

Extended barter as an evolving Danish HRM model

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RESUME

Human relations as part of management and organization is changing in Denmark these years. New tendencies can be demonstrated empirically in large Danish companies. These tendencies will be discussed as the evolvement of a new model called the extended barter.

The new model: Extended barter

The model is a conceptualization and thus a theoretical generalization of the tendencies within HRM in Danish Companies. The main concepts in this model are:

The self programming employee which means that the employees get more independence, greater responsibility and new qualifications which are defined by the employee himself or herself.

The dialogue which means that HRM needs to be a dialogue and not a top-down process.

A new role of middle management which must be more personnel leaders and less technical leaders.

The multidimensional barter which means that both the companies and the employees are interested in exchanging more than simply work for money.

Causes of the new model

The causes of the evolving new model are discussed. Some causes can be found in the firm: More emphasize on service, changing market situations means changing production etc. Some causes can be found in society: New values in the workforce, the taxation system implies that people get very little purchasing power from increases in wages etc.

Empirical evidence of the model

Empirically the model is based on tendencies towards a new situation that can be measured. Some changes have already been manifest. Other changes only have manifested themselves slightly. The empirical evidence of the model is based on two materials:

1. The manifested tendencies as ascertained in case studies in 7 Danish companies. The methods were interviewing and collecting of documents.

2. The tendencies for the future was measured in a survey to personnel managers and shop stewards in a representative sample of large Danish firms. The results will be summarized.

Implication of the new HRM model to the general labour market model

The impact of the new model on the traditional Danish model where unions and employers associations negotiate centrally is discussed. Particularly the consequences to the future of unions will be treated. The impact on the management model will also be discussed. The implication of the extended barter is a return to a kind of paternalistic situation. The model also has implications to unemployed and other people outside the active working force.

The theoretical implications of the new HRM model

How new is the model in reality? Can it be related to earlier models of organization and HRM? That will be discussed. Also some of the contemporary models of organization and HR - e.g. flexible specialization, corporate culture - will be discussed and criticized from the extended barter model.

The generality of the extended barter model

That question will be discussed on three dimensions:

1. How sure is the prediction that the extended barter will be the HRM model of the future?

2. Is the model valid for all types of firm, e.g. small firms (since the empirical ground for the model is large firms)?

3. Is it pure Danish or can the same tendencies be supposed to exist in other countries as well?

I. INTRODUCTION

In this article a model of a new relationship between enterprises and employees is presented supported by empirical evidence for the model from Danish research. The main focus will be the analysis of empirical results which describe the current tendencies in the development of a new Human Relationship in business firms.

By the term Human Relations is implied the relation between employees and enterprises. The enterprises are represented by the managers, but it is not the managers as concrete persons that is the counterpart of the employees. The general form of organizing this relationship that includes the relationship between unions and enterprises is termed the Human Relations System. Employees are in this article defined as workers and lower white collar workers. Empirical results are only valid large companies. But the validity to small and medium sized companies is discussed in the article.

The topic will be a description of the tendencies of development and a discussion of the consequences to industrial political system and to management. Only a brief discussion of the causes of the new Human Relationship will be included.

First the model will be presented. It is developed as a conceptual model from an investigation of large Danish manufacturing and service companies (BEVORT, PEDERSEN, SUNDBO 1992). The investigation was design in two phases. First phase was case studies in six companies. Second phase was a survey to a representative sample of companies.

The new relationships and the causes of them will then be discussed as a part of a post-fordistic development which is general to all western societies in these years (e.g. JESSOP 1991, HIRSCH and ROTH 1986, LIEPITZ 1987, SABEL 1982, PIRELLA and SABEL 1984). Afterwards the detailed results on the development tendencies will be described and the impact for industrial policy system and management discussed. The discussion will relate the results to the Post-Fordism discussion. The research referred to in this article thus could qualify the theory of Post-Fordism by describing in detail the changes in Industrial Relations and Human Resource Management. From that a criticism of the existing post-fordistic model will be stated and a new model will be proposed.

II. The model: New Barter in Industrial Relations

The points of departure for this research was an indication of the personnel function in large firms has got new tasks in the last few years. The research question then was: has the personnel function got a new role in the firm and what role is this? (BEVORT, PEDERSEN, SUNDBO 1990). Case studies in six large Danish companies were made in order to answer that question. But, during these case studies it became clear that the changes were deeper than just an adjustment of a technical management system. What was going on was probably a change in the total management and human relation system and in the system of relationship between enterprise and the employees and between central political associations (unions and employers associations) - what has been called industrial relations. Then the research approach was changed in the process to the question: is a

new model of human relationship in companies evolving and how could that model be formulated theoretically?

A. The method of the first phase of the study

As mentioned above six companies were selected for case-studies. The criteria for selection were indications of the companies having an advanced personnel policy based on extensive cooperation between management and employees. Three service companies - an airline company (Scandinavian Airline System), the state railway company (DSB) and the post-office - and three manufacturing companies - one producing radios and televisions (Bang and Olufsen), one producing automation-equipment (Danfoss) and one producing toys (Lego). All are large companies with at least 2.000 employees.

The method was qualitative and exploratory (cf. YIN 1991 p. 13) and the approach phenomenological. We wanted to understand the process in the companies. The intention was to have a preliminary test of the research questions - first the original question about the personnel function and then the second question about a new human relation system. And next to find the central factors in the new system: Which concrete developments in the system are happening?

In-depth interviews were done and documentary material collected in 1990 and 1991. The airline company was the main case since it has an explicit strategy of involving the employees in the development process and decentralizing responsibility (cf. CARLZON 1985). Managers on all levels as well as representatives of the employees were interviewed. In the other companies primarily personnel managers and shop stewards were interviewed. The interviews were done from a questionnaire which was not a closed questionnaire but a list of factors. The main attempt was to let the interviewed persons tell themselves about their activities, attitudes and the changes in the organization.

B. The model: Four elements

The outcome of the first phase of the study was many indications of new tendencies in management and human relations in all these companies. These indications were summed up in a theoretical model. The model is explanatory in the way that it says something about the interest that the management and the employees have in the new relationship in the case-companies.

The model is a model of *tendencies* which could be observed. Some of the tendencies had materialized in 1990 and 1991. Others were merely tendencies: Some changes had started but the opinion of the interviewed persons was that these tendencies would break through later.

The tendencies were structured under four main concepts. They will be stated here.

The Self programming Employee

The companies had to aim at a new type of employee who can manage himself. The responsibility is decentralized. The new type of employee take the responsibility, either alone or in cooperation with others in a group, both for the performance of the job and the control, for example quality control.

The employee has to be very flexible - in time, workplace and skills. He or she is aware of his own needs for education and training. The training is concentrated on the specific job. However, the employee also gets a broader education, often designed personally for him. This is a resource that he or she can use later on, for example in a situation of unemployment. The employee to a certain degree directs his own, running education. Thus the employee himself defines his needs for education instead of the management defining it. But, of course it is a negotiation with the management. Even though the management in the companies has wide limits for which kind of education could be accepted and paid for by the company there *are* limits.

The self-programming employee both operates as an individual worker and as a working group (the working group being responsible for the management and educational development of the members).

Dialogue as management form

To keep the qualified self-programming employee the companies have to establish and maintain forms of management which have the character of a dialogue. Mutual trust between the partners must exist even though there are differences in interests. The differences are not very much tied up on the traditional conflict between the enterprise's interest and the interest of the employees. Some conflicting interests persist on that level. But other divergences of interests exist between different departments or between different trades or professions. Also employees have conflicting individual and group interests. Thus, the conflict pattern is complex. But it is solved by negotiations. And more important: the companies claim that to fulfil their business interest conflicts should be solved by negotiations and dialogue.

The dialogue form of management also is a logic implication of the self-programming employee: This new type does not function unless her opinions, knowledge and skill are respected. The new form of management is not to give orders but is a communication process. However, when a decision is made both partners are supposed to respect the decision and resist to obstructing it.

Examples of dialogue forms were regular assessment of the motivation, job satisfaction, satisfaction with managers etc. - followed up by group discussion of how to improve both the production and satisfaction. Organization of the daily work is planned by the employees themselves but the supervisors can function as a kind of consultants.

A new role of middle management: from technical leaders to personnel leaders

The middle managers and particularly the lowest level - the front leaders who are the nearest superior of the employees - have got a central position in the new model. They are the central agents of the new model since they are those employees who are communicating with directly. They get more responsibility for the human relations. But, they are not only guarantors of the dialogue. The companies have a general strategy which includes the market goals, goals for organizational development, and other aims. The middle managers also have the function of being change agents for the strategy: They have the task of persuading the employees of the usefulness of the strategy and to teach them the content of the strategy.

The new model is not a democratic model in the way that the employees decide and no management exists. All the companies have had to strengthen the strategic side of the management in the last years. But in the implementation of the strategy in each department or working group the dialogue management becomes relevant. But it must be kept within the bounds of the strategy.

Another cause for the firm to stress the function of the middle managers is that they have got new goals beside selling goods and increase the productivity. In the service companies the central aim is to create a good service to the customers. That has become an aim of the manufacturing companies as well. Even other departments are also defined as customers in this relationship. Companies had realized that this service-orientation only worked if the relationship between the front leaders and the employees is working so the employees are satisfied and find the relationship between themselves and the company fair. Also the increasing demand for quality in production and constant development and innovation pull the situation in the same direction.

Extended barter

The essence of the new model is summed up in the last conception of the situation which thus becomes the main conception of the whole model. The relationship between the companies and the employees is conceptualized as an extended barter (cf. FOX 1974). The traditional interpretation of the relationship was a one-dimensional contract. The tayloristic or fordistic exchange was a certain amount of routine work for a certain amount of money. It was build on Taylor's (TAYLOR 1911) postulate of the workers only interested in earning money and the firms only interested in buying routine work.

But, the case studies showed that both parts currently demand more than that. The companies also demand quality, development and innovation, they demand flexibility, productivity, no open work conflicts which could scare their customers etc. The employees want a meaningful and interesting job, social and leisure time welfare goods like sport facilities, discount systems for journeys, commodities etc. It is an exchange of more than just money for work. The contract has become more social and not only legal, a multi-dimensional contract. In addition, the contract is more open since the wants of both parts are changing with changes in market situation, social values in society etc. Since the social contract is so open, the mutual trust and an open system for negotiation and dialogue are very important.

This is neither an repetition of motivation models from the 60s (MASLOW 1970, MCGREGOR 1960 etc.) or industrial democracy (cf. EMERY and THORSRUD 1969, 1976) where the employees are involved in the management of the firm. It is a situation with opposite interests where all parts also have one common interest: to maintain and develop the company. It is an exchange between equal partners: Both have to feel that they benefit from the barter.

This means among other things that the employees are giving up rigid demarcations and in some situations can accept a decrease in wages.

It also means that some of the companies create a policy of dismissals: when dismissals are necessary for economic reasons people are given an amount of money or a pension scheme and the company is trying to get people new jobs in other companies.

C. Causes of the development of a new model: A trend towards Post-Fordism

From the case studies some general conclusions could be drawn on the reasons why the companies are developing a new Human Relation System:

- Service-orientation has become more manifest both to service companies and manufacturing companies.
- Technology development has created new demands for education and organizational development.
- New demands for quality in products and production process.
- Strategic management has become more general increasing the awareness of human resource development
- Increasing pressures for cost reductions, especially in service firms.
- Innovation and flexibility has become more important parameters of competition. The flexibility and involvement in innovation process of employees thus have become important.

These are trends towards a post-fordistic production model as will be discussed in section 4.

III. Empirical test of the new model

After establishing the theoretical model a test of it on a representative sample was made. This could not only test the model in general. It did also tell which detailed factors that are conspicuous in the new system. It indicated also which developments that already have emerged and which that are assumed to manifest themselves within the nearest future.

A. Method in the second phase

The model was tested by using a postal questionnaire. The questionnaire was sent to 230 large companies which was a sample of 40 per cent of all Danish companies with over 200 employees. The percentage of answering was 25 which is acceptable for a postal questionnaire. There were found no bias in the answering population except that it had a greater proportion of companies with a personnel department in relation to the total population. This indicates that the companies answering were more active in Human Resources Management. The results thus express the avant-garde slightly more than the average company.

Each of the four main concepts were specified in a series of variables. Each variable was operationalized as several statements. The questionnaire should measure the *tendencies*. Thus, it should be able to measure 1. The Human Relation system of today, 2. The changes in the nearest future. To fulfil that purpose the respondents were asked to rank - on a scale from 1 to 5 - each statement: 1. As the situation is today, 2. As the situation will be in the nearest future. From the first set of ranking the current situation can be described. From a comparison of the first and the second set of ranking the factors that will most likely develop in the nearest future can be

found. This is a measure of the respondents evaluation of the future development. Of course it implies an uncertainty about whether this will be the real future development which is always related to statements of the future (e.g. CORNISH 1977, FOWLES 1978). The statements only are valid under the conditions of the 1990-situation. If radical changes in markets, economy, value system in society or others are taking place, the results will not be valid.

Both the personnel manager - or the manager responsible for the personnel policy - and a shop steward were asked to fill in the questionnaire. This was to make a validation test: If the two parts agreed in the evaluation the validity of the statements will be greater. Technically an average of the answers was calculated in each group, where the score 5 is the greatest degree of agreement with the statements and 1 the lowest agreement. Only using an average measure could be dangerous. The variance should be taken in consideration as well. But, in this case this does not create any problem since the answers on all statements have shown to be binomially distributed around the average value.

The answers from the personnel managers and the representatives from the employees were very similar except in two statements. In the following section the results will be given by indicating the average values for the personnel managers. Only when differences between answers from personnel leaders and representatives from the employees exist it will be mentioned.

N = 57 managers, 49 shop stewards.

B. Current situation

First step was to measure which tendencies already have been manifest. A criterion for the most developed factors was set up: the statements with the evaluation of the current situation having a score of 4.0 or more were defined as the most important current factors in the Human Relation system.

The most significant current factors were:

1. *Education and individual possibilities for personal development are the most important incentives for increasing the productivity, flexibility and awareness of quality of the employee* (score between 4.0 and 4.3).

It should be mentioned that neither the amount or form of wages were ranked as high as these factors concerning impact on productivity, flexibility and quality-awareness (score between 3.1 and 3.4 for managers). However, the employees attached greater importance to wages (score between 3.5 and 3.7) even though this factor still was considered as less important than the one above mentioned. Qualifications and professional and personal development are already evaluated as more important than wages as incentive factor - in the view of employees as well as of companies.

2. *Work environment* was considered as an important part of the management's responsibility and is decisive for the relationship of trust between employees and management (score between 4.0 and 4.5).

Work environment plays an important role in Denmark and much effort, both from firms and public authorities, has been done the last ten years to improve work environment. This factor thus may be extreme in Denmark.

The results show that the extended barter already has manifested itself.

C. Future developments

Next step was to investigate which factors were evaluated to be the most important for the future. Same criteria as above were used: The statements with the evaluation - but now of the nearest future - having a score of 4.0 or more were defined as the most important future factors in the Human Relation system. The factors mentioned above still had a score over 4.0. But, they will not be treated once more in this section. The focus will be on new factors that are evaluated as becoming more important in the future. Neither of these factors have a score over 4.0 in the evaluation of the current situation.

The most important factors in the future are:

1. *The employees will have a wish for greater responsibility and influence on own work and takes the responsibility as well as they make independent decisions* (Score between 3.9 and 4.4). This is created by the high level of education.

2. *Employees are prepared to be flexible* (score between 3.9 and 4.1).

This is the manifestation of the *self-programming employee*.

3. *Employees having reduced work capacity because of bad work conditions will be moved to easier work tasks* (score between 4.0 and 4.4).

4. *Personnel departments will be consultants to the lines if an employee gets social problems* (score 4.2 for managers meanwhile representatives for the employees are more sceptical - score 3.7).

These evaluations state the further development of the *extended barter*.

5. *Negotiations with unions will be on other subjects than wages and work time* (score between 3.9 and 4.2 - here with managers as most sceptical).

6. *A running debate on mutual expectations is initiated*. It could be by arranging meetings, seminars, internal magazines etc. (Score between 3.9 and 4.1).

7. *The company is using systematic group-discussions, personal talks etc. to propagate the strategy and personnel policy among employees* (score between 3.8 and 4.0). This statement expresses the fact that it is not just a democratic or motivational model evolving, but also a model to ensure implementation of firm strategy and other management goals.

These were future emerging factors in the *dialogue process*.

8. *The front leader is considered as an important person to ensure the implementation of strategy and personnel policy* (score between 3.9 and 4.1).

9. *Personnel planning and development of human resources is a part of the strategic planning of the company* (score between 4.2 and 4.4).

This describes the *role of the middle managers*. Both statements show that management still is a reality - even though it will get a dialogue form.

The results show that the extension of the barter will continue in the future, but with a still more conscious and guided management policy for development of the human resource.

IV. The Human Resource System tendencies as part of a post-fordistic development

A. The Post-Fordism discussion

The results on tendencies in Human Resource system development in the Danish firms could theoretically be discussed as one indication of a general post-fordistic development in the western world. However, these results point out other central indicators of the post-fordistic development than did the literature in the discussion of the 1980s.

In the 80s several authors (SABEL 1982, PIORE and SABEL 1984, BOYER 1988, LIEPITZ 1987, JESSOP 1991) stressed the development from a fordistic mode of production to a post-fordistic. The fordistic mode were characterized by the tayloristic work organization :

- mass production of physical goods,
- problems and awareness are centred on the production and the production organization,
- unskilled or semi-skilled labour,
- rigid and hierarchial organization of production, characterized by comprehensive division of labour,
- customers demanding uniform mass goods, price competition; services mainly delivered by the state or absent (the old personal service as domestic help withering away),
- collective bargaining on a central level,
- a welfare state taking care of the social problems of the citizens,

In the 1980s a new production mode has evolved according to the post-fordistic theories which was developed through the 80's. The post-fordistic production mode is characterized by:

- service is of great importance - either as a production system itself or as an addition to production,
- marketing, development (innovation) and strategy are as important as production,
- highly, but steady changing, skills in the labourforce; flexibility in working time and tasks,
- a more flat hierarchy with decentralization of responsibility to the individual worker; a flexible organization that can learn (cf. NELSON and WINTER 1982),
- new information technology in production make flexibility possible so commodities can be produced in many variations to same costs as the fordistic mass products - a type of module products where the modules can be combined in many ways,
- more liberalization with customers demanding more individual products and the workers bargaining more individually with the enterprises,
- the welfare state weakening.

B. An alternative interpretation of Post-Fordism

The theories of Post-Fordism have stressed two factors as central in the new production system.

Whether these factors are determinants or just the main indicators is not quite clear.

The causes of the shift in production system are not quite explained by the tradition. Besides, two different schools each pointing out different main factors are existing. 1. The "regulation school" primarily evolving from the french regulation school and German state theory with roots in marxism (e.g. BOYER 1988, LIEPITZ 1987, JESSOP 1991, HIRSCH and ROTH 1986). This tradition primarily stresses the weakening of the welfare state and the decreasing importance of the central labour market organizations - the political aspects of Post-Fordism. 2. The "production technology school" primarily evolving from American human resource and labour market research traditions (SABEL 1982, PIORE and SABEL 1984) primarily stressing the new, flexible information technology and the decentralization of responsibility in the work organization. This school is emphasizing the organizational aspects of Post-Fordism.

Here the discussion will take its point of departure in the "production technology school" discussing the political aspects as its secondary point which will be treated lastly in the article.

The explanation in the "production technology school" of the new production system is partly a technological determinism - the appearance of the information technology - and partly an small firm network explanation. The new information technology makes flexibility possible and the production system of flexible specialization appears. That production system destroys the advantage of mass production and large companies. The networks of innovative small companies become superior (cf. SABEL 1982).

The idea of small firm-networks as the dynamic element of the economy, which was grounded on empirical studies in northern Italy (SABEL 1982) has been empirically rejected in several analyses (MURRAY 1987, MUSATI and FUMAGALLI 1991) Large companies are more important to economic development (growth, innovativeness and re-structuring).

However, the technology as the main cause factor of the post-fordistic production system has been maintained. Even new research has showed that the possibilities of flexibility and variations in the new technology has not been utilized as much as predicted and the gains as increased productivity have not appeared as much as expected (this can be interpreted from PORTER 1990 and from a Danish project - GJERDING et.al. 1990). Thus, the technology factor does not create the new production system in itself. This is the reason why enterprises are looking for the human factor to develop the organization. The utility of technology is depending on the human factor which in itself has some potential which has not as yet been utilised. The empirical results of this study show that firms are increasingly emphasizing the human factor. They also show that the post-fordistic organizational model could be evolved in large companies as well as in small enterprises.

The Post-Fordism theories of the 80s thus have stressed the technology factor too much. They have not left the tayloristic notion of human as secondary to technology behind - even though the human factor in these theories

is a much more active appendix to technology than in the taylorism. The human factor is of equal importance - if not of greater importance for the 1990s which *could be* the decade of the human factor as the 80s was the decade of the information technology. The development of the theories on Post-Fordism should be much more grounded on the human factor with technology put in the background as just an instrument which is available if management can develop the human factor. This is not to say that technological innovation should be abandoned - especially not as *product innovation*, but to say that organizational process innovation will be given priority to technological process innovation in the future. This study has given some indications of more exactly where in the Human Resource system the new developments are likely to emerge.

C. Generality of the results in this study

The results presented here are results from large companies in Denmark (see BEVORT, SUNDBO, PEDERSEN 1992a for a broader analysis). Could they be generalized to small enterprises? Could they be generalized to other countries? If not, the new post-fordistic interpretation is valid only to one small country and not to Western Europe or the western world as a whole.

Each of these two questions will be discussed in turn. Evaluated strictly, the empirical results are only valid to large companies in Denmark since this was the population of the survey. But, it is natural to discuss the generality of the results.

Most of the results can be considered as relevant to small enterprises as well. Two reasons can be adduced to support that statement:

1. The traits of the new post-fordistic human organization model (e.g. the results in this study) are similar to traits which have always been valid to small enterprises. The paternalistic character of the small enterprise has always implied greater flexibility, greater responsibility for the employees, a flatter hierarchy etc. The model suits the small enterprise.

2. These traits are emphasized in studies of small companies in the post-fordistic tradition in the 1980s (SABEL 1982, MUSATI and FUMAGALLI 1991, in Denmark KRISTENSEN 1986). Even though these studies are over-emphasizing the technology, they also stress many of the traits of the human relation system that are found in this study.

Some results found in the large companies are probably less valid to small enterprises. This is the case to the dialogue-element which will be much more informal in small enterprises and to the role of the middle managers which will probably be different since fewer layers in the hierarchy are existing.

The second question about the validity of the model to other countries is more difficult to answer.

The *general* characteristics of the model presented here are similar in at least some other countries according to results of other investigations (e.g. SABEL 1982 on Italy, BRULIN 1990 on Sweden, EMPLOYEE RELATIONS no. 4 and 5 1992 on several European countries).

These characteristics are for example: development towards flexibility and higher skills in working organization, individualization of industrial relations, emphasizing service-mindedness, innovativeness etc., and a certain managerial focusing on the loose-coupled, informal organization system.

But the generality of other characteristics is more uncertain. They *could be* peculiar to the Danish - or perhaps Scandinavian - social and political tradition. In Scandinavia many people speak about a Scandinavian model common to all Scandinavian countries. However, the validity of that notion is not sure - Sweden being traditionally more bureaucratic and rigid in working relationship while Norway and especially Denmark being more pragmatic and flexible. This is the case for not grounding the extended barter on a particular Scandinavian tradition of negotiation between the actors - politically implemented in the Social Democratic system. But even the traditional Danish system is changing. The social responsibility of the welfare state to a certain degree is taken over by the companies. But in another way than in for example Japan where the responsibility is performed more as a feudalistic taking care of the employees. In Denmark it is more an open barter between free partners who can all benefit from compromise. The peculiarity is also the case to the role of middle managers where the tradition in Denmark is extremely social: all social interaction - including the most technical work relations - should include a personal and informal interaction as well. This norm system could emphasize the new social role of the front leaders more than in other countries. The model of human relations and the management of them (personnel management) is at least described different in other European countries (EMPLOYEE RELATIONS no. 4 and 5 1992). Thus further research in several countries will be necessary before the generality of a new "human resource" post-fordistic model or school could be decided.

V. Implications of the Extended Barter model to Industrial Relation System and management

The extended barter is a model that fits the demand of the post-fordistic production system generally. It has some implications to industrial relation system as well as to management system. These implications will be discussed in this final section. They will be discussed in a Danish context. But, even though some of the elements in the model may be specifically Danish, this discussion will have broader relevance since many of the aspects of the model are general.

A. Industrial relation system: What will become of the unions ?

The model of extended barter is a model of exchange of social and economic factors between two conscious and well-informed partners with some diverging interests and some common interest. Conflicts can arise, but both parties will try hard to find a compromise. This has created a new Industrial Relations System.

The traditional Industrial Relations System in the Western world was grounded on the idea of class conflict where unions represent the workers and the

counter-part being the firms represented by employers associations. Even though the fight has vanished decades ago still a negotiation system with strikes and lock-outs as latent weapons has been maintained. In Scandinavia and in other parts of Europe these negotiations have taken place on a central, national level. In the beginning of the industrialism the fight was much about social questions as the working time, children's work, social security on a minimum level (not letting people die). Later on working conditions became more organized and socially better. Fordism meant a social progress. Both parts became organized in mass organizations which fit the fordistic mass society and its political institutions. The negotiations became about wages for work - the tayloristic conception of work. The unions - and the employers associations - were build on this task.

In Post-Fordism and especially under the model of extended barter two developments removes the foundation of the existing central negotiation system:

1. The negotiations are not very much about wages for a certain amount of routine work. They are about the additional factors: education, career planning, work security, social welfare goods, flexibility etc. Even the social security is in Denmark moving somewhat from the state (which negotiated with unions and employers associations) towards the firm or private insurance system.

2. The negotiations takes place on a decentralized level - in the single enterprise. This is a logical consequence of the post-fordistic disintegration of the political mass organizations.

This makes a new challenge both to employers associations and to unions. Particularly the problems to the unions are sociologically interesting since they are more a social and cultural institution in society than employers associations.

The Unions are not prepared to meet the challenges. This has already been adduced in the Swedish discussion (BRULIN 1990). The unions have no preparedness for negotiations outside salary and fixed working time. The unions in Scandinavia have concentrated on central functions thus they have a weak preparedness for negotiations on firm level. This also leads to workers becoming more indifferent to unions relying more on social groups in the enterprises or on individual strength. The post-fordistic worker - being blue or white collar - has become an independent and well-educated person who do not need the protection of a political mass organization as the unions.

This leaves the situation open: What will become of the unions in the future? Will they survive? Do they have a function in the post-fordistic society? Can they be transformed to offering consultancy functions to workers in single enterprises? Will they be transformed to cultural institutions offering books and cheap holiday trips? These are also the questions asked by the "regulation school" in the Post-Fordism discussion. Asking the questions in a country traditionally characterized by Social Democratic negotiations and regulations at a central level already is an indication of central unions having a diminishing role.

In the companies studied in this project the unions played a central role in some departments and in others not. It relied much on the local shop stewards.

Their central role was not as much a function of their relation to central unions as a function of their personality and the local social relationships among the workers. Even though the tendencies of the firm taking over many of the functions from the state and the central union-employers negotiations some conflicting interest between companies and employees exist.

Thus, a function with representation of the interest of the employees is necessary. It is just that the traditional union system can not fulfil that function.

B. Management system: Personnel strategy and new counter-part

The problem matches the problem to management: the management in the studied companies needs an organization of the employees as a negotiation partner. Management can not be a hierarchial order-giving system but has to be an interaction-management. In planning and directing the daily work there is no need for any other organization than the normal work organization. But, for the extended barter and for handling conflicts at a latent stage - before they become manifest - the management needs a parallel organization. This is not about individual conflicts, but about conflicts on collective barter. Since the extended barter is going on permanently, it can not be dependent on central negotiation which takes place every second year. The parallel organization must be available in the decentralized line in the companies every day. The management also has a vital interest in the extended barter. If it does not function, the service given to customers, quality and other important factors will probably will be substandard causing decreasing sales.

To develop an adapted decentralized organization of the barter interests of the employees is thus a management purpose. How it could ideally be done is a problem not yet solved. The development of a strong corporate culture which has been stressed very much in the literature during the last ten years is necessary, but not sufficient. But some of the companies have found a negotiation system which seems to work even in situations with heavy reductions in the work force and without destroying the positive atmosphere and the corporate culture - too much. The means have been to involve the shop stewards early in the process negotiating about whom to be sacked and under which conditions. Maybe it will cost the company some money for dismissing compensation, but it will come back as lack of sale-decline. The system does not *always* prevent open conflict, but it limits the conflicts.

The tendencies mean that management of the human factor becomes more important and must be recognized as such by the top-management. Human resource management has become a central part of the strategies in the case firms in this study and the personnel manager becomes a member of the board which are new tendencies in whole Western Europe (PRICE-WATERHOUSE 1991). The meaning of involving personnel managers and human relations on top-strategic level still is double: on one side to be informed of the interests of the employees and the possible reactions to new initiatives so a barter could be done on beforehand. But, on the other hand a management and a strategy are existing. So the

idea of involving the people in charge of the human relations is also to get them becoming change agents: they shall diffuse the strategy and secure that it will be implemented. The framework for the extended barter is the strategy. It still is a business system, neither a humanistic motivation system nor a democracy.

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