays secondary role. The role of the subjective factors was stressed by the General Director himself in an informal conversation with a foreign researcher. When the General Director was asked how the price of orders from the metro was set, which is the most important determinant of the prosperity of the plant, the General Director replied: *'bureaucrats are the same all over the world, but ours are cheaper'*.

Thus, even if there is no hard data to support our point of view that informal relations play a decisive role in getting orders for the plant, there are indirect features, which give us considerable grounds for believing that they exist in reality. An interview with workers also revealed some interesting information:

The enterprise succeed not just because the General Director is a genius, but because he knows where and how to creep under a certain person. He just chose the right time and the right place, and he won. The enterprise was not profitable before and became profitable now just because the people occupying the top positions within the enterprise have very good connections with people at the 'very top'.(Interview with a worker, plant Remet, May 1997)

Thus, the workers' view supported our idea that the enterprise is profitable because the General Director knows how to approach powerful people.

As regards the other factors which were enumerated above by the experts from the plant, they also need further examination, especially the principle '*to get more payment for those who work harder*'. This is a very questionable confirmation. Because all the data from our own research shows absolutely the opposite results: it does not matter how much you work on the enterprise, you will get payment according to the chief's vision. All the interviews with the employees support this idea.

The thesis about *the intensification of labour* also requires closer consideration. First of all it is very difficult to compare the intensity of labour on different plants in different countries. The main cause for this is very different approaches: if in western countries the work process is organised as an exchange of components, the Russian plant does repair itself. It makes the comparison very complicated. The intensity of labour might have increased, but the cause of

this was not the financial rewards for more intensive work. The key factor here was the growing level of unemployment which has led to the situation, in which people were pressed to work harder in order to preserve their jobs.

At the same time the lack of competitive enterprises of the same kind reinforced the plant's *monopoly* and the new laws about the possibility of organisation of *small enterprises* helped to reduce the level of taxation and to increase payment within the plant for a while, in comparison with other plants in Moscow.

Thus, to summarise the reasons for success, we could name the following reasons:

Objective

1. More freedom in policy making, independence from the metro authorities, so I consider that it was partly a success of privatisation.
2. The laws about the possibility of organisation of small enterprises.
3. The growing level of unemployment, which made people work harder in order to preserve their jobs.
4. One of the main reasons is that the plant represents a pure kind of monopoly. There were no competitors in the former USSR, and now situation has not changed. There are some projects of Moscow metro authorities to build new plants, but these are still only on paper.

Subjective

1. The personality of the General Director.

2. Some specialists in the management team.
3. Good relations with the upper bosses in the metro authorities.

However, even if we tried to summarise the reasons for the success of the enterprise, nevertheless the real picture of its success is still unknown. I would say that the success of the enterprise is a real *mystery* not only for me as a researcher, but also for most of the employees. Some of them do not believe that the flourishing situation will last for a long time. In one of the interview the following view was expressed:

I really don't know, whether to buy all the shares I could buy, or leave them. I am not sure that it will last too long. And then I will throw money away, and the plant will have collapsed. And what then? I don't know (interview with the vice-head of the planning-operational dept).

Thus, the real future of the enterprise is questionable as well, because it developed not only on the basis of economic activity, but there is a great deal of personal influence in the process of development. All that we can do is to observe the further changes. We'll see.

We have considered the whole process of restructuring of one enterprise. The period observed was from 1992 up to the beginning of 1997. As we have seen, there were a lot of changes in the formal structure of the enterprise, system of payment and so on. As V. Kabalina pointed out

the enterprise was in the old Soviet system, and is in the transitional period, the basis of the whole society. The collapse of the old system of control of the economy influenced the changes in the external relations of the enterprise and its organisational structure. But all these changes touched

only the formal system of the enterprise, at the same time the informal relations, which appeared in the distribution, but based in production, have been less subjected to these changes.⁷⁰

The informal relations in some areas stopped, in other areas, with the appearance of new economic conditions, they have flourished considerably. The main conclusion which we should make on the basis of our research is that informal relations are a reality of the enterprise on the basis of which the production process is organised. In these circumstances the understanding of these processes is very important for all categories of people who work with the enterprise or within the enterprise. And the understanding of the real informal mechanisms existing in the enterprise will lead to their utilisation in support of its future development.

⁷⁰ Kabalina, 1997, p. 25.

Chapter Six. Conclusion

Analysis of the processes within two plants

Comparison is a natural way of thinking. There is nothing more natural than to consider nations, ideas, social institutions, to compare them with other nations, ideas, institutions. We obtain knowledge through comparison. (Dogan and Pelassy, 1994, p. 11.)

Below we would like to analyse the main similarities and differences within both plants before and after privatisation.

Before privatisation

First of all I would like to stress that at first sight I was really surprised to what extent the two plants were similar. At the very beginning I was lucky that for the purpose of my research two plants were selected whose production processes were very similar. The activity of both plants was concerned with the repair of different kinds of rolling stock. The only difference between them in this sense was that the Russian plant repaired only rolling stock for the metro, and the British plant was responsible for the repair of almost every kind of vehicle running on British Railways, including different kinds of locomotives and diesel multiple units as well as carriages for the London metro. Both plants had all the facilities for the whole overhaul of the vehicles as well as for quick maintenance repair. Both plants had similar stages of repair, caused by similar organisation of the production process.

The similarity was not only in the kinds of trains repaired at both plants (the new passenger trains at both plants were quite sophisticated with a lot of electrical fittings, automatic control and so on) but also in similar types of technology used for repair. At the same time despite the new types of trains, both plants (Vagrem and Remet) were operated with technological equipment which was mainly out of date. Most of the equipment at the Russian plant was build in the 70s. The equipment at the British plant was the same, and some of the testing equipment was even older.

Organisation of production

When I began my study both plants were state enterprises, and that is why I think there were so many similarities. According to our own observation and data obtained, the labour process at the Soviet plant had many common features with the labour process observed under the capitalist system in Britain. As Don Filtzer pointed out 'many of the forms of work organisation and defensive practices developed by Soviet workers on the shop floor are also found in capitalist factories, although not as universally and systematically as they occur in the USSR'⁷¹. I would argue that some features which we could see within the Russian labour process we have seen at the British plant as well, and these features was implemented systematically and universally all around the factory.

First of all the main similarity, which I found very interesting for the purpose of my research, was *the organisation of the production process*. As we can see above, at both plants

⁷¹ Filtzer, 1986, p. 209.

hierarchical system of organisation of production was constructed. If at the Russian plant there were 5 levels of control from the top to the bottom, at the British plant there were up to 8 levels of control above the workers. The workers in the English plant were organised in gangs, combined on the trade principle. The workers in the Russian plant were organised in brigades on the same principle. The gangs were very similar to brigades: usually they included from 10 to 15 people. The vertical system of organisation of production within both plants was supplemented by a very complicated horizontal system of different departments, responsible for different types of work. So, the system of production organisation was very similar. At the same time, the similar organisation of production, despite cultural differences in different societal systems, revealed the same weaknesses. Too many managerial levels influenced the increased level of uncertainty at the point of production. Workers tended to bypass the centralised rules and laws, or in other words the workers developed their own informal ways of overcoming the bureaucratic obstacles.

Organisation of the labour process

Control of labour and organisation of production

One of the key questions from the point of view of the organisation of production was the *control of labour*. The nature of the capitalist as well as socialist labour processes has been the subject of intensive debates over the years. The publication of the book written by Harry Braverman opened another round of discussion about the substantial features of capitalist labour process. Braverman's main thesis was that under capitalism there is a separation of conception and execution. He compared the skilled manual craft worker at the beginning of

the nineteenth century with the worker of the middle of the twentieth century, and made the conclusion that in the twentieth century the managers have removed all the decision-making from the workers and that the worker under the capitalist labour process is only the executor of managerial decisions. The main feature of the capitalist labour process was that with the help of scientific management, developed by Frederic Taylor, the labour process will be divided into lots of different pieces, and therefore the control over the labour process, which a craftsmen had, was broken down and as a result there was a de-skilling of workers. It is too complex to reveal the whole set of questions connected to Braverman's findings here. What we would like to stress here is that several aspects of this debate are directly important to the issues which we investigated within the researched enterprises. First of all, our point of view is that production at both plants was organised according to Taylorist principles. But by no means was there a separation of conception and execution.

The organisation of production at the English plant was organised through the hierarchical system of commands from the top to the bottom: the production manager made a priority of tasks for a certain period, the shift managers considered the workload for the shift, different supervisors divided the tasks for the foremen, who transferred the further detailed tasks to the chargehand and at the end the chargehand distributed the amount of work for the gang. Thus, the system of control was based on a formal subordination of the lower position to the upper position. The organisation of work within the plant was constructed in a such way that there was a high level of fragmentation and differentiation of tasks.

The organisation of the production process within the Russian plant was similar: according to the workload for a certain period the shop chief defined the prior tasks to fulfil to the

foremen, they divided particular tasks between different brigades according to their specialisations, and the brigadier within each brigade explained the main tasks for the period.

So, there was a similarity in organisation of production, and nevertheless, there were some differences as well. From the very beginning, the Soviet state, in order to sustain a relatively high level of production, tried to borrow some of the Western theoretical models. One of them was the conception of scientific management developed by F. Taylor. Lenin in his works paid a lot of attention to the Taylorist methods of organisation of production and the Bolsheviks tried to impose the Taylorist principles throughout all Russian industry. Nevertheless, all the features of the Taylorist principles could not be implemented in Russian production processes in their pure form. Almost all the principles had to be modified and adjusted to Russian conditions because, as D. Filtzer stresses,

well before Stalinist industrialisation Soviet workers had won a large degree of control over the pace and organisation of their work, a factor which helped them to resist attempts to introduce Taylorism and impose 'scientific' output norms throughout the 1920s.⁷²

This control over the work they preserved up to the end of the 80s. Thus, the implementation of Taylorist principles in Soviet industry was faced with a lot of obstacles. If we will look at the formal side of the production process within the Soviet Union, we could see that conception was separated from execution: the decision making was an area of the upper managers and it is assumed that the workers should fulfil the managerial decisions. But life is richer than the theoretical conception which is why, even if scientific management

⁷² Filtzer, 1986, p. 153.

theoretically implied the full obedience of the workers to the managerial orders and instructions, in reality the workers had developed a lot of different ways of by-passing and overcoming the countless managerial decisions. Moreover, sometimes only by by-passing the formal rules was it possible to reach the required level of output. Besides, as we noted above, the workers within the Russian enterprise were trained as 'universalists' that is why very often they fulfilled a lot of tasks, belonging to their trade and auxiliary work. That is why, in my opinion, the scope of the Russian worker was wider than the English one. When I asked them about the amount of work left they could explain to me in detail how many carriages they have done and what further tasks they have to fulfil.

At the same time workers in the British plant from my point of view had a more narrow view of the tasks performed. First of all, when I asked them questions about the vehicles which they needed to repair, their answer was: 'we don't know. Ask our managers, they will explain everything to you.' I assume that the basis for such a situation was first of all because the western enterprise implemented the Taylorist principles in a more pure form. The second reason, in my opinion, was that the English plant did several kinds of repair: among the vehicles there were diesel multiple units and locos. That is why the whole picture really was concentrated on the managerial level. And maybe the last explanation could be the existence of some extra levels in the organisation of production: The English plant had more levels in the organisation of production, and therefore more detailed separation of tasks.

The limitations of the whole system of organisation of production at the English plant were understood by its General Director. Trying to implement the team working concept and total quality management approach he wanted to overcome these limitations, but as practice

showed, it was almost impossible to make a cosmetic repair of the plant without changing the whole system. It was necessary to change the whole system in order to have a successful enterprise.

We should stress that the question of control is inseparable from the question of relations between *managers and workers*. And, as L. Graham has pointed out

a clear definition of control at the point of production is difficult to pin down, because it involves a complex process of struggle between workers and management (Graham, 1994).

As we have seen on both enterprises, there was a clear division of 'us' and 'them' between the workers and the managers. And both sides, from my point of view, were trying to find formal and informal ways to control the work process. And if the managers organised their control from the top, there was a considerable level of control from the bottom. And as we have seen in our description of the plants, there was an informal system of control over the work process. We found it extremely interesting that despite all cultural differences and different political systems, there was similar behaviour of workers in the Russian and British plants. Despite the system of formal control from the top, a lot of processes on the shop floor were handled in an informal way. Although the formal structure was more overt, sometimes workers ignore it, and in turn the informal structure was more hidden, but more efficient. Such things quite often happened in many enterprises, and as Mainwaring and Wood stressed (1985)

even management's fragmenting the most technical task will not necessarily uncover the tricks that workers learn from each other or from the act of doing a particular process, tricks that often save the worker time and effort (1985).

And we, within our researched plants, have seen the results of informal activities. One of such results was quite significant time losses at both enterprises.

Time losses

For many years one of the main characteristics of labour in Russia was big time losses, due to 'poor organisation of production', supply problems, high level of unpredictability and unreliability. According to D. Filtzer

This 'Sovietization' of factory conditions played a large part in frustrating the Bolsheviks' attempts to introduce Taylorism, which in part had been designed to break up the traditional organisation of labour in Soviet factories. (p. 159).

Another obstacle for the further expansion of Taylorism according to Filtzer was

The traditional practice of having skilled workers carry out their own auxiliary tasks, instead of entrusting them to unskilled or semi-skilled workers while they themselves concentrated on direct production. Skilled workers were trained as 'universalists' on the job, and were expected to carry out diverse functions. They thus had a great deal of freedom over how they organised their work and how fast (or slowly) they performed it. (p. 159).

Our own research have shown that these features of the Soviet labour process have been preserved up to modern times. All the features enumerated above, such as time losses, bad organisation of work, supply problems we have found within the Russian plant before privatisation.

As we could see from the data written above, there were a lot of non-productive losses within the production process: the workers at the Russian plant used to expand the lunch time by 5-

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As we could see from the data written above, there were a lot of non-productive losses within the production process: the workers at the Russian plant used to expand the lunch time by 5-

10 min., had unofficial breaks and so on. A lot of work time were lost due to shortages of parts and materials. The Russian workers could be late for work or leave work early. It was quite common to discuss all the news at the beginning of each shift so that the workers usually spent 15 minutes and more for this. It was quite common to leave the work place early for the lunch break and to go to work after lunch sometimes even 15 minutes late. The workers could play dominos during the lunch break. Within the Russian plant unwritten rule was worked out that the workers have to finish their work earlier than all the technical staff, so that workers usually finished their work half an hour before all other employees. At the same time, even this time was further negotiated with the middle managers of particular brigades, thus the workers could leave factory even earlier and sometimes this time could be one hour earlier than other technical staff.

Besides, workers used to steal working time for their own purposes. As the results of the research have shown, a great many workers at the Russian plant did things for their own purposes: different kinds of equipment for home and country homes, for cars and garages. Thus, in general, ineffective worker's time could be estimated at the Russian plant as from 1 hour and 30 min. up to 2 hours.

At the same time, we have seen a similar situation at the British plant. Although the British workers had to clock on and clock off at the beginning and at the end of the shift, there were great time losses during the shift: the workers could drink tea at the beginning and at the end of the shift. They could add several minutes to their meal break. Moreover, according to the interviews with workers, they often used their working time for making tools and equipment for their own purposes or even for managers at the plant. Thus, the ineffective time, which

employees spend on activity which does not relate to their work at the British plant, was equal to 1 hour and 45 minutes.

At the same time a lot of work time at both plant was lost due to shortages of parts and materials. The results our own research have shown that in the British plant this also happened quite often.

Besides, because the situation at the Russian plant before privatisation was very unstable, the Russian workers had a lot of control over the labour process. They knew how to organise their work in the most effective time, moreover, the Russian workers had developed mechanisms for overcoming the obstacles connected with the shortages of parts and could regulate the pace of their work easily. The workers had a considerable level of freedom in organising their work, that is why they could speed up or speed down according to their wishes.

As regards the English plant, the workers there also had a considerable level of freedom. Because for them it was profitable to work overtime, the workers have constructed a whole system of speeding down their work in order to obtain overtime. There was a lot of evidence at the plant that the workers could organise their work in their own way.

Thus, to summarise, we should stress that at both plants, Russian and British, there was a considerable level of control of workers over the labour process, and especially over the ways of organising work and the pace of work. According to D. Filtzer, work speed and job organisation have always been 'the most vital question on the shop floor', moreover, he wrote that 'these have always been central points of confrontation between workers and

management, both under capitalism and in the Soviet Union'.⁷³ The data of my own research have shown that the Russian as well as the British workers within the researched enterprises had quite a considerable level of freedom for work speed and job organisation. We assume that the British workers in order to get such a level of freedom had to act collectively. The Russian workers have reached this freedom through individual negotiations with managers. Nevertheless in both plants the workers stressed in interviews that they have some freedom in organising their work.

There was a real tension between the workers and managers regarding the control of work speed and job organisation at the Soviet plant.

What we would like to stress here is that at both factories before privatisation there were quite considerable time losses. The managers used different mechanisms to tighten the work process, and to eliminate the waste of time, but nevertheless their attempts failed: workers used different mechanisms for using the work time for their own purposes.

At the same time we should stress that because the Trade Unions over the long history of the Soviet state played a minor role as workers' defenders, the role of collective actions during the long history of the Soviet state was at the lowest possible level. In these circumstances only individual forms of workers' control over the labour process could be possible. And in this sense the workers found different ways of using this control for their own benefit.

⁷³ Filtzer, 1986, p. 155.

The payment system

On the shop floor of both plants a 'shop floor culture' was constructed which was to some extent similar. For example, if in the British plant there was a cultural norm 'I do as little as possible for as much as possible', the same cultural norm was formed within the Russian plant. Mainly it was expressed in the following Russian expression opposed to managers: 'if they think that they are paying to us, then let them think that we are working for them'.

Besides, at both plants the amount of work done did not correlate with the size of the worker's wages. In the British plant there was a time-wage payment system and it was organised on a national level and was highly centralised. In order to change the worker's salary it was necessary to bargain the salary of each grade on the national level. The whole system of collective bargaining was quite clumsy and slow, but nevertheless an institutionalised system was constructed through which it was possible not only to get a payment increase, but at the same time to resolve some industrial disputes regarding the payment system. At the same time it didn't matter how much work the worker did, the amount of his/her salary was fixed and calculated only on the basis of the amount of time spent. Moreover, because the possibility to increase the salary was only through the national system of collective bargaining, the British workers selected another way of improving of their financial rewards: through the system of overtime.

At the Russian plant the payment system was highly de-centralised. Moreover, if in the British plant there was a time-wage system, the Russian plant operated mainly on a piece-work system. In the past, in the Soviet era, the different Ministries formed the basic instructions for setting out the norms for different categories of workers, but there were also

special normative departments setting out the norms for the industry. With the beginning of Perestroika the system of ministries was destroyed and mainly the labour and wages departments were responsible for the setting out the new norms at the plant level. At the same time, there were a lot of normative, which were out of date (worked out in the 70s). The labour and wages departments had neither the capacity nor the desire to revise all the old norms. That is why some norms were tighter than others. In these circumstances there were some operations, where it was impossible to get a standard salary only according to the rates for piece work. In such cases the managers on the shop floor had to construct a new system of payment, very often applicable only within this particular plant or factory. In most cases the salary of the workers depended on the skills of a particular manager (shop chief) and his abilities to construct a just system within the workshop. In reality, as we could see from the above description of the payment system within the Russian plant, there a very voluntaristic method of calculation of workers' wages was formed, with a lot of *informal bargaining* between those who were responsible for the final payment and the individual workers. Besides, the most vulnerable point of the whole payment system at the Russian plant was the fact that there was not any kind of *institutional mechanism of workers' protection against the voluntaristic decisions of the managers*. Even if there was a trade union within the plant, the local trade unions very often failed to support the workers' complaints. In most cases the trade union officials supported the side of the administration and in many cases the individual workers had to negotiate different problems with middle managers informally.

So, at both plants we have observed *the effect of minimising of efforts from the side of the workers*, and the desire to improve their financial rewards by any means. But the ways, which

they were trying to use for the maximisation of their financial rewards were quite different, because the whole system of material incentives was absolutely different in both plants.

Profitable/unprofitable work

The work within the Russian plant was divided into profitable and unprofitable jobs on the basis of the norms constructed by the Department of Labour and Wages. Because the rates for some work were more rigorous than for others, the work itself was divided into profitable and unprofitable. The managers used this division: they gave the more profitable jobs to the more privileged or more obedient workers. Jobs within the British plant were also divided into profitable and unprofitable ones, but in the sense of the job itself, because workers were on the time-rate system. And British managers also used the division between profitable and unprofitable jobs for their own purposes. At both plants the managers used this division as a means of *control of workers*.

Several words about differences in the payment system. I would say, using the results of my own research, that the time-rate system was more advanced in the sense that it supported cohesion among the workers. In many cases, when there were opposed interests between the managers and the workers, the interests of all workers were the same under the time-rate system. In the Russian plant, the piece rate system was another factor of division among the workers and another obstacle for unification of the workers in their fighting against the managers.

The use of overtime within both plants

Overtime was used quite often during the Soviet era and in post-Soviet conditions. At the same time the situation with overtime in the Soviet factory was absolutely different to the British one. There was a whole formal system of rewarding overtime work in the Soviet era, similar to British one: mainly it was in different plants equal to 1.5 of the daily rate during the week and 2.0 of the rate at the weekends. Nevertheless, as was stressed by D. Filtzer

Because most overtime was illegal, management - often with the collusion of the trade-unions - frequently refused to adhere to established overtime rates, so that the overtime would not show up on the ledgers of the factory's wages department.⁷⁴

Within our Russian plant there was a similar situation. Even if there was a formal procedure within the plant for using overtime, this system was changed at the beginning of the 90s. Because the Moscow metro decided to pay for the final repair, they paid for the amount of work done, but not for the hours spent on the repair. That is why very often overtime was organised as a consequence of managerial mistakes and organisational failures, and in this case the workers had to pay for the managerial disorder by their efforts. I fully agree with D. Filtzer, who wrote that

There was thus an ongoing process of bargaining on the shop floor between managers and workers, each of whom confronted the need to pursue their particular goals and needs in a highly unpredictable environment.⁷⁵

⁷⁴ Filtzer, 1986, p. 45.

⁷⁵ Ibid., p. 45

If there were objective reasons for the plan failure from the side of management within the Russian plant, they could negotiate with the workers the necessity to work overtime and find additional mechanisms of additional payment. At the same time the workers could go slow or speed down their work intentionally for several reasons and in this case managers could pay nothing, but force workers to work overtime. Mainly the workers in the Russian plant were unwilling to work overtime, because it was absolutely unprofitable. And it was absolutely opposed to the situation at the British plant, where working overtime was very profitable.

But what was similar at both plants was that, despite quite big differences in the overtime system within the plant, workers worked out informal mechanisms of overcoming the formal rules and regulations. So, within the British plant the workers tried to go slow or speed down their work in order to get overtime and therefore increase their salary. The Russian workers tried to negotiate informally the mechanisms of payment for overtime and therefore increase their payment as well.

Moreover, the *middle managers* at both plants used the overtime system as an additional informal mechanism or as a means of pressure on workers. Within the British plant the overtime was distributed by middle managers and the way they distributed it was very informal. Keeping in mind that a lot of workers wish to work overtime, they used the overtime as a stimulus only for those workers who always obeyed managerial decisions. Thus, the middle managers constructed their informal power on the shop floor with the help of overtime.

Within the Russian plant the same system of *informal power of middle managers through the system of overtime* was constructed, with only the difference that they were forced to work

overtime. And in case a person didn't work overtime, they could punish him or her later. At the same time, within the British plant overtime work officially was voluntary, but managers forced people to work overtime as well, especially at the end of the financial year and financial periods. Thus, workers at the British and Russian plant had to negotiate overtime work with middle managers in order to protect themselves from further negative actions from the management side.

Conclusion on payment

1. The payment system at both plants didn't correspond with the workers' efforts: the size of their salary didn't depend on the amount of work done. The principle: the more you work the more you get paid was not applicable in either plant, although the payment system differed considerably at both plants.
2. On the one hand, middle managers had established an informal power regarding the distribution of overtime, profitable and unprofitable work and so on at both plants. On the other hand, in other areas there was constructed an informal power of workers regarding the pace and speed of their work.

Meeting the target

Despite some differences in the duration of periods and the periods for planning, both plants planned the level of their work ahead. One of the main differences from my point of view was that the Russian plant worked out the new plans for the future only on the basis of historic records, sometimes paying no attention to the limitations of supply problems, staff requirements and especially to the needs of the clients. One of the main differences between

the plants in this sense was that the Russian plant had mainly only one client - the Moscow metro. The British plant at the beginning of my research had different clients, that is why it planned their work in accordance with the clients' orders. They also used the historic records parameters but it was one of several components for planning. What was especially interesting at both plants was that they tried to meet the target at the end of financial period, and sometimes their attempts failed. The reasons for the failure to meet the plan were also very similar. Despite several attempts of some managers (including the head of the supply department and the production manager) to give me a false picture of the real situation in the British plant, I found that the British plant had problems in supply provision, organisation of production and so on.

The same situation existed within the Russian plant. The plan was constructed for each month and quarter of the year, but the situation within the plant up to the end of 1993 was really destructive. Almost each month the plant failed to meet the target.

When both plants failed to meet the plan, there was storming and firefighting at the end of the month or at the end of the financial period. Everything was organised in the quickest way. It was surprisingly similar pressure. When I first entered the British plant, it was the end of the month and the financial year. I was not informed that the end of the financial year in some British enterprises is in March, that is why I was just lucky to see to what extent the situation within both plants was similar. I knew that within the Russian plant the rhythm of work was very unstable, but I thought that within the capitalist enterprise everything worked like a clock. My thoughts were wrong.

The value of money

Although the Russian plant at the beginning of my research began to work on lease, nevertheless, almost all the relations with the metro authorities were still preserved as before. It is necessary to mention here that the Russian production relations mainly were characterised by non-monetary relations. That is why all the transactions with the authorities was quite nominal. The relations of such kind were described by Simon Clarke in his article, devoted to the Soviet production process:

All transfers of products between enterprises were equally directed, at least in principle, by higher authorities. Although prices were attached to these transfers, and monetary balances were adjusted correspondingly, such transactions were only nominal since the 'money' in question was strictly money of account, which could not be diverted to other purposes or converted into cash.⁷⁶

To my surprise, the situation in the British plant was very similar. First of all, at the beginning of my research the plant belonged to the BRML company, which had four different depots as parts of the company all over Britain, and the company had the one budget for the whole company. The company had a central body, where the profits and losses were calculated. Nevertheless, the governing body was responsible for the real situation, and within the plant there was mainly the circulation of papers concerning meeting the target. Also at the beginning of the 90s the policy of commercialism was implemented. Because the plant was only part of the whole company, the profit and losses depended on the productivity of all parts

⁷⁶ Clarke, n.d., p. 6.

of the company. But what I would like to stress is that there was no circulation of real money within the plant. All the payments were organised through the circulation of papers.

Informal relations at both plants

First of all I should stress my observation: although the informal relations within the British plant had narrow scope and were not rooted to the same extent as we have seen within the Russian enterprise, nevertheless their existence was quite noticeable within the British enterprise. This suggests that, despite cultural or political differences, there are some things within any organisation which are universal, one of which is informal relations. From the one side, any organisation without exception produces formal rules and regulations. From the other side, people work within any organisation. Because people are human beings, it is almost impossible to construct universal rules and regulations and predict any situation which people could face with. That is why the presence of people within an organisation stimulates informal processes. Thus, to summarise, the processes within the enterprise are part of the 'universal' principles. And our question here is not the existence of informal relations within the enterprises as such, but the question to what extent the informal relations became a part of the industrial processes at both enterprises. And in what particular areas the formal system is supplemented or substituted by the informal one.

At both plants the production process was organised in a such way that at the end of a certain period there was pressure to fulfil the plan. *Production was the main dictator*, and in order to fulfil the plan the workers constructed their own informal ways. At both plants in periods of firefighting we found the custom of cutting corners, to by-pass laws and obligations towards

the customers. At both plants the programme was sometimes fulfilled by any means. The situation was aggravated when there were no spare parts or screws or nails. The workers in these situation have to find ways of overcoming the obstacles. In the British plant the workers cut off the long screws in order to get smaller ones, in the Russian plant workers did the same thing, or in some cases could steal some material from the nearby depots.

One of the explanations of the existing situation on the shop floor could be the *culture of workers*. But another of the main reasons for this could be that working to rule, according to some specification, meant the use a lot of time and that was not to the advantage of the workers. High quality was not supported financially at either plant. Within the Russian plant there was a piece-rate system and the payment was calculated according the amount of work done independently of the quality of work. Thus, because it was not profitable to sustain a high level of quality, the workers cut corners. And even though within both plants the managers developed control over the work processes, nevertheless, the workers developed the areas where they could bypass the rules. At both plants there were no formal obligations to sign off the job done. In Britain it was the responsibility of the chargehand: to keep records of what was done by each worker, in the Russian plant it was a duty of the foreman. Thus, sometimes the workers could cut corners, and bypass some formal rules in order to do things quicker. So, it is a question of bad workmanship to some extent. From the other hand, very often these things were done after negotiation with managers, thus managers themselves were aware of the necessity to bypass formal rules and obligations and with their permission these rules and obligations were bypassed. This situation was observed at both plants and we have

to accept that in this sense the managers and workers were consolidated: it was profitable to both sides to meet the target in order to get financial reward.

Besides, at both plants there were shortages of parts and material. In this case the workers of both plants worked out their own ways of overcoming these obstacles: within the Russian plant the workers *'took off'* the required parts and material from the next carriage, and put these parts on the repaired one. A similar situation was found in the British plant, where the workers did the same thing: took off the parts from one vehicle and put it on another. They called it *cannibalisation*. This process was repeated constantly at the British plant and was almost stopped only with privatisation and the division among the customers. With the appearance of different customers the process of cannibalisation became more difficult: the rolling stock belonged to different customers, who thoroughly calculated each part on the vehicles.

Informal relations with the other gangs

Formal practices, designed for all production operations and communication, in many cases were handled informally. Thus, at both plants formal rules and obligations concerning relations between the different production units were constructed: gangs in the British plant and brigades in the Russian. In reality at both plants the workers have chosen the quickest way of communication with the other brigades. Instead of filling in some documents designed at the upper levels, the workers used a direct way. The approach *'favour to favour'* was the most applicable way at both plants in communication.

Promotion

At both plants promotions were handled informally. Despite the existence of formal ways of promotion in Britain, the managers worked out informal ways of choosing the right person. Even if the formal rules were constructed in a such way that they chose 'the right man in the right place', the real procedures were mainly handled informally. The managers appointed to the upper positions only those who had been tested on the shop floor, who had proven their obedience to the upper managers. Within the Russian plant the procedure for promotion was handled totally informally. The promotion to an upper position depended not on the professionalism and qualities of the worker, but on his ability 'to be nice with managers'.

A shortage of material

As we have seen, at both plants before privatisation there were constant shortages of material. Here I would like to stress that the shortages within the British plant were as systematic as in the Russian plant. The situation with shortages had continued at both plants for many years and there were objective and subjective reasons. The objective reason for shortages was that part of the rolling stock was worn out, and in these circumstances it was very difficult to find spare parts. The situation with shortages were common not only in our investigated plants, but as I found also in Russian and British literature, it was a vulnerable point around the whole railway industry. At the same time there were subjective reasons for the shortages of parts and materials due to some personal mistakes in planning the material, in ordering things and so on at both plants.

What was really common at both plants was the way in which the people responsible for material and parts supply tried to get them. In the Russian plant they used all kinds of informal connections, supplementary to the formal one: with supply centres, other depots and different plants. A lot of agreements were based on the 'favour to favour' approach, where the managers at the plant asked for some material and in exchange could give the other required parts to the other partner. Very often in Russia the very common method of exchanging parts for a bottle of vodka was used.

Within the British plant there was a very similar system. When there were failures to get parts through the formal channels, the British managers called to their friends at the other depots, scrap centres, and tried to get spare parts. Thus, the formal ways were supplemented by the informal ones, with the only difference that if in Russia a bottle of vodka was the universal equivalent almost in any activity, in Britain people used another way of showing their gratitude. But mainly it was the same '*favour to favour*' approach.

Relations with the customers

A lot of activities with the customers were handled on an informal basis. The British plant had long-established connections with all the customers, which is why sometimes the relations with them were regulated by phone calls, without any documentation. These informal connections with the customers led to the situation in which, when the delivery of the trains was delayed to the customers, there were not any penalties from the side of the customers on this matter, although a lot of them were not satisfied with such a situation.

A very similar situation existed within the Russian plant. Although at the plant there was a technical inspection from the metro authorities (SPS service), the main client of the plant, nevertheless all questions were negotiated on an informal basis with the SPS people. If the plant failed to meet the right date, it was possible to negotiate this problem with SPS inspection and find a possible way out. The real data of the repair could be falsified in the documents, and the trains could be delayed to the customer. As we have shown, within both plants according to output statistics there were constant delays in the deliveries of trains to the customers.

Besides, as we found out, there was another system, when the plants were trying to protect themselves against the tricks from the customers: when the vehicle came from the client for repair there was a serious initial examination at both plants, because the client could rob some parts and parts from the vehicle, but require it from the plants later. Thus there was a whole system of informal relations both from the side of the plant to the clients, as well as from the clients towards the plant. Maybe it was my personal observation, but in my opinion, in Russia the plant used many more ways of cheating the customer. In Britain there were more civilised ways of treating the customer, with some exceptions. In some circumstances, as with the case when the motor blew up, the managers worked out half-formal way of registration of this thing. Besides, in the British plant there was a special position of customer liaison manager, who was responsible for relations with the customers. So, we could assume that the British plant was on a higher level of development of communications with customers, although not very high.

Thus, to summarise, within both plant we have observed the usage of formal and informal relations. The only difference was to what extent they were rooted in the everyday routine on the shop floor. There is no doubt that the scale of the use of informal relations was much wider within the Russian enterprise, and informal relations were deeply rooted in Russian culture and reproduced in industrial relations.

Industrial disputes within the two enterprises

As the data from both plants have shown, the whole system of collective bargaining at both plants was different. While in Britain formally a highly centralised system of collective bargaining had been constructed, in Russia since the first years of industrialisation a highly decentralised system of bargaining, mainly on an individual basis, had developed. At the same time, even if in Britain there was such a formal procedure, the Donovan Commission identified a conflict between two system of collective bargaining: the formal system of national bargaining and informal system of workplace bargaining. And within the Railway industry, especially in the 80s, there was a tendency towards workplace bargaining instead of applying the national procedure. But even if there was a lot of bargaining within the British plant on the shop floor, nevertheless the scale of development of the informal relations within the British plant was much narrow than within the Russian plant.

What was different at both plants was how disputes were institutionalised. In case of any kind of conflict within the British plant there was an institutionalised system of dispute regulation. At the same time in Russia such system was non-existent. Bargaining was organised mainly on an individual basis. It does not mean that there were no collective conflicts. There were

some collective disputes, but the way disputes were negotiated has shown that within Russian Industry as a whole there were no such mechanisms of collective defence of workers' interests. In case of collective disputes, the workers didn't know how to organise the struggle for their own interests according to the law: the workers had very little knowledge about how to organise their protest. And, in turn, the managers were quite skilled in all nuances regarding industrial relations, especially those managers, who passed through the organisational system of the Communist Party, and who could manipulate workers' ignorance easily. Thus, because of some institutionalised system, the British workers knew how to struggle, and in many cases they were not afraid of threats from the manager's side, mainly because there were mechanisms of protection against the arbitrariness of the managers. In Russia workers were always afraid of some actions from the opposite side, because no rules were constructed and in many cases the managers could use informal methods and sack the most militant workers. In these circumstances the dependence of the workers on the managers was common within the Russian enterprise. Thus, we should stress again that the system of dispute regulation in Russia was highly decentralised and informally negotiated with the managers mainly on an individual basis.

As we have seen from the data about both enterprises, there were an industrial disputes within both enterprises during the time of case-study. The data have shown that within the British enterprise in the situation when all attempts to resolve the dispute at plant level had failed, both sides agreed to transfer the dispute for further consideration to an Industrial Tribunal. So both sides were informed about such formalised procedures and agreed to use them. At the same time, the disputes within the Russian enterprise have shown that there were no such

formalised procedure for dispute resolution. The level of workers' knowledge about the dispute regulation procedure within the enterprises as well as outside the enterprise was very low. The data from research have shown that the workers didn't know how to struggle with the managers with the help of documents. They, from their side, widely rely on *oral agreement* with the management, while from the other side, the managers were so skilled that they wanted to secure their position by introducing internal laws and regulations regarding the collective action immediately after the dispute happened.

Moreover, even if the example of the dispute with the examiners within the British plant has shown that workers didn't win the battle, still the British formalised system of collective bargaining gives some examples of workers' victories. At the same time the analysis of the Russian experience has shown that for many years of the existence of the informal system of negotiation with management, the situation was such that the managers always win. They have the power and knowledge and therefore they are always right. As a consequence of this the mode of worker's behaviour was:

Paragraph.1. The boss is always right.

Paragraph 2. If boss is wrong, see paragraph 1.

Thus, the situation with informal relations on the shop floor influenced the process of the institutionalisation of industrial disputes in Russia. The process of dispute institutionalisation goes very slowly. At the same time within the British plant we have noticed also the subsequent decline of national bargaining.

Division of labour within the plants and relations between core-peripheral workers

The main difficulty with the comparison of core/peripheral relations in both plants was the fact that within both countries there was a different concept about core and peripheral workers. In the 80s in Britain, as well as in all European countries, a new theory of core-peripheral workers developed which corresponded with labour market flexibility and the restructuring of employment relations. But the main problem of using this concept for the analysis of both plants was that these market relations were only beginning to emerge at both plants, and the scale of market restructuring within both enterprises was very narrow. If within some other industries the employers organised their labour force using a division between 'core-peripheral' employees, and a division between full-timers and part-timers, within both researched plants the number of part-timers as well as contractors and sub-contractors was *very low*.

At the same time it does not mean that within the plant there was no division of labour at all. First of all there was a division caused by the production process, and there were gangs of fitters, electricians and so on. Thus, there was a clear demarcation line between the trades, and at the British plant the trade unions, which were very weak at the plant, nevertheless sustained this demarcation and any changes in the responsibilities of any trade had to be negotiated with the representatives of the trade union. That is why, when there was a trend within the plant for team working, there were a lot of difficulties with the implementation of

this system. Besides, there were divisions among the workers. Briefly we would like to enumerate the main findings from the British plant:

1. First of all, there was a clear division between the *core* and *auxiliary* workers, and types of work performed by them. All workers within the British plant were divided formally into *direct and indirect* workers. The direct workers were more skilled workers, responsible for the organisation of the main production process, and the indirect workers were the workers of the lowest categories who did mainly auxiliary or low skilled work (crane drivers, labourers and so on). At the same time all these direct and indirect workers within the plant were regarded as *core* workers, because they all had a secure position, they had possibility for promotion, holidays, sick pay and so on. And from my point of view, this division among the workers into direct and indirect workers was not very noticeable and meaningful in the plant. The highly centralised payment system, developed in the railway industry for decades, was one of the main factors which supported cohesion among the workers at the plant. The payment differentials between direct and indirect workers were very low. The differences, according to workers, were no more than fifteen pounds per week, or less. At the same time, more noticeable and quite distinctive was the division between:

2. The *old workers* and *newcomers*. This division was supported by the Trade Unions and accepted by the company. All reductions of staff were made on the main principle: '*first in - last out*'. This principle of seniority made one of the main divisions among the workforce. The old workers were in some way in a more privileged position than others and they sometimes could use their position for their own profit. For example, the old

workers, because they worked in the plant for a long time, could refuse to do some hard job and ask for another. They had good communications with the middle managers and in this sense the younger workers were in a more vulnerable position. At the same time, I think that these old workers did not necessary have higher level of skills in comparison with the newcomers, but there is no doubt that they had higher status among the workforce. The newcoming workers could have more knowledge, but because of this seniority principle they were in a less secure position. Thus, the length of service itself put workers in a more secure position. And the length of service did not always correlate with an increasing level of qualification.

3. The other division among the workers within the British plant was a division between the ordinary workers and trade union officials. The trade union officials had reached an agreement with the enterprise manager and they had a special time for fulfilling their union responsibilities. There were seven trade unions within the plant. And each representative had a special room, where it was possible to sit down and relax, have tea or coffee. Besides the leaders of the trade unions there were shop stewards on the shop floor. They also had some privileges in comparison with ordinary workers.
4. At the same time, as I found during my research, there was one more division within the workers: between good workmen or *very responsible workers*, and workers *with low level of responsibility*, or bad workmen. The first group of workers fulfilled their job carefully, paid a lot of attention to parts, after the job was fulfilled they checked seriously their work several times. And there was another group of workers, who paid no attention to parts, cut corners and so on. Apart from psychological reasons for such a division, I would argue that

this division among the workers was caused by the fact that it was not in the interest of the workers to do work of the highest quality: such work required a lot of effort but was poorly rewarded. In these circumstances some of the workers tried to minimise their efforts by any means.

Thus, we could see that the workers at the British plant were not as homogeneous a group as seemed at first sight.

One of the main differences within the Russian plant in comparison with the British one was that within the Russian plant there were three different ideas connected with core/peripheral relations. And these ideas were interrelated and interconnected. There were the following ideas:

1. First was the idea of '*core-peripheral*' workers in their relations to the production process. The 'core' workers from this point of view were those, who were involved in the main productive process. All other workers, including auxiliary workers, such as repair workers, labourers, crane drivers were regarded as *peripheral*. This division was based on the idea that the main production defines the whole life of the enterprise. As a result there was a situation had developed in which the main production had more material resources, usually had better labour conditions and was more prestigious. Thus, if the differences in size of payment received by core and auxiliary workers within the British plant were almost meaningless, the same differences within the Russian plant were quite considerable. Main workers were above auxiliary. The status of main workers at both plants was quite high, even if the payment differentials between the main and auxiliary workers at the British plant were not very high. But all these workers had the same system of social protection: the right for vacation, sick

pay, promotion and so on, nevertheless, the status of the auxiliary group within the Russian enterprise was very low. They had the lowest wages within the plant. This division was quite similar to the division in the British plant into direct and indirect workers.

2. The second idea was '*kadrovye - non-kadrovye*' workers. The '*kadrovye*' workers were those who had worked in the enterprise for a very long time (usually for 20 – 30 years), but their main feature was that they were *loyal to managers*, they always obeyed the managerial decisions and, mainly because of this, they had reached a very stable position within the enterprise, and could stay within the enterprise for a long time. There was a mutually advantageous approach between '*kadrovye*' workers and the managers: they supported each other in the unpredictable conditions of the Soviet production process. These workers were regarded as 'core' workers from the point of view of the managers, and all the rest of the workers from their point of view were regarded as peripheral. The managers used this division between '*kadrovye-non-kadrovye*' workers as a means of control, and used it quite successfully. I suppose that this division on '*kadrovye - non-kadrovye*' workers within the Russian plant was very similar to the division within the British plant on *old workers and new comers*.

From my point of view there is an interdependence between the length of service and the level of qualification, and within both plants the majority of old workers have reached a middle level of skill, because they were more experienced than the young workers. At the same time, not necessarily all old workers would have the highest level of qualification. Within the Russian plant it could happen that some of the '*kadrovye*' workers had the highest level of qualification within the plant and could fulfil work of the highest quality. In this

circumstance there was a combination of both features: the length of service and the level of skill. At the same time, more often there was a situation, when 'kadrovye' workers had an *informal agreement* with middle managers: the managers intentionally raised the formal grade (*razryad*) of the workers in order to give them a higher level of payment, while in reality the person could fulfil the job only of a lower grade. The managers used such a method as a means of control: at any moment they could ask workers to fulfil the required tasks, because they had made a concession to the workers.

3. The third idea of the core workers was the idea of '*skilled - non-skilled*' workers: within each trade historically it was organised in a such way that there was a group of '*core*' workers who were trained as '*universalists*' and who performed different tasks. They had the highest qualification and could do everything in the situation of constant supply problems and all the uncertainty of the production process. Very often they performed the tasks of the different grades in circumstances of lack of qualified specialists of some grades. At the same time, the skill of such workers was the only dimension of their power. Very often such workers preferred to be independent from managers and in case of pressure from the management side they could easily leave the enterprise. The managers usually tried to find additional formal and informal ways in order to pay to these workers substantial money, because in the situation of total production pressure, it was necessary to keep such skilled workers. These skilled workers worked in different parts of the enterprise, they could be among those who were involved in the main production process, and they could perform the auxiliary work from the point of view of production: they worked as toolmakers, blacksmiths and so on. Their status from the point of view of providing the final output was not very high, but at the same time

this group of people provided the necessary equipment and parts for the organisation of the production process.

4. At the same time, we should stress that within each different category, enumerated above there was further division among the workers. One such division is quite important for the understanding of the work within a Russian enterprise: this is the division between *'drinkers and non-drinkers'*. Within each grade, among skilled and unskilled workers, within kadrovye and non-kadrovye workers there was a category of *drinkers*. I would consider them as peripheral workers. The 'core' workers were responsible for some work, but these peripheral drinkers were used by managers as a means of plan fulfilment. These drinkers were not sacked from the enterprise because the managers had to preserve them within the enterprise. For managers it was very profitable to keep these workers, in case of resistance or refusal to do some work from the side of the other workers (it does not matter whether skilled or unskilled, kadrovye or non-kadrovye). These drinkers violated labour discipline and could miss one or two work days or come to work drunk. In this circumstance the middle managers have compromising materials for them. It is called a *catch for the tail*. Because these workers had been caught for some violation, they had to obey the managers, otherwise they would be sacked. From the other side, it is very profitable to managers to have such violators, because in the unpredictable conditions of Russian production there is very often a necessity to work overtime, or to come on Saturday or Sunday to fulfil some work. The non-drunk workers could reject the idea of working overtime, because such work is very unpopular within Russian factories.

After privatisation

As we could see, there were a lot of similarities in both plants before privatisation. Both plants were privatised almost simultaneously, and here we would like to find out the answer to the main questions: to what extent did the situation at both change, and in what direction are they both going?

The most general feature of privatisation in the two plants is that in the Russian plant privatisation was a way in which the enterprise was able to become prosperous by changing its external relations and exploiting its monopoly position and informal connections, without making any significant changes within the plant. The first stages of preparation for privatisation in the British plant showed weak attempts to change the methods of working which failed because they did not overcome the informal relations, but when privatisation came it saw a radical transformation of the internal relations of the plant.

First of all we would like to look at the organisation of the production process.

Organisation of the production process after privatisation at both plants

As we can see from the above description of both plants, the organisational process within the British plant has changed completely. The main emphasis was put on working in teams. The team leader became a key figure within production.

The question of control

At the British plant since privatisation control became tighter, the workers were obliged to meet the standards of work and there was an order to sign for all their work done. Moreover,

it was emphasised that all employees should intensify their labour efforts, and where possible to sacrifice free time for the company. In reality a lot of employees were so frightened by the enormous redundancy that they were ready to work for ten and more hours in order to sustain permanent employment. The main fear was connected with the fact that it was really difficult to find any job in the town, that is why as a consequence of a set of redundancies the new company received consent and conformity from some of the employees.

Although the hierarchical system of control was decentralised, nevertheless the key functions of control were transferred to the team leader. Even if flexibility was strongly emphasised, I could not notice any changes in the understanding by the workers of the situation in their team or in the whole company. As before, the worker was only an executor of the managerial decisions, while the key figure was the team leader. The team leader was responsible for planning work of the team, correcting every situation. And in reality flexibility meant not the enrichment of the worker's labour, but merely expansion of the number of tasks performed by the worker. But the work tasks were strictly monitored by the team leader. Within the plant all the team leaders passed through special training regarding the control of workers, and there were special programmes devoted to efficient ways of controlling the workers' usage of time within the enterprise. Moreover, the new company strongly supported the implementation of new computer based technology. Computers appeared on the shop floor, and there is no doubt that there will be further development of the computerisation of the plant. At the same time the modern level of computer technology gives the possibility to record up-to-the-minute changes of workers' tasks, so there is a possibility of using such computer for the control of workers.

The question of control is very close to the question of quality. The whole industrial process implies the control of quality at the different stages of work. Although within the British plant the optimum standards were already incorporated in the production process, nevertheless, the new company began to implement further steps in order to tighten the control of labour and quality control. The requirement of the company for each worker to sign off their work was one of these steps. At the same time, during our research we have found out that there were definitely differences between the top priorities of the company towards quality and the preparedness of the employees to accept these priorities. The practice on the shop floor has shown that workers in many cases were not ready to work according to the highest standards of quality. As was already said, the workers were not financially interested in performing work of the highest quality, from the other side, their own attitudes to work were formed in a different environment and they were used to doing a lot of things in other ways. And there some time should pass before they will change their attitudes to work.

At the same time the production process within the Russian plant remained the same: although there was a process of enlargement of some workshops and they were transformed into productions, the work process itself hasn't changed. As was noticed by S. Clarke

The disintegration of the administrative-command system has not been accompanied by any transformation of the production relations at the enterprise level. The growth of the market has not been associated with the development of competition, through which the enterprises would be subjected to the law of value.⁷⁷

⁷⁷ *ibid.*, p.4

The process of privatisation, which happened within the Russian enterprise, brought some new things in the question of control, but added nothing new to industrial relations. The Russian plant, as it has been in the past, remains the only enterprise in Moscow which repairs metro trains. In these circumstances no competition arose, and the system of 'one client - one producer' remains.

In this sense, the situation with the British plant became absolutely contrary. The plant has been privatised by Swiss-Swedish company, ABB, and the main concern of this company was to construct real competition between different depots belonging to this company. There are at least three different depots at the moment, which should compete for orders. Thus, the British plant after privatisation began to act in a more competitive environment than the Russian one.

As Simon Clarke wrote:

The disintegration of the administrative-command system passed power into the hands of enterprise management, and provided managers with the opportunity to turn their position into their own advantage.⁷⁸

The most attractive form of privatisation to the former managers was the shareholding company, where the control of profit was in the hand of the former industrial nomenclature. The researched Russian enterprise was no exception to this rule. The enterprise upper management tried to concentrate all control in their hands. The managers didn't implement any significant restructuring of the social relation of production within the enterprise. And so,

⁷⁸ *ibid.*, p. 10

even in new circumstances, the control is still in the hands of management of the enterprise, as it was before. This control exists mainly because they tried by all means to preserve more than 50% of the shares in their hands. Moreover, the managers used the ignorance of the workers for their own purposes: mainly the workers are badly informed about their rights and possibilities of decision-making from their side. The years and years of previous dominance of managers made the workers absolutely subordinate to the managerial orders. In new circumstances only a few workers know the power which they can have through the shares. In many cases they still believe that managers are as powerful as they were before, and they can change nothing.

Structural changes within the enterprises

First of all I would like to stress that the British plant had enormous and very dynamic changes. The situation within the British plant over the three years from 1993 to 1995 changed very slowly, and then there were dramatic changes, which brought an absolutely new structure of the enterprise. Within one year the whole organisation process was restructured completely. There was a set of redundancies, which led to a considerable staff reduction (from 619 in June 1995 to 312 in September 1996 and only 150 by September 1997).

1. First of all instead of the conveyor system of repair four product groups were organised. The whole industrial process was also restructured and several managerial levels were eliminated.

At the same time the Russian plant faced no dramatic changes. The whole process of restructuring of the enterprise led to a staff increase: if at the beginning of research (October

1992) the plant had 1062 employees (among them 284 ITR and 778 workers), at the beginning of 1997 there were 2035 employees (among them 253 managers, 275 specialists, 6 clerks and 1501 workers).

At the same time, we should stress that apart from some changes in the structure of the enterprise, connected with changes in the external conditions, when the marketing department and the department of external co-operation were organised, the law department became stronger, at the same time other changes within the enterprise remind one of cosmetic repair. The new structure of the enterprise combined some of the new features corresponding to market reality, and at the same time it preserved the old traditional elements of the Soviet system: hierarchical subordination from the top to the bottom. And even if there are some features of collective decision making, in reality the whole power is still preserved in the hands of the General Director.

There was enlargement of the main workshops and they were transformed into single production units, which led to the elimination to some extent of inter-shop conflicts regarding the distribution of the material resources. Nevertheless, even if there was an enlargement of some departments, the duplication of functions within the plant was not eliminated.

Changes in the management team

The privatisation of the British plant has led to simultaneous changes in the management team of the enterprise. A new General Director was appointed immediately. At the same time there were ten people from the new company who were appointed to the main positions within the enterprise, who were familiar with the main concepts and activities of the

company. Thus the whole process of structural change within the enterprise was supported by people who had already worked within the company for some period. Moreover, in order to change the approach among the old managers of the plant the new company organised special training in other branches of the company for such people. Thus, there was a total change not only of the management team, but also the whole philosophy and attitudes within the company.

According to the law, the main governing organ of the Russian plant is a governing body. We should stress that during the whole process of restructuring there were no substantial changes in the composition of the governing body of the enterprise: the same people, who were on the top of the enterprise at the beginning of the structural changes still preserve their power. Mainly all the representatives of the governing body are people who were in the top positions before privatisation. Thus, the whole process of restructuring of the enterprise has not changed the management team of the enterprise.

All the attempts to change the formal structure of the enterprise have not led to changes in the informal connections within enterprise.

Changes in the payment system

First of all we should stress that the changes in the payment system connected with privatisation within the British plant were only in a period of transition that is why it is difficult to draw final conclusions. At the same time, we have seen some of the processes which began within the enterprise and to some extent the processes within the enterprise were very similar to processes within other privatised industries. As J. Haskel and S. Szymanski

(1994) have pointed out *'privatisation/changing objectives has led to large-scale labour shedding as the company became more profit oriented'*. In addition, their findings suggest that 'increased competition reduces wages'. The British plant was no exception to this rule: there were substantial economies in wage costs and big staff reductions. The main profitable part for the British workers was overtime which was reduced to 8%. That is why the average wages among the workers have fallen considerably. At the same time, we can confirm that the intensity of work increased considerably.

Contrary to the British plant, the Russian plant shows us an outstanding example of the 'successful' privatisation. There were no staff reductions, and it didn't lead to falling wages. In reality, the wages increased considerably. At the same time the whole system of wage formation was preserved. Moreover, new mechanisms of wage manipulation were constructed. We should stress that the formation of the payment system still remains the most secret sphere of any enterprise, as it was before, and with the transition to the market economy some mechanisms for further violations in this sphere appeared.

Formal/informal relations

Here we would like to summarise the processes, which took place within both enterprises in the sphere of informal relations.

From the one side, we can observe at both plants the process of formalisation of some informal processes: for example, a more formal approach towards the violators of the labour discipline, more formal relations with the customers at the British and Russian plant.

At the same time we can observe that the new movement towards market relations also led to the further expansion of spheres of informal relations, particularly in the Russian plant. The new possibilities of the market economy opened the new possibilities for forming informal relations in new spheres of activity of the enterprises. Such a tendency was observed not only in the researched enterprises. As the Russian researchers from Samara have stressed :

Although the traditional spheres of informal relations became narrow, nevertheless, the informal relations do not disappear, they are beginning to form in new spheres of activity of the enterprises.' (Alashev S., Tartakovskaya I., Lapshova E., 1997, p.141)

So we can stress that the system of informal relations is very dynamic. That is why sometimes spheres which were traditionally based on the informal relations could be formalised and, in turn, other spheres where formal relations prevailed could be informalised.

Thus, in order to summarise the development of industrial relations within both enterprises we could enumerate the following processes which have taken place within the enterprises after privatisation.

1. From the one hand, we have seen the quite clear tendency towards the *formalisation of informal relations* at both plants. For instance, there was a tendency towards signing off work by the workers at the British plant and application of formal criteria to violators of labour discipline within the Russian enterprise. The use of formal punishment for violations of the labour discipline became more common within the Russian enterprise. Besides, relations with the customers at both plants became more formal and well documented.

2. On the other hand, we have seen the tendency towards further *informalisation of the existing formal and informal relations* within the Russian plant in many different spheres: the system of employment became strictly informalised. The formation of wages is also a sphere in which we have observed a further tendency towards deeper informalisation. Besides, new spheres of activity developed based only on informal relations.

At the same time within the British enterprise this tendency to further informalisation of formal relations was not observed. There was a constant rhetoric about working in teams and informal relations between the workers and team leaders, and at the same time there is more control of workers from the team leaders' side. That level of informality which existed on the shop floor before has almost disappeared. It does not mean that informal relations do not exist within the British enterprise. But in many cases the scale of their usage has become much more narrow than before. There are still informal relations between the gangs, but because the whole process was reorganised and because there were so many redundancies, in my opinion the workers on the shop floor now show more apathy in all their activities. Moreover, the whole process became more intensified which is why the room for informal socialisation of the workers between the teams narrowed. In my opinion, there is an ideology of individualism of a different kind. And on the individual basis there is still room for individualised informal relations.

Core/peripheral relations

Now, we would like to see what happened with the core-peripheral relations after privatisation.

Within the British plant the following tendencies were observed:

1. First of all there was an elimination of the demarcation lines between the trades. The trend was towards multi-tasking and multi-skilling. The British plant used the Japanese approach to the organisation of production. The division between direct and indirect workers has disappeared. The positions of workers of cat. 1 and 2 were eliminated. And all the workers had to fulfil main and auxiliary tasks. Universalist principles were implemented not only on the shop floor, but also in different departments. Team working as a concept implied mutual exchangeability.

2. The division between *old workers and new workers* was also eliminated. In the first redundancy ABB had to sack people according to the principle 'first in - last out'. But the result of this redundancy was very negative for the company: the young, open-minded and more flexible workers were redundant, while the old workers, often with very conservative views, were preserved within the enterprise. The company had another vision of core/peripheral relations, and they negotiated with the trade union the principle of seniority. That is why the next redundancy was based on other principles. They preserved workers with the ability to be flexible, to accept changes, to have an open-mind and high qualification regardless of their length of service. The formal principle of seniority was substituted by other principles. Thus, to summarise, we could see that the old workers have lost the secure position which they had in the past.

3. The new company imposed new attitudes at work and tried to reduce the time losses that is why they eliminated all the time losses connected with the implementation of trade union duties. The company allowed only one part-time official representative for all seven trade

unions. Thus, even if the division between the ordinary workers and trade union officials still exists, the main differences between the union leaders and ordinary workers was abolished: they all work hard on the shop floor.

4. The division between skilled and non-skilled workers. Because the company made a lot of redundancies, some people of unique professions were sacked. In this circumstance, the role of the workers-universalists has increased significantly. At the same time, even if these workers could perform different tasks for different trades, nevertheless, according to the evidence of these workers, the company didn't provide them with a higher salary than the others. Thus, there is no stimulus again for such workers to fulfil different tasks and work for an absent person from another trade.

New trends within the Russian plant connected with privatisation

1. The movement towards market relations has changed the status differences on the shop floor in the Russian plant. First of all the differences between main and auxiliary workers were almost eliminated. In the new conditions the dictatorship of production was substituted by the dictatorship of profit. In these circumstances the trades which were not involved in the direct production process could produce parts for the market and make a profit. That is why *the role of the auxiliary workers such as toolmakers and blacksmiths increased* considerably within the enterprise. Their status became higher, and their salary could be higher than that of production workers. Thus, we could see that in this sense the changes within Russian production have led to the situation that existed in Britain in the 70s and 80s, where the workers of the highest qualification such as toolmakers were the most highly valued.

At the same time we could see that within the whole society the status of highly qualified workers *became lower*. With the transition to the market economy new spheres of activity, connected with the market relations, developed. And in turn, there was a further reduction of demand for highly qualified workers: in the circumstances, where a lot of industries have considerably reduced employment there is almost no demand for skilled workers. Thus, the changes in the labour market led to the situation, where there is a lack of demand for highly qualified workers. Thus, we should stress that in the period of transition the value of the highly qualified manual labour was reduced.

2. From the other side, the division among the '*kadrovye - non-kadrovye*' workers was preserved within the enterprise. Moreover, in new conditions, where the possibility for machinations with payment increased, the managers used their power in order to support financially the '*kadrovye*' workers, because they '*were tested*' during the length of their service and always supported the managers, so the managers could *rely on them* in new conditions, when there is necessity to fulfil the plan, and from the other side, the '*kadrovye*' workers rely on managers' decision for financial rewards for their loyalty. Thus, we can see that the movement with old workers within the Russian plant went in absolutely the opposite direction : if the British old workers have lost their power and seniority, Russian '*kadrovye*' workers in turn have got more power and a more secure position within the enterprise. The production process is organised in a such way that '*kadrovye*' workers are provided with material and equipment first of all. The most profitable work in terms of money is also distributed among them, they have got better financial support than the other workers and so on. All unprofitable, heavy, low-paid jobs are left to other workers. Thus, there is a clear

division between '*kadrovye*' workers and '*non-kadrovye*' workers. The second are suppressed by the first. And this division is strongly supported by the middle managers.

At the same time we should stress that in the past within the British plant there was a formal agreement between the managers and the trade union regarding the principle of seniority, by contrast with the British plant there is not any written rule or regulation which gives the '*kadrovye*' workers so much power. This power exists only in the informal relations and is not regulated in any documents. It is just supported by managers.

3. Skilled - unskilled workers. The division of workers in this sense has become less visible.

4. Drinkers - non-drinkers. In the new conditions there was a tendency towards improving the workforce and some heavy drinkers and violators were sacked. At the same time some drinkers and violators were preserved within the enterprise: the managers still have to rely on such workers. From the one side, the drinkers became more careful, because in the situation of increasing unemployment they try to preserve their jobs. At the same time in case they violated some formal rules, the managers use their weaknesses for their purposes. They can press on such workers to work on Saturday and Sunday, and will not get a refusal, because otherwise the violators will be sacked.

Thus, we considered the changes in core - peripheral relations at both plants. Are there any similarities after privatisation regarding this matter? From our point of view the British plant saw profound changes in the core-peripheral relations. With the elimination of the division between direct and indirect workers and the introduction of the team-working concept all workers became regarded as 'core' workers. The division between the productive and non-

productive workers was completely eliminated. Moreover, the intention of the British managers was to destroy the demarcation line not only between the workers on the shop floor, but also to eliminate the division between the 'white' collar and 'blue' collar workers. According to the views of one of the Managing Directors there should be no division among the employees at all. Thus, if within the British plant there was a trend towards the elimination of any kind of division among the workers, within the Russian plant the main divisions were preserved and even reinforced.

Resistance and compliance on the shop floor

First of all we should stress that there were collective and individual resistance on the shop floor among the British workers after privatisation. But the scale of such resistance was much smaller than before privatisation. The main reason of reduction of different kinds of resistance was obvious: the fear of redundancy. At the same time we would like to point out that despite this fear some workers tried to implement some attempts in order to resist changes. In my opinion resistance to new rules and regulations within the British enterprise was interrelated with the former division between old workers and newcomers. Old workers, who had worked at the plant for many years, always had power over the younger workers. Even if the capacities of the older workers were lower, they still had the advantage that they were employed by the company earlier. Besides, they worked for the plant for 20-30 years and this fact was also meaningful in the eyes of the old workers. In new circumstances, when the company asked for a greater level of flexibility and intensification from the workers, not all old workers agreed with these demands. The main finding of my research was that the

younger workers' adaptation to the new changes was quicker than the old ones. The young workers didn't mind flexibility, moreover, they were more tolerant to the changes implemented by the company. The old workers in many interviews expressed their militancy towards the new managers and high level of rejection of new changes. The position of many old employees was that they deserved better treatment, and they didn't want to change their mind so quickly.

It is difficult to say what influenced the sabotage of the managerial decision, when some of the old craft workers refused to clean the toilets. It was a collective confrontation of the old workers to managerial requests. And by this action they struggled against the new requirement of the company to destroy the demarcation line between trades and jobs. And in my opinion this collective resistance was from the one side an attempt to show that the old workers still have some power, but from the other side it was a final stage of their desperation. The previous set of redundancies was done on the seniority basis, that is why a lot of old workers were left on the shop floor. But before this collective resistance there was an announcement that the next redundancy will be based on the new principles, and the length of service will be meaningless to the company. That is why some of the old workers in my opinion felt that they had nothing to lose even if they implement a collective resistance.

Besides, I consider as a form of collective resistance the refusal to sign off the work done. Even if there was a company regulation to sign off any work done, most of the workers 'forget' to sign off the documents, or continue to write 'OK' instead of the name of the employee.

At the same time, the above reaction of the old workers to the changes does not mean that there was no resistance among the younger workers within the British plant. There was a lot of individual resistance on the shop floor, expressed in a hidden way. First of all there were a lot of situations on the shop floor observed by me, when the workers finished their work and didn't want to report it to their team leader. The company's idea of the intensification of work was faced with hidden resistance of the workers. They used to have some free time at work, and they want to preserve this priority. They didn't like it that the team leader has so much power.

Some of the workers used the old principle of 'work to rule' without any additional initiative from their side. Other workers doing all the work required still 'left their brains at home', and didn't bother about the company's values and requirements. And this is their way of resistance.

But at the same time the whole spirit of the works was filled with more tension than it was before. The fear of redundancy was a very effective mechanism of workers' oppression.

To some extent the situation within the Russian plant was quite similar. With privatisation the workers lost their power. At both plants, as we have seen, the relations between workers and managers after privatisation have worsened. The number of overt conflicts fell, but the hidden tension has risen sharply.

There is a tighter control over the work process than before, and there are no new bases for healthy relations between workers and management.

Although there were collective strikes in 1989 and 1991, nevertheless the working class have no power and no institutionalised system to make a collective action.

The worker's ignorance of their rights continued. Although they are shareholders of the company, many do not even know that it is privatised, nor that they have shareholders' rights, nor do they know the difference between ordinary shares and privileged shares.

Conclusion to the comparison

Now we are trying to answer the question raised before: to what extent were the changes within both plants similar and in what directions are they both going? Despite some similarities between the Russian and British plants before privatisation, in my opinion the two plants after privatisation went in absolutely different directions. As we have seen from the description of the processes within the British plant, there a 'pure' privatisation has happened, when the company was taken over by another foreign company. The whole ideology of the company was changed. The deepest restructuring was implemented. In the light of all these changes within the British enterprise it can be argued that more focused and comprehensive reforms were implemented within the British plant. (Although still there is another question of whether it was successful or not). At the same time the reorganisation within the Russian plant more reminds one of a 'cosmetic' repair, where only the facade was repaired and the whole building left unchanged. Most changes within the Russian enterprise were half-hearted, mainly involving 'privatisation games', which have not lead to the restructuring of the enterprise. Despite some processes which have changed at the enterprise, as for example the

level of output has increased, in most cases it was not a result of structural changes within the enterprise, but some informal connections with those who are responsible for the orders.

Although the Russian plant at the moment has quite successful results, it does not mean that it is a stable enterprise with a definite future. The Russian plant still preserves its monopoly on the market. If competitors appear on the stage, all the benefits of being a monopolist will disappear in a moment. Within the plant competitive approaches, which could help the plant to survive in market conditions, were not constructed. At the same time the British plant, because of its highly competitive strategy and up to date philosophy, could be a stable actor on the British market.

To some extent the movement towards privatisation in Russia has led to the assumption that Russian enterprises will reach Western standards. But the comprehensive analysis of the Russian environment has shown that specific Russian features, and especially the informal relations influence all processes, including privatisation. The market orientation influenced some improvement within the Russian enterprise, but in comparison with the Western one, my strong opinion is that within the Russian enterprise there is a *mixture of everything*: old and new approaches, compilation of Russian and Western strategies, old technology and high level of manual labour and market-oriented departments.

So, the Russian enterprise in some spheres looks like the British plant 20 - 30 years before, especially regarding the organisation of the labour process. At the same time, in some spheres the enterprise is trying to be closer to the European standards, as for example when the marketing department, the venture department and so on were opened. At the same time there

are some spheres, where there are very traditional Russian features, which are very difficult to abolish, especially in the sphere of informal relations, elite relationships and so on.

My thoughts are similar to the view of one Russian sociologist, who wrote:

There is a sociological question... whether it is possible that, being in transition from post-perestroika disruption to global post-modernist civilisation, we find ourselves in feudalism?

And here is his answer to this question :

What has happened in Russia at the moment strongly reminds me of the establishment of the 'new-old' feudal mode. For example, the well-advertised privatisation (this is a whole philosophy, not only an economic innovation), in particular, has led to the situation that all the power of the 'lords' and 'peers' has been reinforced in each privatised structure. They are the heads and now the owners of different structures. It is a very narrow circle, as a rule it is comprised of the leader and a few of his very ardent subordinates. These 'peers' have fantastic incomes even according to American standards.' (Pokrovsky, N. 1995)

Further the author says that privatisation was advertised as a means of democratisation of society, but as a result of such 'Russian' privatisation there was a feudalisation of the whole society. With a lot of 'vassals' who do the main work and depend on the wishes of their powerful 'peers'.

Appendix 1: Methodology

I would like briefly to outline the main methodological aspects of my research. As is clear from the written material presented above, I conducted case studies of two plants. At the beginning of my study I knew that the main criticism of case study methodology concerned the concept of subjectivity. For this reason, it was my intention from the beginning of the study to reduce the number of potential problems and to organise the research in such a way as to reduce, wherever possible, the level of subjectivity.

In order to do this, I tried to combine various methods of conducting the research. Within the British plant, for example, I used interviews of which I conducted more than 80 throughout the organisation. It was my opinion that I would receive objective information only by comparing the material obtained from the different levels of the organisation, and I therefore selected interviewees from top and middle management, and from among rank and file workers. I conducted not only individual interviews but also group interviews with 'gangs'. This was possible within the British plant before it was privatised mainly because the employees had more 'free' time at work. In addition to using interviews, I also participated in meetings between the general director and the plant's managers. The information recorded during such meetings, together with my interviews, provided the best opportunity to look at organisational processes from within the plant.

I am very grateful to the General Manager of the plant, who gave me access to the enterprise in 1993, and who never set any limits on my work, nor put up any barriers.

In addition to my interviews, I collected all other relevant documents that I could obtain within the enterprise and I believe that this helped me to construct a more comprehensive and systematic picture of activity within the enterprise. Such documents included production and output statistics, and industrial and trade union minutes. I also had access to videos and slides available within the plant.

Observation also played an especially important role because I was a stranger and had to obtain a lot of information with my eyes. I was very pleased when I was able to persuade a few workers within the plants (two in the English plant and one in the Moscow plant) to keep a diary of their working week - I count this as one of my main successes. I think this is a very important source of information for the researcher, but one which is rarely used in modern sociological research and almost entirely neglected in Russian sociology.

I should stress that I conducted research in the Russian enterprise over a much longer period of time than in the British plant, as a result of which I obtained twice as much information on the former as on the latter. I was granted access to the Russian plant in 1992 and, during the following year, I visited the enterprise almost every week, conducting many interviews with workers and management. In accordance with my agreement with the enterprise's General Director, I participated in industrial meetings and in conferences held by the labour collective. During this time I conducted approximately 60 interviews with employees. As in the British plant, I interviewed not only individuals, but where it was possible, I conducted group interviews with brigades of workers. I analysed the General Director's directives and any other documents that I was able to obtain through a system of informal relations with many informants working at the plant. Between May and December 1994, I was a participant

observer at the plant, during which time I worked as a clerk in the financial-planning department.⁷⁹ From December 1994, I continued to monitor processes within the plant and during this period conducted another set of 20 interviews. I also recorded several industrial disputes and labour collective conferences. I analysed the Collective agreement of the enterprise and many other documents. As a result of all my activities I obtained a substantial amount of information on most of the important activities of the two plants being studied, on the basis of which my thesis was written.

I also think it's important to comment on my position as a foreign researcher in a foreign organisation. I think that one of the main advantages of being on 'foreign' territory during my research was that I could ask as many 'naive' questions as I liked, which may have been more problematic for a native researcher to do. It also helped in some respects that people within the organisation believed that as a foreign researcher, I would not use any information against them. However, in contrast, within the Russian plant (and especially on the shop floor), I was often seen as a member of the management team and it was sometimes difficult for me to overcome people's perceptions. Back at the British plant several workers regarded me as a 'Russian spy' and therefore some of them did not want to talk to me candidly, while others refused to speak to me altogether.

⁷⁹ The special post 'Head of the analytical-statistical bureau' was constructed especially for me by the General Director of the Russian plant, who thus proved the idea expressed in my thesis that in the Russian plant, jobs are found (or created) for people and not vice-versa!

I would also like to stress that my gender influenced the research project and in this respect it was absolutely clear that people in the two plants related to me in quite different ways. In general terms, within the Russian plant I was seen firstly as a 'woman', and only secondly as a researcher, whereas in the British plant it was rather different. On several occasions at the British plant, one of the workers on the shop floor treated me quite badly, inferring crudely that I was looking for particular respondents not because of their ability to provide me some valuable material, but simply because they were men. As a result, each time I appeared on the shop floor he would make jokes at my expense but, within the framework of the study as a whole, this was only a minor disturbance and one which my previous experiences of research had led me to anticipate and even prepare myself for.

Appendix 2: Three Workers' Diaries

DIARY

of the working day, written by fitter of the 2nd rank

Plant "REMET", MOSCOW

The Role of the brigade in the system of production:

Our brigade fulfils the first stage of the whole production cycle, namely, re-assembling bogies under the carriages, and if the working process in our section will stop, simultaneously the whole repair production will be stopped. To whom are we subordinated?

First of all we are subordinated to our brigadier and to our foreman. The number of workers in the brigade: According to staff regulations - 15. Work at present time - 10.

In our brigade sometimes there is movement towards understanding some of our questions. During several months we have been trying to reach an agreement about revision of the technical process, because only after this is it possible to revise our payment (which in our opinion is very low). In February 1993 our brigade was on strike, and we demanded the revision of the technical process, change of foreman, revision of our payment. But at that period we knew nothing about how to fight with the administration in such a way that all our demands were met. Besides, I was a new worker and had worked on the plant only a few months (since December 1992). So, the promises of our administration towards the revision of technical process were not fulfilled, neither in December, nor now. That is why in our

brigade dissatisfaction was growing up about such kind of things, that somebody from the "top" considers us foolish people. But our brigade is almost the only one, who always fulfil the plan. But the payment does not so much depend on fulfilling the plan. For example, in May the workshop didn't fulfil the plan, the whole workshop produced only 5 carriages out of 18. Our brigade fulfilled the whole plan - 36 bogies (2 bogies on 1 carriage). But the payment was - 100% for 5 carriages and 70% for the rest. That is why this month in our brigade some dissatisfaction about the percentage of our work again arose: if we again will fulfil the plan, but the workshop won't, we don't want to agree with such kind of things. We work hard and for our job we would like to get real money. During the disturbance in our brigade, I and Eugeny (he is my friend and former brigadier of our brigade) decided to change the situation and to do something in order that our demands were met. But we needed qualified help, that is why we asked the sociologist who is doing her research in our workshop and interviewing people. We asked her to help to us and she organised a meeting with a representative from Academy of Labour and Social Relationships. On Friday, 23rd of July I went to this meeting. (We agreed to go there together with my friend Eugeny, but at the last moment he had some troubles at home and couldn't join me). We met with this person. At this meeting were I, a person from ALSR and the sociologist. I realised that this person was very skilled in these questions, and he explained to me step by step how to act in some occasions, what are the main regulations about labour in our country, and how the workers should behave in some situations. In any case it was a very helpful meeting. And also my work on this plant will be a great experience for me for the rest of my life. And it doesn't matter where I will work in the

future (no doubt, that I won't work on this plant for a long time), the whole story within this plant taught me a lot, and I've got a very good experience.

26th of July 1993, Monday.

Rhythm of the work normal. During the day in our part appeared Puzirev (chop chief), Kudriashov (vice shop chief) and technologist.

There is a shortage of some parts: distance rings, bolts (suspension), "hats" for the engine fixage. Foremen was warned about shortage of such "hats" one month ago, there is no result yet. Our guys again were forced to do some job (to recast disparity on clutches), though shop chief promised to clear this question. As regarding this question, we have been trying to resolve it for six months: we are doing the job without any payment, but we are wasting a lot of time for this particular work.

There is no additional "chalok" (special metal boxes) so we need to transport it during the day from one place to another, and they are very heavy. Several guys have refused to do it.

We were late for our job by 7 minutes after playing dominoes. Foreman came to us and there was a lot of noise (mainly from our side), because there is no place to store repaired bogies. Other brigades (electricians) have no time to fulfil the plan. That is why, from our point of view we do not deserve blame from the foremen, that we are sitting and playing dominoes. Foremen lost his temper and said that he will write a resignation letter, and went to his room on the top. One person then told us, that he complained to the First vice-director about three men who are spoiling his life on the plant. (But to prove this fact, whether it was or not, we

can't at the moment.) Disturbance within the brigade growing in connection with the amount of money, which we can get if we fulfil all planned bogies (38).

On Friday, (23rd of July), we went to the First vice-director - 4 people from our brigade and asked him about the payment for our efforts (labour): we will fulfil 38 bogies for 19 carriages, i.e. the whole plan, but the whole workshop won't fulfil. In this case, how will they pay for our job? If they will again do percentage - (70 %) - we completely disagree with such a system. Zverev - First vice-director promised to us to get 90 - 95 % of payment and asked us to work on Saturday (On the 24th of July). But if I understood right, nobody believes Zverev.

We are planning to assemble two carriages in one day, and to work on Saturday only on presentation of the repaired carriages.

27th of July, Tuesday.

The rhythm of work on our section normal. Appeared during the day: Pyzyrev (Chop-chief), Zverev (first vice-director), technologist with the main technologist, and with vice-director of the Vykhino area (Kolotushkin) - though he is on vacation.

We decided to do two carriages per day, i.e. on the 31st of July to fulfil the 19th carriage. Before, we wanted to fulfil the carriage on the 30th of July. We had a conversation with the First vice-director and we accused him, that electro-assembling workers didn't appear on Saturday at all. He answered to us, that we shouldn't poke our noses in things that are not our business, and fulfil the plan.

Came to us (or to be more precise) passed through our section Luba - the Leader of the Trade Union. We asked her to help us to resolve the problem with percentage of our work and

technical process. She said, that next Tuesday she will be in our plant again and she will tell us what she undertook. There was a conversation with our foremen about the limits of reserve parts for the period of one month. From my opinion, all these limits are "plucked out of the air" and need to be revised. For example: the limit of suspension to the bogie within one month is - two hanging parts, but only during one day I changed two of them.

In the brigade we decided that at the beginning of the next month we will organise a meeting and write to Zverev. But it will depend on the amount of money which we will obtain this month and also what Luba from the Trade Union will tell us. That's all.

28th of July, Wednesday.

Rhythm of the work normal. Puzyrev, Kudryashov (vice-shop chief) technologists and vice-technologists appeared on our section. In the morning 12 suspensions arrived. After lunch there was a delay with assembling of the bogies, because we received "fists" for the wheels and engine too late. But, nevertheless, we managed to assemble one carriage by the end of the working day.

I had a conflict with my foreman. He made me recast my "forced" defect. "Forced" because we have no repair variant of this part, that is why we need to fix only what we have. (From the safety point, in the underground, there is a very strong guarantee. For one part - there are 10 extra parts. And I am sure that this defect doesn't lead to a dangerous break in the circulation of the trains. From the other side, we must have special repair variants of this part and they must be prepared with our orders, but we have no such parts). Thus, I refused to recast. As a result, my foreman wrote a report on me for the shop-chief. Shop-chief called for

me, there were foreman, and deputy-chief. I proved that I was right in this circumstance. And, the situations turned in a such way, that it was the foreman's fault. After this accident, the foreman told our brigadier, that he would write a letter of resignation. I think, that this time he decided to do it very seriously. Also, he told the brigadier, that our salary will increase not by 70 %, as in the other brigades, but only by 30 %, or, very likely, that our norms will cut. What will happen exactly and why, we don't know yet. We will speak with the First vice-director tomorrow.

Our brigadier organised a meeting of our brigade at the end of the working day. To some extent, this meeting was organised with one purpose: he wanted to retain the foreman in his position with our help. Why he did it - it is quite clear: because two shoes - are a pair. Slava (foreman) supports the brigadier and vice versa. That is why our brigadier is worrying. Generally speaking, as a foremen, Slava doesn't fulfil his functions at all. Either he is present, or he isn't - it does not make any difference. That is why we told him ages ago: "Slava - your business is to get money, supply parts for the brigade. As regarding our responsibilities, we know it well and we needn't your help." In our work process we know ourselves: who needs help and where and when. We have a rather flexible system, and all the lads work with co-operation. So, if we see that somebody overstrains himself, we will try to help him. Or, if somebody understood that it is impossible to do this job without help, he will apply to the brigade. Foreman in our section is absolute zero. Maybe he was a good technologist in the past and knows some technical process, nevertheless, he can't work with people at all. Two years left before he retires, and he wants to have a calm job, but not here. Here is the place,

where you should struggle for everything, but he doesn't want to spoil his relationships with the administration. And this last point disturbs us very much.

29th of July, Thursday

Rhythm of the work normal. Appeared on our part Puzyrev, Kudryushov and technologist. SPS-service (metro service, which accepts repaired carriages) didn't accept one carriage with defects. (I was called to shop-chief on the matter of this defect earlier - shift of suspension and bush on the roller). I refused to change the bush as before. As regarding the shift of suspension, I decided also not to remove it, but to negotiate this problem with SPS-service. First, I went to the deputy-shop-chief. He told me: "Negotiate this problem yourself", - though it was his direct responsibility. After him, I went to the Shop-chief. He said to me, that he will negotiate this problem himself. I proved to him that I have no reserve parts, in order to change this suspension, and also I have a lot of work. He agreed. Thus, he resolved this problem with SPS-service. That's all.

Slava came to us and said, that this month they cut the prices for the repair of carriages within our brigade by 30%. We warned the First director, that Shop-chief will try to deceive us this month. After this Eugeny and brigadier went to the First Director. He forced them out and called foreman: We said to Slava, "how to behave in this situation" and sent to Zverev. By the way, after that conflict, when I was called to the shop chief and the foreman was in an uncomfortable position, he became very kind to me. It is unknown for how long. Slava came to us from the "top" and said, that Zverev called from the other place, "Sokol", the head of the department of wages and labour. Disturbance within the brigade was mainly about this question.

30th of July, Friday

Rhythm of work normal. Appeared on our section Puzyrev, Kudriashov, Zverev, technologist, main technologist, Kolotushkin (he is on vacation).

Today arrived this "auntie" (i.e. the head of the department of wages and labour - comments of sociologist). They were walking along our part, speaking about something with the foreman till lunchtime.

After lunch Slava (foreman) came from the "top" and said, that she checked it all out. The price really was cut this month by 30% only in our section. (We are thinking, that this is the fault of Lena - she is working in the department of wages and labour in Vykhino, and her husband is the shop chief of our workshop). The price was restored at the end. Also Slava said, that Zverev will pay for the 17 carriages 100% of payment and for the 2 carriages 95% . Zverev said also that they want to separate our section from the workshop yet, because the price for repair is too low within our area and in the Sokol area too, if they separate us, it might be much lower. That is why they decided to wait, when the new technical process will be established, they will decide. But the conversation about this matter was very quick, that is why nobody knows any details.*

That's all for today. Tomorrow we are going to work (it will be Saturday), because we need to present some of the 17 carriages left.

* [In spring a decision was made about separation of the bogie section from the whole carriage-repairing workshop. But, in order to do it, it was necessary to revise the whole

technical process, and then, on the base of it, to revise all kinds of norms. Then, they will be able to organise a separate bogie workshop.]

31st of July, Saturday.

Rhythm of the work normal. Zverev passed through our section, then Kudryashov and Puzyrev.

No news at all. We made our 19-th carriage and went home.

2nd of August, Monday,

The beginning of the month. Rhythm of work: practically without any work. Appeared on our part Zverev (two times), Puzyrev - he is on vacation, Kudryashov and the technologist. There were no events at all. I, Eugeny and one more person went home at 13.30. Tomorrow, if there will no job, the other 3 people will leave the workplace earlier.

3rd of August, Tuesday.

There is practically no work at all. At 11.15 there was a meeting for our and wheels workshop about transition towards a share-holding company. We were sitting there and were listening with half an ear. Again, particularly for the workers, there will be nothing. Some people raised foolish questions. Sometimes it is very surprising, to what extent some workers are really foolish. But also, we, the workers wait for nothing good. It is quite clear, that they, from the top", will find the way to make fools of workers. In principle, all thoughts of the administration are devoted to the idea, "how to get more" and trying to do it in different ways, depending on their position.

After the meeting we again came to the First director and said to him, that it is not profitable for us to fulfil the plan. We have no bonuses from fulfilling the plan. But people who don't fulfil the plan have the same payment as us. Also the clerical workers always have bonuses if the plant fulfils the plan. Zverev answered us: "If you are not mad on the plan, you have nothing to do within this plant. There is no place for you here." He eventually told us to get out, and he hinted to us that he is spending 95% of his time resolving of our problems, but he has more serious industrial questions. Then, we were not very insistent on our further conversation with him. To be honest, all those demands, which we made from the beginning of July were met. And if we were more persistent in our demands, we could get 100% payment for all carriages we repaired this month, but we had no more desire to co-operate with him.

Luba from the Trade Union said nothing to us. She told us, that this is very complicated question, and she needs some time to consider it. That's all.

After our lunch we were playing dominoes from 14.00 p.m. to 16.00 p.m. There was no work at all.

4th of August, Wednesday.

Not so much work again. There was a rumour within the brigade, that electricians have received for the 16 carriages, which they repaired, more than we received. We've got an average 120 thousands per person, but they have some workers who received more than 130-140 thousands. Passed through our section Kudryashov, deputy shop chief. We tried to find out why this happened. We mentioned this point, that it is not profitable for us to fulfil the

plan at all, because there is no motivation. He said, that it is our responsibility to be ahead and to have 2-3 bogies apart from the others. We tried to prove to him, that he gets some bonuses from the plan, but we have none. Then he said to us, that the price of every carriage includes the bonus also, and we just couldn't see it. If it is so, what percentage of our work does the bonus include, and what idiot did that? So, it is automatically added to each carriage and for me it is not quite clear if it is a good thing, or not. No clearness, no stimulus. For Russian man it was always clear, if somebody told him something like this: "This money is for this, that is for that". Here we have a totally different situation. And nothing is clear at all. Besides this, he denied that he eventually has a bonus. It will be useful to obtain some information about their bonuses: how often they (I mean shop-chief and deputy shop chief and other "white collars") have it and what percentage. Have they the bonuses per quarter? Because, we have only the bonus which is put into the cost of a carriage. We asked him a question about our work: "Do you consider that we are unskilled workers?" He accepted on our point of view and answered, that it is quite skilled. But Vinnik - General Director - (when he went to our meeting at the end of last year) said that we are unskilled workers . But this is unfair because I am working with a spirit-level. And the average grade is 4 for our brigade? To be honest, in order to speak with the administration , it is necessary to be a diplomat. And also it would be nice to have some "informant", who can give us some sorts of information. Then, they will feel, that we are not so foolish. To be honest, they already felt some our power, that is why they are resolving our problems. And we, while we are speaking with them, we are stressing that we know how to fight with them on the documents' level, we know now how to formulate the documents according to the law, but we don't want this yet. And they also

understand this, that is why, they don't want to get involved so much with us. There are only 3-4 people in our brigade who speak and express their opinion, the rest of our people usually keep silence. But now, if we need this, the whole of our brigade will vote like we want, and if we need to sign some document, I am sure, that all persons from the brigade will sign it.

the end.

Diary of the working day of Clive L. at the Adtranz plant .

Monday, 16/09/97

Arrive at work. Just had a week's holiday in Scotland with Lee, Eleanor, Curtis and Lee's Mum and Dad. (I need another holiday!). It feels good to be back. With my comrades.<- Russian Ha! I wonder what has happened? Are we to close yet? What has been going on? First thing is to go to the paymasters (Where is Marina?) and pick up my wages owing, under BR ownership we normally get a wage advance for holl's. But not under ABB. (SHIT).

Anyway pick up ?290 quid, not bad, but I did some overtime while it was there so I would have money to come back to.

Report for duty

I am required to test air reservoirs. Two are on the job because they are unable to take them down.

He says it's OK?.

So I drag the test equipment back over to the other shop and test the other resers that can! be took down.

12:15. Finished testing.

6 resers reservoirs required in other shop for morning shift. Nobody to take them So I take them myself on forklift. I have never driven forklift before: FUN!!!

I go over where the test equipment is and remove it to take to the job. I spend 2 hours doing this and setting it up on the job.

Finally, I am ready to start, because the resers are on the job I can only fill them 1/2 full with water. Then I have to pump them up. To pressurise them. 30 minutes later it is pressurised to 300 lb. sq. in. Team leader decides it has took too long. So, I don't bother testing the other on.

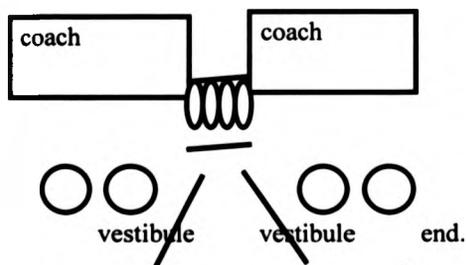
Tuesday, 17/09/96

Good news! I am working with Peter Buxton, he is a woodman, (vehicle builder). So I won't be doing fitting today, I hate being under jobs working in the shit.

Job

Replace two vestibules one two jobs it's going to be a hard day's work. But it's better than tossing about underneath.

A vestibule is the diaphragm between two coaches, keeping the water and cold out.



Replace the two vestibules no problem, but had to stay till 12:30 to do it.

But at least we got some overtime.

Wednesday:18/09/96

Report for work...No fitting today. Brilliant.

I have got another vestibule to replace with Peter.

Job goes as planned.

Marina Asks for a diary.

Pete is pissed off cos he is not getting any back money, so we toss it off all shift.

Thursday. Pay day.19/09/96

Dissappointed. (spelling of the worker.-M.K.)

I thought I would get more. Still people worse than me.

Today I am repairing valve for another product group. I am the only person who can do them.

They are interlock valves off class 91 locos they connect the parking brake to the pneumatic brake. Finished.

Team leader comes up with another job. I am needed to repair air/water separator/regulator valve. Again I am the only person on works who knows how to do them. I do it.

No problem!

Friday. 20/09/96

No work.

Clean up.

Wash windows.

What next.?

ABB. We care about you.!

Diary of the working week

By Robert Welbourne: Vehicle builder

28 March - 1 April, 1994

Our section repairs and maintains passenger and non-passenger vehicles. This involves such things as repairing and renewing panels, doors, floors, ceilings, seating, windows etc.

At the beginning of a shift we report to our chargehand who gives us a job and also any information. Once we get a job, myself and my mate head towards the drink mashine where we get a coffee and then collect the tools. Once we get on the job we discuss what we are going to do and how much we are going to do. Each task involved has a set time in which to do it in. So we usually get stuck in got the first half of the shift so that we can relax a bit more afterwards. If you are a good worker you can be trusted to organise you own job, which is appreciated by the chargehand as it saves him a bit of time. If you require anything from the stores you have to get a ticket from the chargehand. You then take the ticket along to the stores where it is exchanged get the material (if in stock).

The atmosphere here on the works is very relaxed and friendly. If you get on with your job nobody will bothers you. Everybody is on first name terms with the Management, who will always acknowledge you when passing. If you feel that you have a problem with anything, whether it is personal or it concerns the job, you are always made welcome to discuss the situation.

If a situation arises on the job that we don't agree with then we will argue against it with the chargehand. Sometimes the trouble is caused by men wanting to cut corners in order to complete the job quicker, putting aside Health and Safety Regulations. These people are classed as bad trades men who often cannot be trusted and whose work has to be double-checked all the time. If the trouble is down to bad workmanship then the person responsible is disciplined by the foreman.

Our work consist of many tasks which can differ from day to day. Sometimes it can be interesting, other times boring, which I will now explain in this week diary.

Monday, 28-th March. Aften Shift 2 pm - 1- pm.

Today we are reminded that this week is the end of the financial year and that all the years workload must be completes for midnight Thursday. My job today is to make and fix some wooden packing pieces into the battery boxes of a Pacer vehicle. The first thing to do is to measure up for the new packing and then to cut them to size at the saw mill. Next I pick some screws up from the cupboard in our section . The screws that I want are out of stock which comes as no surprise. The next batch are not due for another week so I have to make do with a smaller size. Next after setting up my air drill I am ready to fix the packing.

After half an hour I am introduced to "Marina from Russia", who was at first concerned about stopping me from working. I put her mind at ease when I said that I could easily catch up and that I was glad to have a rest as it can get quite hot when you have your head stuck in a battery box.

I am allowed two hours to complete each battery box which is plenty of time. This allows me to go at a leisurely pace and to finish eight cell boxes for 8 p.m. I then tidy up and then go for a drink and a talk with my mates on a job until 10 p.m. Overtime is on until midnight for those that want it. I decline the offer because I am tired and want to go home to bed.

Tuesday, 29-th March

Today I am working on a Diesel Multiple Unit with three other men. Our task is to fix striking plates and to regulate the doors. Which means working to strict regulations. We organise the job amongst ourselves, getting all the striking plates, set screws, and packing, and then setting up the air drills. Some striking plates are quite easy to do but some you can have problems with. Sometimes the screwholes are worn in the back plate which means that the screws keep spinning. This problem is solved by chopping out a section of the pillar and having the holes welded up. Usually it can take all day to get a welder, but it is done straight away because the vehicle has to be out for Thursday. After the holes are welded up, a new block is put into the pillar and fresh holes are drilled and tapped out for a striking plate.

At 5:30 p.m. it is time for our break which is twenty minutes long. Most of the men play cards down at the section but I choose to sit in the saw mill to read my paper in peace. After a break we return to our job and continue on the doors. When a door is regulated with the striking plate I then sign a list to say it is fitted and working correctly. At the end of the shift, the list is returned to the chargehand. When the job is completed the list is photo-copied and a copy is kept by the chargehand and foreman. If there is a problem with a door due to bad workmanship, the list is checked and the offender is disciplined. I always double-check my

doors making sure that everything is done properly in accordance with the regulations. Tonight we are under pressure so we dare not pack up the tools until 9:30 p.m.

Wednesday 30-th March

Today we are on the same job. All the stocking plates are completed so we have to do the repairs to the interior. My job today is to fix the bodyside mouldings while the other three men fit the draught proofing and casings around the doors. Throughout the night five men are taken into the office over bad workmanship. The reasons were really down to mistakes made during the job so they were only minor offences, therefore the men were let off. At around 8 p.m. the job is taken outside for re-fuling (?) and to be tested. My task is finished so I pack up my tools and go for a drink of tea with my mate. We return to the job where we sit and talk until 9:15 p.m. We then go back to our section to give the chargehand a progress report.

Thursday 31-st March

Today is the end of the financial year. All this years workload must be completed by midnight. Myself and three other men are given the snag sheet for yesterday's job which is outside in the Test House. After collecting our wages we pick up our tools and go to the job. Where we discuss who is going to do what on the vehicle. Once we have organised things we set about doing our tasks. There isn't much to do on this vehicle so we soon get on top things in order to relax later on. The main problem is a striking plate, one of the screws is spinning so we have to get it welded up. One of the man has been absent from the vehicle all afternoon so we have left this task for him as he has not done anything all day. When he returns, he

responds by shouting and swearing, and saying that it isn't fair. We all leave the job before he starts to get nasty.

Two of us return to our Chargehand for another job. He puts us to work on an Observation coach, which is used by a management team for checking the railway lines. After on we get to know that the other vehicle has been completed on time so the pressure is finally off. It is now 7 p.m. so we set about doing the abnormal work on the vehicle. My task for the rest of the night is to fit a window. This sees me through until 9 p.m. when we then sit down and relax with a drink until 10 p.m.

Friday 1-st April 12:30 p.m. - 7:30 p.m.

Today we are back on the observation Coach to carry on with abnormal work. Myself and my mate have no intention of doing a great deal as it is the last day before the Easter Holidays. We sit down for ten minutes on the vehicle and discuss how much we are going to do. Also we talk about what we are planning to do on our holidays. We pick easy tasks to do on the vehicle which sees us through until 6:30 p.m. For the last hour a few of us sit down on a job with a drink where we talk about our long weekend ahead!

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