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## Understanding Union Effectiveness in Central Eastern Europe: Hungary and Slovenia

**ABSTRACT** ■ This article develops a process-oriented concept of union effectiveness at the workplace and defines two related measures: union influence on management decision-making and union leaders' perception of shop-floor union strength. It explores various explanations of union effectiveness in Central Eastern Europe. In particular, it examines the limits of the economic explanations and the relevance of organizational factors (such as leadership and membership attitudes and collective identities). Empirical data are provided from a survey of local union leaders in two industries in Hungary and Slovenia. The findings of regression analysis reveal that two organizational resources, trust in management and union member commitment, are the most important determinants for both measures of effectiveness.

In industrial relations research, conceptual and empirical analyses of union effectiveness are surprisingly underdeveloped. If union effectiveness is assessed at all, it is usually by examining two quantitative indicators: union density and wage levels. As Hammer and Wazeter (1993: 302) point out, this neglects other indicators of effectiveness such as member participation or organizational capacity for bargaining and crisis management. Moreover, most recent research has focused on the narrow issue of union decline and examined its reasons at the macro (national) or sectoral level, neglecting the workplace.<sup>1</sup> This is especially unsatisfactory since the recent global trend of decentralizing industrial relations has made the workplace a crucial locus for union action and survival. Lastly, most explanations for union decline highlight institutional factors such as the labour market situation or anti-union governments and legislation, rather than organizational factors such as low membership commitment (Metcalf, 1991).

This article addresses these deficiencies by exploring indicators and determinants of union effectiveness at workplace level in Hungary and

Slovenia. It argues that a focus on union outcomes and the achievement of goals as indicators of effectiveness neglects the *process* of union-management relations. The latter is especially relevant when investigating union effectiveness at workplace level, as is evident from Continental European experience, where unions (or works councils) at shop-floor level can influence management decision-making not only through bargaining, but also through various participation rights. The mere fact of their continuing cooperation, even if this does not achieve immediate results, can produce a long-term impact on a union's capacity to represent members' interests.

The article therefore explores determinants of workplace union effectiveness, stressing the limits of the economic explanations and the relevance of organizational factors. It draws on social identity theories (Kelly, 1993) and mobilization theories, which highlight the necessity of a genuine 'collective identity' of the actors for mobilization (Cohen, 1985: 685; McAdam, 1988; Melucci, 1989; Tilly, 1978), and concludes that attitudes and ideologies of union leaders and members help explain labour movement effectiveness.

The empirical data are derived from a survey of local union leaders in the Hungarian and Slovenian food and metal industries. Central and Eastern Europe (CEE) was chosen as a critical case study. Since its industrial relations institutions and regulations are less stabilized than in western societies, the labour and product markets are likely to have a more direct impact on union effectiveness and survival. The transitional economies thus provide a favourable terrain to study the impact of economic conditions on union effectiveness; if there are no strong effects, they are unlikely anywhere. Moreover, this region is an extreme case of industrial relations transformation, with rapid decentralization of the formerly highly centralized systems and an increasing importance of the workplace for union survival. Lastly, examining two industries in two countries facilitates an assessment of the cross-sectoral and cross-cultural generalizability of the propositions examined in this article.

## **Institutional Context**

Hungary and Slovenia are, according to the annual ranking of the *Central European Economic Review* (1999), consistently among the three highest developed transitional economies (together with Poland) (see Table 1). In addition, they have the most pro-labour legislation in the CEE. Thus, their economic and institutional parameters should provide a supportive background for union effectiveness and should also support the mainstream hypothesis that the economy is a main determinant of overall union effectiveness (Aro and Repo, 1997; Metcalf, 1991).

TABLE 1. Economic Indicators, Hungary and Slovenia

Indicator	Year	Hungary	Slovenia
Growth of real GDP (%) <sup>a</sup>	1997	4.6	4.6
	1998	5.1	4.0
	1999 (Jan–June)	3.6	4.5
Per capita GDP (% of EU average) <sup>b</sup>	1995	7,800 ECU (45%)	11,300 ECU (65%)
	1997	8,900 ECU (47%)	13,000 ECU (68%)
Unemployment (%) <sup>c</sup>	1998	9.6	7.7

<sup>a</sup> Source: UN (1999) *World Economic and Social Survey* and UN (1999) *Economic Survey of Europe 1999*, Vol. 3, table 1.2.1.

<sup>b</sup> Source: Eurostat 1998.

<sup>c</sup> Source: UN (1999) *World Economic and Social Survey*. Figures based on ILO standardized definition. Slovenian national statistics, used by the OECD, include those not actively seeking employment and record a much higher rate (14.5 percent).

Both countries had relatively favourable economic starting conditions in 1989. Slovenia was the wealthiest region within the former Yugoslavia and had a market-based economy before 1989; Hungary had experienced 25 years of market-oriented reforms. Both experienced severe recession in the early years of transformation (1990–93), but improved significantly after 1995, and are now promising candidates for EU accession.

The industrial relations of the two countries were significantly different. Hungary's was a classical Leninist form of industrial relations, with unions as transmission belts between the party and working class and a triumvirate of directors, party and union leaders at workplace level — though there had been decentralizing reforms before 1989 (Héthy, 1995). Slovenia's legacy came from the Yugoslav self-management model, with companies governed by workers' councils; but unions functioned in the state-socialist form as transmission belts (Granick, 1975).

The formal (legal) transformation of industrial relations regulations was successfully completed in both countries in the mid-1990s, as both employers and unions stabilized their new positions (Stanojevic, 1999a; Tóth, 1997). New Labour Codes were adopted in Hungary in 1992 and Slovenia in 1990 (revised in 1993). They were criticized by some observers (Kollonay-Lehoczky and Ladó, 1996) for reducing union rights compared to the former socialist times. However, both countries adopted institutions and regulations of the German industrial relations system: they were the only CEE countries to introduce German-style works councils (Weiss, 1999). In Hungary, the councils possess only information and consultation rights; in Slovenia, there are also some codetermination rights.

New independent unions emerged after 1989; there are six major confederations in Hungary and four in Slovenia, but the former communist

unions (MSzOSz in Hungary; ZSSS in Slovenia) remain numerically predominant. Union membership declined sharply in the 1990s and has been estimated in 1998 as between 22 and 30 percent in Hungary, just in excess of 40 percent in Slovenia (Robert and Medgyesi, 1999; Stanojevic, 1999b). There is widespread evidence that unions in Hungary have managed to integrate the new works council institution into the local union organization and thus indirectly obtained additional legal rights at the workplace level (Deppe and Tatur, 1996: 258; Tóth, 1997). In Slovenia, there is greater separation between the works council and the local union, their having different leaders (whereas in Hungary one person frequently performs both roles); but in practice, the works council is weak and the local union the real bargaining partner of management (Stanojevic, 1999b).

Hungary developed a strongly decentralized industrial relations system, with enterprise unions having their own legal entity. The Slovenian system is slightly more centralized, but also has a strong tradition of company unions given the self-management legacy. Both have collective bargaining at all three levels (economy-wide, industrial, and workplace). It appears that the inter-sectoral level still plays the predominant role in pay bargaining in that it decides minimum wages through a national tripartite committee (established in Hungary in 1988 and in Slovenia in 1994). Sectoral bargaining is generally regarded as underdeveloped in Hungary, but as slightly more advanced in Slovenia (OECD, 1997: 131; Phillips and Ferfila, 1999: 17; Tóth et al., 2000: 12). There are no data available on sectoral collective bargaining coverage, nor reliable data on workplace bargaining, though Tóth et al. (2000: 13) estimate that in Hungary 30 percent of all workplaces have collective agreements (even if many simply adopt the national or sectoral minimum conditions).

Lastly, most observers characterize industrial relations in Hungary and Slovenia as exhibiting low industrial conflict and continuing cooperation, rather than strong anti-union strategies among employers (Makó and Novoszách, 1995: 260; Phillips and Ferfila, 1999: 17; Seleny, 1999; Stanojevic, 1999b; Whitley et al., 1997: 428). In sum, the two countries are economically and institutionally rather similar and should, according to the mainstream economic literature, promote union strength.

## **Empirical Analysis**

The empirical basis of this article is a survey in the metal/engineering and food-processing industries. Together these account for roughly half of total manufacturing in each country, but whereas the metal industry is one of the most prosperous and fastest growing industrial sectors in each

TABLE 2. Annual Growth of Output by Sector in Hungary and Slovenia (percent)

Hungary	1994	1995	1996	1997	1998
Metal products	20.6	5.5	-3.1	8.1	2.8
Mechanical and electrical engineering	20.4	20.5	16.2	54.9	41.4
Food processing	5.6	3.0	0.2	-7.2	0.8
Total industry	9.6	4.8	3.3	11.1	12.6
Slovenia	1994	1995	1996	1997	1998
Metal products	3.1	0.7	-3.1	-3.7	3.4
Mechanical and electrical engineering	6.5	17.3	-16.5	-6.9	11.0
Food processing	4.0	3.4	2.0	-3.0	3.2
Total industry	6.4	5.4	0.5	8.2	3.3

Source: UN Economic Commission for Europe, *Economic Survey of Europe*, various editions.

country, growth in the food industry is below average. Thus the two cases should give some representative insight into the hypothesized relationship between economic conditions and union effectiveness in the broader economy. Unfortunately, union density figures by sector were only available for Hungary (50 percent in the food industry in 1999, and 30 percent in the metal industry).

The survey was written in English, translated into Hungarian and Slovenian and (as a control procedure) back into English. The fieldwork was conducted in 1999 in a representative sample of unionized firms. In Hungary, this covered 60 out of 340 unionized metal companies, and 60 out of 186 unionized food-processing companies, selected proportionally from the country's six regions. Because, in Hungary, postal surveys have a low response rate, students from the Central European University in Budapest were used to visit the firms and administer the questionnaire, which was addressed to the workplace union president (or, if not available, the vice-president). In this way, 113 completed questionnaires were obtained (a 94 percent response).

In Slovenia, mailed surveys were used since these were regarded by my local collaborator as less of a risk. Questionnaires were sent to all 62 unionized companies in the food industry, and 38 were returned (a 61 percent response); and to all 173 unionized companies in the metal and electrical industry, yielding 67 returns (a 39 percent response).

## Defining Union Effectiveness

This article has to be seen as an exploratory first attempt to specify indicators and determinants of union effectiveness at workplace level in a systematic manner. Union effectiveness can be defined in various ways. As mentioned earlier, traditional measures have been union density or wage-bargaining outcomes; but these tell us little about the strength of a union movement. Evaluation requires a benchmark. For example, although union density has dramatically declined in the CEE since 1989, the level is still generally higher than the Western European average; but this surely does not allow us to conclude that unions in the East are stronger than in the West. Conversely, one can agree with Freeman (1993) that in a significant sense union membership in the East has increased since 1989, because membership under communism was involuntary. Moreover, my workplace findings show that local union density is on average higher in Slovenia than in Hungary (as it is at the national level), but recent wage increases are higher in Hungary than in Slovenia.<sup>2</sup> How do we know which indicator is more important?

Both Fiorito et al. (1993: 112–21) and Hammer and Wazeter (1993: 302–306) introduce goal achievement as the criterion for union effectiveness. The former highlight six union goals: bargaining, organizing, politics, self-help, member solidarity, and resource acquisition. The latter include goals such as membership participation, organizational preparation for bargaining and crisis management, inculcating a union mentality, and effective local leadership. Yet defining effectiveness in terms of goal achievement also faces problems. For example, some of these goals might be difficult to operationalize (for instance, political goals). Different people in the union organization might also view union goals differently. For example, union members might be primarily interested in short-term outcomes, even though these may undermine long-term objectives. Fiorito et al. (1993) suggest, as a solution, a focus on the goals of the dominant coalition within the union; but such a coalition may be very difficult to identify. Moreover, especially in transitional economies with emerging capitalist-style unions, goals may be inherently fluid, changing over time. Certainly, it would be unwise to assume that the typical goals of unions in transitional economies are the same as in advanced industrial economies. For example, my respondents were asked about the importance of the following goals: 'increasing union influence on government', 'lobbying for better employment rights', 'solidarity with other unions', 'recruiting more members' and 'being more militant against unfair employers'. The responses suggested that union officers in both countries found all goals equally important.

Despite these operational problems, the introduction of the concept of organizational effectiveness to the industrial relations literature and

particularly the goal-achievement approach is highly valuable. However, although I do not wish to question the relevance of goals for the evaluation of union effectiveness, I want to argue that this approach might exaggerate the importance of union *outcomes* to the detriment of the *process* of union-management relations. I propose that the quality of the process of workplace relations, in particular the influence of unions on management, might be an additional measure of union effectiveness, especially at the workplace level.

This focus on workplace relations seems especially useful in the evaluation of post-communist unions. On the one hand, they are highly decentralized, making their overall effectiveness closely linked to performance at the workplace level. On the other hand, since substantial wage increases may not be possible in times of economic restructuring, it might be more worthwhile for unions to focus on 'keeping their foot in the door' of management decision-making, and being a reliable partner in organizational change.

There are various possibilities for measuring union influence on workplace relations. Ideally, qualitative and longitudinal case studies are necessary; the survey has obvious limits for exploring the actual quality of union influence on management. Yet, since this is (as far as I know) the first comparative study of workplace relations in the CEE, statistical representativeness seemed to be more valuable than in-depth knowledge derived from a few case studies.

Obviously, asking union leaders about their influence at the workplace level faces the potential problem of single-source bias (Spector, 1987). I attempted to minimize this risk by using a mixture of 'factual' and 'perceptual' measures of union strength. Local union density, strikes and wage-bargaining outcomes are more 'factual' measures (although one cannot guarantee the accuracy of the responses). Questions on the degree of local union leaders' formal influence on managerial decision-making are explicit perceptual measures. The survey also included questions asking for leaders' self-perception of their strength.

The measures revealed strong variations between respondents and in individuals' assessments across different topics. Both support the validity of the measures. More importantly, however, it should be noted that an objective measurement of union influence is inherently problematic, whether using a leadership survey or other approaches. A union's actual degree of participation, or in a broader sense its 'power', is ultimately a social construct and hence notoriously difficult to measure quantitatively and objectively. In the end, effective ('powerful') unions have to be perceived as such by their actors. In sum, this study focuses on two attitudinal measures of union effectiveness: local leaders' perceptions of their influence on management decision-making and their self-perception of their overall strength at the workplace level.

## Explaining Union Effectiveness

This article uses Visser's (1995: 53) classification of three potential alternative (but not exclusive) power resources that constitute determinants of union effectiveness: economic resources (use of favourable market forces), institutional resources (external sources of support such as employer associations, public institutions and other unions) and organizational resources (mobilization of internal resources). It seems reasonable to assume that especially in times of transformation, when economic and institutional resources are likely to be rather weak, union effectiveness will rely heavily on organizational resources. Without a strong mobilization capacity, unions will find it difficult to influence government and tripartite arrangements, to force employers to agree to collective bargaining, or to pursue cooperative and effective interest representation at the workplace level.

The literature on organizational resources distinguishes between structure, mobilization potential and collective identity. With regard to organizational structure, some authors highlight the necessity of appropriate material resources (McCarthy and Zald, 1977). Post-communist unions do not suffer greatly from a lack of such resources, especially in the form of property assets, at least at the national level (Crowley and Ost, 2001). A related claim in the literature is that organizational structure has an impact on unions' functioning; in particular, Fiorito et al. (1993, 1995) stress that centralization can have a negative impact on effectiveness, and union democracy (decentralization) a positive effect. With regard to the CEE, recent decentralization of unions might thus be seen as a positive influence on effectiveness. Since all the unions in my study are decentralized, I am not able to test for this condition. A related condition, which can be tested, is the efficiency of the union structure: there are various systematic and rational ways of structuring a decentralized organization that enhance effectiveness (for example, in terms of communication and coordination). In particular, one can argue that the more services the headquarters provide for local unions (such as advice and training), the more effective they become.

The other two concepts, 'mobilization potential' and 'collective identity', are clearly interrelated. According to Tilly (1978), the existence of a collective identity (in other words, consciousness of collective interests) is a necessary condition for mobilization. The literature is, however, rather vague on what that collective union identity might be and how it comes into being. I review three possible conceptualizations. First, one strand of the literature argues that collective identity derives out of a perception of injustice or grievance and assumes them-and-us feelings against management (Kelly, 1998: 27). In this view, collective identity captures the belief in different or opposed interests between capital and labour.

In the case of the CEE, there is a widespread view that unions have retained from communist times their identity as a transmission belt between the employer and the workforce. Not only were managements and workers officially considered to be on the same side (all were considered part of the working class), but a unitarist notion of industrial relations was also characteristic of *actual* communist workplace relations, with directors and workers frequently united in grievances against the central planning committee. It is often argued that workers and unions today have not developed a new class consciousness and transformed their former unitarist role identity into a pluralist one.

An alternative approach to collective identity denies that 'them-and-us' is a necessary condition for mobilizing members or for union effectiveness, and argues that a cooperative, 'trustful' relationship can be the basis for effective interest representation. This approach is supported by the social-psychological work of Brown (2000), who argues that in-group identification is not necessarily correlated with out-group differentiation. The relationship is strongest where there is intergroup competition, and weaker or non-existent where there is intergroup cooperation. Translated to our context, this means that if union-management relations are cooperative and trustful, unions do not need antagonistic attitudes to create a strong union identity.

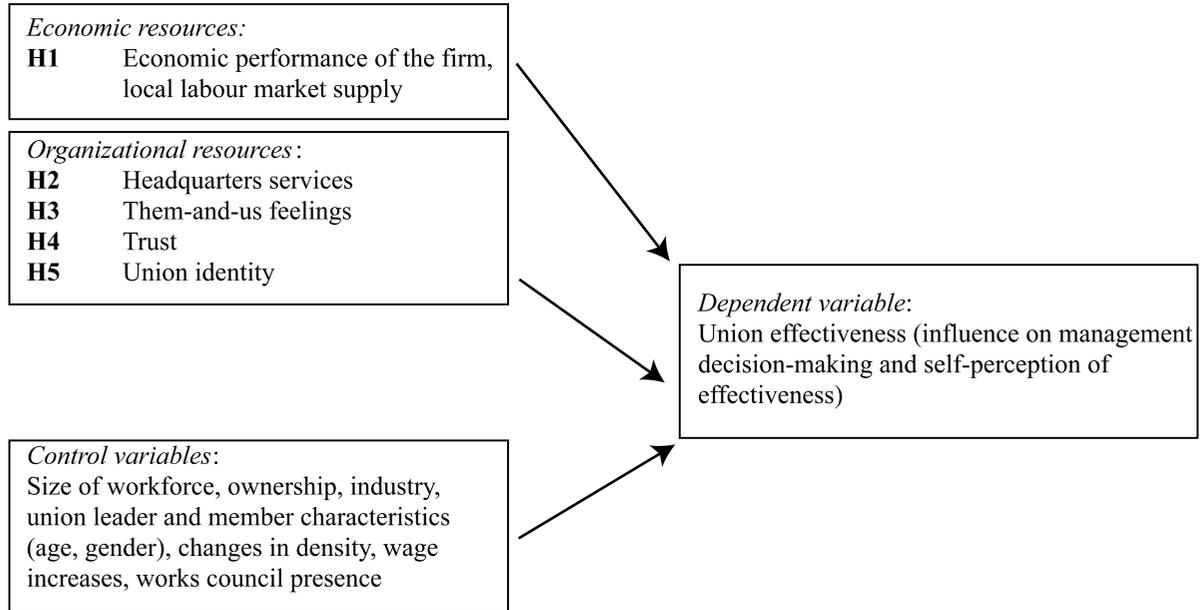
Such cooperation between management and union might not, however, work in the CEE because distrust among people and towards institutions is a continuing communist legacy (Frege, 1999; Mishler and Rose, 1997: 419). Yet it should be noted that 'them-and-us feelings' and 'trust' (or cooperation) are not complete opposites. Research in Germany, for example, has shown that both can go hand in hand. German works councils believe that employers and workers have opposite interests, but at the same time trust management and pursue cooperative relations (Frege and Tóth, 1999).

A third approach refers to members' union commitment or identity (I use the terms interchangeably). In the case of the CEE, one could expect this to be low, because of distrust of the former communist unions or a perception that under current circumstances unions cannot deliver goods for workers, or both.

In sum, one can distinguish five possible explanations of union effectiveness, which are outlined in Figure 1 and generate the hypotheses tested in this study. The economic explanation treats favourable labour market conditions and economic performance of the firm as necessary conditions for effectiveness (H1). Four organizational explanations of union effectiveness focus on headquarters services to local unions (H2); them-and-us feelings among union activists (H3); trust among workplace partners (H4); and members' commitment to the union (H5).

One should note that although the first hypothesis is well developed in

FIGURE 1. Explanations of Union Effectiveness



the industrial relations literature and the second derives from the management literature on organizational effectiveness, the remaining ones are preliminary hypotheses deriving from mobilization theories which have only recently been introduced into industrial relations analysis (Kelly, 1998) and do not yet form a coherent theoretical framework. It would be interesting for further research to explore the extent to which these possible determinants are interrelated. For example, do good economic conditions for the firm help the building of trust, which in return makes unions more effective in influencing management decision-making?

Lastly, some well-established control variables are included: size of workforce (greater union effectiveness in larger firms), ownership (public ownership increases effectiveness), sector (unions stronger in metals than food), age and gender of union leaders and members (higher effectiveness where these are male or young, or both), changes in density (increases enhance effectiveness), wages (increases relate to higher effectiveness) and works council presence (enhances effectiveness).

## Data

The survey uses multiple measures of both the dependent variable and independent variables (all factor analysed)<sup>3</sup> because this is a first attempt to conceptualize union effectiveness in transitional economies, and because multiple measures are more reliable and valid than single-item measures (Fiorito et al., 1995: 629). Overall, the survey includes 98 questions on union effectiveness at the shop-floor level, perceptions of management-union relations, them-and-us feelings, union organization, members' union identity, company background and the demographic characteristics of union leaders.<sup>4</sup>

There are 18 questions on union effectiveness, the dependent variable, covering union influence on management decision-making (which preliminary interviews in selected companies revealed as the central workplace issue on which unions might have a say) and 'factual' questions such as union density and wage increases adapted from Hammer and Wazeter (1993). In all six factors emerged from the factor analysis, all broadly similar in that they covered various topics of workplace relations without creating distinctive patterns. I therefore chose the strongest factor (in terms of reliability); this factor includes participation in pay issues, social benefits, the handling of individual grievances, overtime and health and safety issues. The variables are summed in a composite measure of 'union influence'. An additional factor analysis of four variables on leaders' self-perception of their effectiveness (adapted from Kelly and Kelly, 1994) led to a single factor, 'self-perception of effectiveness', which is used as the second measure of effectiveness.

With regard to the independent variables, the survey focuses on the economic and organizational explanations of union effectiveness. The economic hypothesis is tested with two indicators: economic performance of the firm and local supply of skilled workers.

As determinants of organizational resources, the survey uses four different measures: trust in management, them-and-us feelings, members' union identity and headquarters services. The section on leaders' perceptions of management-union relations (trust) and them-and-us feelings adapted 27 items from Dastmalchian et al. (1991), Angle and Perry (1986) and Allen and Stephenson (1983).<sup>5</sup> The two questions on members' identity were adapted from Frege (1999) and Kelly and Kelly (1994).<sup>6</sup> In addition, the survey includes two questions on union headquarters services derived from Fiorito et al. (1995). Lastly, the above-mentioned control variables are included (see Table 3).

## Findings

The following section discusses the impact of the various influencing factors on the two measures of union effectiveness in a regression analysis of the merged data set (Table 4). Regressions were originally conducted for the individual country data sets, but are not reported here since they did not yield any different significant determinants.<sup>7</sup> This supports the validity and thus generalizability of the regression results.

In a nutshell, the two regressions reveal that organizational resources are the most important determinants of union effectiveness in this sample. Neither the economic conditions nor the control variables yield any significant impact on either of the two measures of effectiveness. Below the specific findings of each of the three categories of independent variables (economic variables, organizational resources and control variables) are discussed.

First, the *economic variables* do not directly affect union influence or perception of union strength. This finding clearly challenges the traditional economic explanation of union effectiveness. This result is impressive because, especially in transitional economies with massive economic restructuring, one would expect the economy to play a major role in union effectiveness.

One possibility, of course, is that economic conditions have an indirect impact on effectiveness by influencing the other independent variables. Additional regression analyses revealed that this is only the case with regard to one item: the economic performance of the firm has a significant, but low, influence on trust, but no impact on them-and-us feelings or member commitment. Moreover, labour market conditions had no influence on any of the organizational items. This reinforces the observed

TABLE 3. Summary Variable Definitions and Descriptive Statistics

Variable	Description	Mean of merged sample	Std. Dev.
<i>Union effectiveness</i>			
Union influence on management decision-making	5-item, 2-point scale for union's perceived influence on management <i>re</i> various workplace issues (1= weak influence, 2= strong influence); alpha= .72	1.46	.33
Perceived union strength	4-item, 5-point scale for perceived union strength at workplace level (1= strongly disagree, 5= strongly agree); alpha= .65	3.41	.52
<i>Organizational resources</i>			
Trust	3-item, 5-point scale for leaders' trust in management (1= strongly disagree, 5= strongly agree); alpha= .79	2.66	.70
Them-us feelings	4-item, 5-point scale for leaders' them-and-us feelings towards management (1= strongly disagree, 5= strongly agree); alpha= .69	2.06	.53
Members' union commitment	5-item, 5-point scale for perceived members' commitment (1= strongly disagree, 5= strongly agree); alpha= .75	2.34	.60
Service from union headquarters	2-item, 2-point scale for perceived services from HQ (advice, training) (1= weak service, 2= strong service); alpha= .44	1.67	.37
<i>Economic resources</i>			
Firm performance	2-item, 5-point scale for perceived economic performance of the firm; alpha= .69	2.03	.63
Local labour market supply	1-item, 5-point scale for perceived ease of hiring skilled labour from the local labour market (1= difficult to hire, 5= easy to hire)	2.87	1.29
<i>Control variables</i>			
Size of workforce	Number in 1999	527.47	1287
Ownership	(1= private, 2= public)	1.16	.37

TABLE 3. continued

Variable	Description	Mean of merged sample	Std. Dev.
Age of union leader	4-point scale (1= <30, 2= 31-40, 3= 41-50, 4= >51 years)	3.04	.79
Gender of union leader	(1= female, 2= male)	1.53	.50
Female members	female share of union members (%)	42.41	37.76
Age of union members	4-point scale (1= <30, 2= 31-40, 3= 41-50, 4= >51 years)	2.38	.63
Industrial sector	(1= metal, 2= food)	1.45	.54
Country	dummy variable (1= Hungary, 2= Slovenia)	1.48	.50
Wage increase	In percent for 1999	9.42	6.05
Changing density	2-item, 3-point scale for changing density in the past and future (1= membership grows, 2= membership the same, 3= membership decreases); alpha= .60	2.13	1.31
Works council	(1= works council does not exist, 2= works council exists)	1.88	.32

limited power of the two economic determinants to explain the perceptual measures of union effectiveness in this sample. However, one should note that only tentative conclusions can be drawn because a non-significant finding, as was obtained here, cannot verify the study's hypothesis.

Second, the most important determinants for both measures of effectiveness are *organizational resources*. With regard to the factors of collective union identity, all three yield significant results. Trust emerges as the most important determinant in both regressions. As trust in management increases, so does participation in management decision-making and self-perception of strength.<sup>8</sup>

Them-and-us feelings are significant not for union influence, but for self-perception, however, their influence on the latter is weaker than that of trust. Thus, despite the high correlation between them-and-us and trust ( $r = -.507$ ,  $p < 0.1$ ), there are differences in their impact on the two measures of effectiveness. An additional regression analysis without 'trust' did not render 'them-and-us' significant for union influence. This reinforces my earlier hypothesis that them-and-us feelings and trust are not opposing concepts, but independent categories. It is a remarkable finding that, in contrast to the mobilization literature, them-and-us feelings support a perception of weakness rather than of strength. In other words, union leaders feel less powerful the more they are aware of

TABLE 4. Determinants of Union Effectiveness in the Merged Data Set: Standardized Regression Coefficients

	Union influence on management decision-making	Perceived union strength
<i>Organizational resources</i>		
Trust	.248**	.442**
Them-us feelings	-.017	-.214**
Members' union commitment	.143*	.165**
Headquarters services	-.147*	-.037
<i>Economic resources</i>		
Economic performance of the firm	-.070	-.061
Local labour market supply	.060	-.004
<i>Control variables</i>		
Size of workforce	.087	.009
Ownership	-.046	.063
Metal/food industry	.012	-.068
Hungary/Slovenia	-.181*	-.071
Age of union leader	.078	-.012
Gender of union leader	.016	-.085
Female share of union members	-.025	.055
Age of union members	.017	-.026
Wage increase	.167*	-.058
Changing density	-.058	.030
Works council existence	.013	.030
R square	.419	.513
Adj R square	.370	.472
N	201	201

\* Statistically significant at the 0.05 level.

\*\* at the 0.01 level (one tailed tests for correlations and regression coefficients).

opposing interests; whereas, the more they trust management, the more powerful they feel.

Members' commitment is significant in both cases. Leaders who believe they have strong membership support are more likely to regard their unions as influential and strong. An additional regression for membership commitment reveals that trust rather than them-and-us feelings has a significant impact. Union leaders feel that their own them-and-us feelings do not influence members' identity, but that trust does. In other words, cooperative ('trust') rather than antagonistic ('them-and-us') workplace relations seem to relate positively to members' commitment. This challenges the orthodox industrial relations literature, which

suggests that them-and-us feelings, or union or class consciousness, should link with member commitment. My finding is in line with a recent study by Freeman and Rogers (1999) on American workers who prefer cooperation to militancy. It is also supported by a study by Frege (2001) of the Hungarian clothing industry, which analyses the influence of leaders' them-and-us feelings on members' attitudes in the same firm using two surveys (leader and membership) and concludes that them-and-us feelings do not have any influence on the members' *actual* union identity (and not just as in this article, on leaders' perceptions of their members' identity).

Lastly, the degree of services provided by the union headquarters is significant with regard to union influence on management. The less service received from their headquarters, the less local unions feel they participate in decision-making. Although, as mentioned before, the variable does not directly measure 'union decentralization', this finding suggests decentralization is effective only when accompanied by satisfactory services from headquarters.

The third category of independent variables, the *control variables*, reveal virtually no significant results. Ownership, size, sector, density, wages, works councils, leader or membership demographics, or country dummy do not affect either of the two measures of effectiveness. The common argument that unions are more necessary, and hence effective, in large rather than small firms cannot be supported by this sample; nor can the argument that unions have it easier in public versus private firms. The different industrial sectors do not seem to make a difference either: the 'better' economic conditions of the metal industry have no impact at all on local union effectiveness.

It is surprising that density trends do not have a direct impact on leadership perception either of union strength or of influence on management decision-making. Member commitment seems more important for union leaders than membership size. In other words, a few committed members are worth more than masses of passive members on the books. Leaders prefer quality over quantity!

Wage increases are associated with union influence but not leaders' perception of strength. The direction of influence is unclear. Wage increases might indeed strengthen leaders' perception of their influence on management, but might also be an outcome of leaders' influence. More illuminating is the fact that wages seem to have no relevance for perception of strength. One might suggest, therefore, that wage increases are not seen by the respondents as a primary indicator of their effectiveness. This highlights again the limits of the traditional literature in focusing on the economic goals of unions.

A further interesting finding is that the existence of a works council does not seem to influence union leaders' perceptions either of their

influence on management decision-making or of their own strength. This suggests that councils neither impede nor support union effectiveness at the workplace level. The fears of Hungarian unions in the early 1990s that works councils would compete for shop-floor influence are not supported here. This reinforces the claim (Tóth, 1997) that Hungarian works councils are absorbed into the union machinery. This, however, raises important questions for future research on the preconditions for a successful institutionalization of works councils in the post-communist context. What is necessary to create works councils which are, as in Germany, successful, independent worker institutions which support their unions?

Lastly, the country variable is significant (but at a low level) for union influence, but not at all for self-perception. The national context does not influence leaders' self-perception, but only their participation in decision-making. This highlights the insignificance of cultural factors in explaining union leader attitudes and supports the cross-cultural generalizability of this study's findings.

With regard to its impact on union influence, the country dummy might indicate certain institutional differences for union and works council participation in Hungary and Slovenia. As mentioned earlier, it has been suggested that the works council and union have a clearer division of labour in Slovenia than in Hungary; hence the Slovenian works councils might have greater influence on the issues examined in this study than in Hungary. A *t*-test was conducted of all participation items between those Slovenians who said that the union was the main partner of management at their workplace and those where management deals with the union and works council together. There were, however, no significant differences between the two groups. This suggests that the formal division of labour between works council and union has no real impact on union influence on management. Another, more likely, interpretation is that the country difference reflects the higher expectations of Slovenian leaders with regard to participation than their Hungarian counterparts because of the history of participation in self-management times.

## Discussion

The first purpose of this article was to study a process-oriented concept of local union effectiveness based on union leaders' influence on management and their perceived strength. Focusing on a non-goal model of effectiveness seemed especially suitable in the context of post-communist unions. The findings that neither wage increases nor density have a direct impact on perceived union strength supports this claim. In a sense, the

respondents regard good relations with management and committed members as more important than simple increases in wages or membership.

The second objective was to identify and test relationships between variables that influence union effectiveness. I compared various economic and organizational resources and found the latter more influential than the former. My findings suggest that trust in management and members' union commitment are the most important determinants of union effectiveness. This supports my earlier scepticism about the validity of the widespread claim that the economy is to be blamed for union weakness in post-communist societies and supports the relevance of mobilization theories for the understanding of union effectiveness.

The main finding, that is, the strength of mobilization theories (organizational resources) and also the weakness of economic approaches, is in line with recent claims in western industrial relations literature that organizing and mobilizing union members should be at the core of any strategy of union revitalization (Bronfenbrenner et al., 1998; Turner, 2000). This is based on the increasingly accepted paradigm that unions are 'architects of their own destiny' (Kelly, 1997) rather than solely determined by external (economic) conditions. Thus, unions' internal resources, mobilization capacity and strategies matter. It is reassuring to learn that this is not different in post-communist economies; indeed, this supports the generalizability of a claim which has been predominantly Anglo-Saxon.

An additional finding is that trust, rather than them-and-us feelings, is the most important determinant of effectiveness. One might object that this seems to be a post-communist particularity, since union leaders have not yet understood their new role in a capitalist industrial relations system. They think they cooperate with management as in former times, but in reality they are simply so powerless that management does not even bother to fight them. However, this interpretation neglects the large variation among leaders in their perception of influence and general union strength. Moreover, according to this viewpoint, leaders should have an overall high degree of trust and low them-and-us feelings; yet, as Table 3 shows, the majority of leaders have limited trust. It seems therefore more sensible to 'trust' leaders' perceptions and to suggest that in uncertain transitional times trust might be more essential for union effectiveness than them-and-us feelings.

To what extent then can the results of this study be generalized across the CEE and to more advanced capitalist countries? Both countries were selected as economically prosperous, and hence the outcome might look quite different in more desperate CEE countries. Furthermore, since the CEE has different legacies from western countries and experienced a tremendous transformation of industrial relations systems, generalizations in this direction might be difficult. However, the merged data set

(tested with the country dummy variable) suggests that neither macro-economic or institutional factors nor the different communist legacies of Hungary and Slovenia have strong influence on leaders' perceptions, thus supporting the cross-country validity of the results. This indicates a certain robustness and generalizability of the findings. Nevertheless, these remain tentative thoughts and cannot substitute for a comparative study with other CEE or western countries.

Lastly, one has to note two methodological limitations of this study. First of all, it should be repeated that a cross-cultural and cross-sectional study cannot infer causal relationships — longitudinal data are much better suited. Moreover, this study tested in a new setting (the CEE) variables which are not based on a tightly defined theoretical framework and could not rely upon previous studies. Second, members' union identity was only tested indirectly, via their officials' assessments. Thus, the relationship between members' identity and trust is perceptual only: one does not know whether members are really influenced by their leaders' attitudes. Ideally, one would need to survey local leaders and members independently. However, the finding that in leaders' minds membership and organizational strength are related is interesting in itself. This relationship contrasts markedly with popular claims in the CEE that post-communist unions have not yet defined themselves as membership organizations. It seems that, in contrast, at least at the local level, leaders are very conscious of the importance of membership support.

The findings of this study should be seen as a first attempt to explore determinants of selected types of union effectiveness at the workplace level in post-communist economies. The aim was to explore an alternative explanation of union effectiveness based on mobilization theories. The results, I hope, will provoke further research in this area.

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## NOTES

- 1 However the recent British workplace survey, WERS4, includes data on procedural and non-pay effects of unionism which should provoke more research in this area.
- 2 Union densities for both industries in each country in 1998 (measured with a 5-point scale in which 1 = <10 percent; 2 = 11–30 percent; 3 = 31–50 percent; 4 = 51–80 percent; 5 = >80 percent): mean for Hungary was 3.03 and mean for Slovenia was 4.05 (*t*-test of means is significant,  $p = .01$ ). Wage increases for both industries in each country in 1999: mean for Hungary of 12.40 percent and mean for Slovenia of 5.06 percent (*t*-test of means is significant,  $p = .01$ ).
- 3 This by using the principal component method, varimax rotation.
- 4 Details of the questionnaire and scaling procedures are available from the author.
- 5 In all, 11 variables were factor analysed and yielded 3 factors, the first 2 were used. The first stands for 'trust' and the second for 'them-us'.
- 6 The separate regression analyses revealed the same significant determinants with the same signs and similar effect sizes. However, it was not possible to conduct a more formal testing of the similarities and differences of the two countries (for example, a dummy variable for country (as I have included in my reported analysis) plus a series of interaction terms (this dummy times each of the variables)) because my *N* is too small (that is, the parameter-to-case ratio is too small) to make such tests credible.
- 7 The standardized regression coefficient =  $-.195$ ,  $p < .01$ .
- 8 One might object that this analysis cannot establish is the causal direction of this relationship (whether union influence or perception of strength induces trust or the other way around). An additional regression for trust as the dependent variable reveals that self-perception, but not union influence, influences trust. Thus, the causal relationship between trust and self-perception cannot be established. With regard to union influence, however, this finding suggests that trust influences union influence on management rather than the other way around. This is also in line with the recent literature on trust, which indicates that a certain basis of preliminary trust is necessary and that subsequent actions will reinforce or hinder the stabilization of trust (Lane and Bachman, 1998).

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