

Employee involvement in Ukrainian companies

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Abstract

This paper examines the hypothesis that the introduction of Western quality standards has brought some development of employee involvement in Ukrainian manufacturing and service companies and analyses the consequences for managements' use of the institutions of employee representation. The subject is pursued through eight case studies, four in a test and four in a control group. Quality developments were driven by top managers and not by HR practitioners. In the test companies, managerial hierarchies were flattened and process orientations adopted; training was increased; communication was improved and in some cases team work was established. These developments were largely absent in the four control cases. The consequences for employee representative institutions are examined. In three cases, management revived the previously anachronistic 'Assembly of the Working Collective' as an employee involvement tool,

thereby demonstrating a preference for picking workplace institutions ‘off the path’ for adaptation rather than either using unions or limiting involvement to non-institutional modes.

Introduction

This article examines quality-driven employee involvement in Ukrainian manufacturing and service companies and its consequences for the institutions of employee representation, a subject on which there is no available scholarly literature¹. The subject is approached by eight case studies designed to examine the results of introducing quality management systems on employee involvement. It has been argued that employee involvement is central to improving the historically comparatively low quality of products and services in post-Soviet countries (Dickenson et al, 2000) and more widely, that employee involvement and production quality are linked (Chiu, 1999). Manufacturing has been particularly important as a source of vital export earnings in the Twenty First Century and much of the country’s prosperity is tied up with it (Aslund, 2005).

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Ukraine is the second largest country in the former Soviet bloc, with considerable strategic importance for Russia, the European Union and the USA. Until the 'Orange Revolution', minimal attention was paid to the country in the West, despite the loose Partnership and Co-Operation Agreement with the EU (Muraviov, 2007). The prospects for 'democratic development' are clearly related to those for industrial democracy (Stiglitz, 2000). Should Ukrainian workplaces continue to operate in hierarchical and authoritarian ways, this will provide underpinning for the current high levels of disengagement with the wider political process after public disappointment post-'Orange Revolution'.

The paper is structured as follows. First, the involvement term is defined and the significance of quality improvement as a driver for increased involvement is outlined. Second, the Ukrainian context is introduced and it is argued that although this is unfavourable to the development of advanced forms of involvement, quality interventions provide the occasion for certain limited advances. Third, we introduce our research question and hypothesis. Fourth, our case study method is outlined prior to reporting results from our cases. Finally, conclusions are drawn.

Employee Involvement and quality

Competing definitions of the terms ‘involvement’ and ‘participation’ have been widely discussed but here we discuss ‘involvement’. The term is often used interchangeably with ‘participation’ (see for example Harley et.al., 2005). Involvement and participation are clearly not entirely separate in practice, and one may theoretically be linked to the other. We use the term here to designate any practice that seeks to involve employees in senses over and above what could be expected in Taylorist working environments such as typically encountered in Ukrainian workplaces. Typical forms of involvement identified in Western contexts are communications practices such as briefing groups, regular meetings between management and the workforce or parts of it and team working either of a permanent or problem-solving type (Bryson, 2004). Vidal (2007) distinguishes between two types of involvement, with ‘substantive’ and ‘nominal empowerment’; in the former, there are high levels of trust; workers are consulted extensively and are as a minimum permitted to take a wide range of decisions over the way that work is done. The latter involves lower levels of trust, much less consultation and employee autonomy is confined essentially to a small range of low level decisions on operational issues.

‘Nominal empowerment’ may be used to transcend inherited management difficulties in managing workers who have inherited traditions that are a legacy from Soviet times. Pre-1989, the workplace situation was characterised as ‘workers’ negative control’ (Arnot, 1988, Filtzer, 1986) since although workers had no decision-making powers over what was to be produced (except nominally at the societal level), they had a degree of influence over how to achieve plans. Managements’ collaboration with workforces pre-1989 to achieve targets reinforced the idea of the ‘labour collective’ as a community facing external challenges. The ‘labour collective’ as an idea had a concrete form in the ‘Assembly of the Working Collective’ where all met together to discuss issues in the workplace. This concrete manifestation is symbolic of a wider ‘culture of labour’ and has been used to explain post-Soviet workers’ consent to the hardships of transition (Shershneva and Feldhoff, 1999; Ashwin, 1999). In the eyes of managers post-1989, the Assembly itself (discussed further below) came into the category of a Soviet institution of little relevance. On the other hand, at least ‘nominal empowerment’ (if not more) was necessary not only to overcome traditions of employee resistance to managerial initiative but also for more positive reasons.

Increased involvement is encouraged by drivers with high legitimacy with managers. Marchington and Wilkinson (2000) have argued the importance

of product and service markets for encouraging employee involvement in companies in Western Europe and in Ukraine this is an imperative shared widely by managers in export-oriented companies. There is strong evidence from other developing economies that High Performance Work Systems are most successfully implemented in companies with quality improvement strategies (Bae and Lawler, 2000). Foreign markets demand increased quality from Ukrainian manufacturing and service companies. Quality management as theorised in Western management literature requires increased levels of employee involvement. Three of the five main elements of quality management (continuous improvement, team-working, and employee involvement more generally) require that employee involvement be addressed, and constitute the majority (along with benchmarking and customer focus, also arguably requiring employee involvement) of the factors discussed as significant in the management literature. These elements are in sharp contrast to the command and control modes of operation, and the hierarchical, vertically-integrated and bureaucratic structures traditional in the Former Soviet Union.

A related subject, that of employee involvement and participation schemes and their impact on workers' democratic participation in enterprises has been much debated in the West. The subject is not exactly the same as ours,

since in the case of quality systems a prior question exists, i.e. whether the systems foster involvement at all. Ramsay (1977; 1992) expressed scepticism from a Marxist viewpoint, in the tradition of Carter Goodrich whose classic (1920: 253) formulation, was that such schemes involved workers increasing their control ‘by admission’, and they should be ‘left out of account unless...they are shown to involve workers’ activity’. Ramsay argued that, at the societal level, there was a cycle of interest in these schemes; interest arose when capital was challenged, and subsided as the challenge receded. For Ramsay, if workers’ control was not established (and management would in practice cede no real control short of that, i.e. unless compelled to by *force majeure*) then participation was a sham. For Goodrich and Ramsay involvement was simply the first step on an industrial democratic road, but these terms of reference are not very relevant to the Ukrainian context.

The alternative viewpoint derived from more restricted societal terms of reference. This has been that parts of some such schemes can be ‘empowering’ especially when they involve team work, because they can increase workers’ control over their immediate working practices (Harley, 2000). However, this depends on the actual degree of autonomy over work granted to the teams in relation to the degree of direct supervision and the

nature of internal control systems such as the role of the team leader (Harley, 2000; Benders, 2005). Communication is recognised as an important element in providing employees with voice and, provided there are adequate channels for upward communication, can increase involvement if not to the high levels regarded as significant by Ramsay (Marchington, 2005). Marchington (2005), revisiting this debate recently proposed that involvement schemes should be categorised at workplace level on a number of more modest dimensions than those proposed by Ramsay. These dimensions are: *degree* (the extent to which workers could actually influence management on any subject), *scope* (the extent to which the decisions influenced could be said to be strategic), *level* (whether this was at the local, departmental or company level) and *form* (direct, face to face, or indirect through representatives).

However, this literature largely preceded recent developments in neo-institutionalist theory (Whitley, 2000; Hall and Soskice, 2001; Amable, 2003). Although neo-institutionalist analysis operates at the national-systemic and not the organisational level, it nevertheless contains elements relevant to the latter. The first is the nature of the managerial hierarchy itself. Where these are (as in the Soviet system) extensive and vertically integrated, the authority system is relatively formal and the large number of

layers of management do not facilitate employee involvement (Whitley, 2000). The second is training, which raises management interest in attempting to retain employees especially where they have acquired non-firm specific (quality control) skills likely to enhance their labour marketability (*Ibid.*). This tends to increase their interest in improving the quality of working life for employees, *inter alia* by improving their involvement and job control, not least to forestall their marketing their skills to other employers. These two additional elements are therefore significant facilitative factors for employee involvement.

Quality and involvement in the Ukrainian Context

In Ukraine, levels of employee autonomy in carrying out job tasks are low in West European terms. The involvement concept was essentially unknown in Soviet enterprises and remains obscure to most Ukrainian practitioners. Soviet management systems were strictly hierarchical organisational structures and authoritarian cultures which made no effort to generate genuine employee involvement. The central concern was with fulfilling the planned outputs by use of coercive mechanisms and workers whose outputs could be identified as falling short of quality standards were rebuked or disciplined (Kornai, 1992). Before 1989, there was in Ukraine a

well developed institutional quality infrastructure based around the state standards body Gosstandart who issued a comprehensive set of technical standards (Hill and McKay 1986). A large cadre of quality professionals was deployed in industry and educational institutions in addition to those in the state standards organisation. A 'fitness for purpose' definition of quality was used similar to that used in the West in the 1960s, and in the 1980s a debate took place on developing a quality system similar to the Western ISO 9000. A consequence was the introduction in the late eighties of the 'Complex System for the Management of Quality' that had similarities to an ISO 9000 approach, in particular a detailed set of externally-specified documentation alongside the 'traditional' arrangements but without any recommendations for worker involvement. The difficulty of overcoming historic legacies has been a theme of writings on quality management in Eastern Europe: in Poland, (Kindlarski, 1996), and in Russia (Pooley and Welsh 1994), where lack of worker involvement is seen as a major barrier. Worker involvement is likely to be hard to achieve in many workplaces because of high levels of unresolved conflict which Ashwin (2004: 35) describes as 'endemic' in Russian workplaces. Using Vidal's distinction, the levels of involvement demanded by quality initiatives envisaged by Ukrainian managements are therefore likely to fall largely into the 'nominal' category, but as he notes, even within this category the level of

involvement is likely to vary between companies and in practice may exceed what was initially envisaged.

Two main quality systems are discussed in the Ukrainian context: ISO 9000 and Total Quality Management (TQM). While other models exist, such as the European Foundation for Quality Management' Excellence Model, and Business Process Re-Engineering, these are not widely discussed in Ukraine possibly because they require even greater change from management. ISO 9000 is a management system based on documents devised by the International Standards Organization that specifies methods of organization to improve product or service quality. To adopt the standard, a firm will draw up a set of documents modelled on the ISO framework and then implement them in their operations. The documents themselves and the way they are used are regularly checked and approved by an independent certification body. The standard specifies that implementation requires in-depth involvement both within management and, crucially, in the workforce more widely since only this can improve 'first time' quality and reduce the need for rectification of inadequate products or services. The effectiveness of ISO 9000 is contested. A survey conducted by the European Union (EU) criticised it for not dealing adequately with employee involvement, and too focused on production and a limited number of support processes (EU,

1997). Total Quality Management (TQM) is by design more radical than ISO 9000, going further in breaking down hierarchies and traditional barriers inside firms, notably through a stronger emphasis on increased teamwork (Meegan and Taylor, 1997). However, this challenges management to innovate radically rather than incrementally and therefore reduces its attractiveness.

The influence of HRM might theoretically increase the prospects of involvement. High levels of involvement are advocated as an important component of the US 'High Performance Work Systems' model (Pfeffer, 1998). Yet HR management exists in few Ukrainian companies; HRM generally exists in name rather than in practice, with administrative personnel functions carried out through the 'Labour Department'. While previous collective norms are being 'hollowed out' and deprived of their former content, 'HR' is only slowly moving into the vacuum (Gorton et al 2003). Managers have been re-named 'HR' managers and have a very minor role in managerial hierarchies. In a small minority of (usually foreign-owned) companies the 'HR' function involves more than administrative tasks and a degree of influence on management strategy more widely. As Brewster (1995) has pointed out, 'HRM' in Europe is characterised by a selective approach to specific practices that are

favoured by the institutional framework in existence in particular countries. In Ukraine, the framework is extremely weak in comparison with West European countries, and the model of HR adopted, to the extent that it exists at all, is much closer to an American than a European one since it is more reliant on external than internal labour markets and envisages little role for unions. It is conditioned by employers' strength in the labour market, or the fact that employees are in a weak bargaining position vis a vis employers. In Ukraine, this last factor means that it is focussed in particular on selection methods (many of which would be ruled out as unethical in West European contexts) and a combination of financial and psychological approaches to motivation.

HR is strongly influenced by the origins of those available to take these jobs. While Ukraine is not as unattractive to returning nationals trained abroad as provincial Russia, it remains so in relation to much of the rest of Europe or the USA (Tung and Lazarova, 2006). Few practitioners are professionally qualified and come either from those trained pre-1990 or from those trained more recently. Those in the first and certainly largest category have one of four backgrounds: Soviet-style personnel functions, operations managers, psychologists or those trained pre-1989 as 'cadre inspectors', i.e. officials responsible for obtaining, inducting, disciplining and retaining 'cadres'. Those in the much smaller second category have

predominantly been trained in the Ukrainian system through the growing number of courses available, where American rather than European approaches are emphasised, often through partnerships with US business schools. Graduates of these schools might seek to develop 'HPWS' approaches, but they remain at the beginning of their careers and not influential. Thus, despite the existence of the second group, there is therefore little prospect of the majority of Ukrainian HR managers initiating or playing a substantial role in driving employee involvement or co-operative production paradigms within companies. Currently, the situation in many workplaces meets the theoretical criteria for abusive supervision in all its forms, principally because management is hierarchical and has strong power in relation to employees thereby fostering worker alienation and not involvement (Tepper, 2007).

The current systemic context provides little support for anything other than minimal initiatives. The social security safety net is under-developed in that falling into it poses a major threat to families' capacity to survive. The value of the minimum wage, although increased considerably, fell in real terms in the 1990s (Ganguli and Terrell, 2006). This reduces employee confidence in job tenure and also their willingness to invest in training or a deeper or broader relationship with management (Harcourt and Wood,

2007). Wage arrears remain common, reducing employee motivation. So, too, do 'official' and 'unofficial' wages whereby employers pay employees an 'official' wage including taxation and social security contributions, and a second, unofficial one which does not. This practice is employer- rather than employee-driven since the latter are aware of its disadvantages for themselves. There is an extensive 'grey' labour market; in its most common form, workers are already employed in legitimate employment, but supplement this by undeclared work (Williams, 2007). This seems likely to reduce employees' interest in their primary employer and to promote detachment rather than a wish for either involvement or participation. Employment legislation is weak and difficult to enforce through the legal system. Works councils, a significant potential channel for participation, do not exist.

Involvement and participation are potentially raised by trade unions, and they might stand to gain institutionally from management interest in using them as communications vehicles. Yet they may not be seen as sufficiently representative by employers. Trade unionism under the Soviet regime had mainly welfare, 'transmission belt' and related disciplining functions; relations between the majority 'traditional' unions and both the state and employers have been characterised by the term 'the partnership of non-

interference' whereby government and management prerogatives are not challenged (But, 2001). Between 2005 and 2007, no tripartite national framework labour 'General Agreement' was reached and previous General Agreements had never been implemented in full. Union demands for participation at all levels are at best half-hearted because of the continued significance of unions' historic integrative functions. Their values and rhetorics are those of 'protecting workers' interests', but this is conceived of in formalistic, legal and 'watchdog' rather than mobilisation and bargaining terms. Workplace collective agreements are rarely reached by anything resembling collective bargaining and union functions are centred on employee welfare. Ukrainian unions currently fall into two categories: the largest consists of 'traditional' unions (those affiliated to the Federation of Ukrainian Trade Unions) and the smaller grouping is some forty 'independent' unions at national and local levels, affiliated to the Ukrainian Federation of Free Trade Unions. The latter's defining characteristic is that they were formed by workers' initiative. The traditional trade unions have been preserved both by the slow pace of economic reform in Ukraine in comparison with Russia and by their low levels of opposition to management. reflecting the élite's concern to avoid 'shock therapy' approaches. The state continues to play a large part in the economy both directly and indirectly (Aslund, 2005).

Overall union membership was above 40% in 2001 and is associated with larger enterprises, where unions have much higher membership densities (Standing and Zsoldos 2001 (a); Standing and Zsoldos 2001 [b]). Union structures and finances are based on the workplace, with regional and national levels receiving low proportions of subscription funds and therefore incapable of developing reform strategies (Croucher, 2000). Independent unions (and notably the Independent Miners' Union) have adopted more bargaining and campaigning functions, notably around the extremely poor safety record in Ukrainian mines (even in comparison with Russia) but face management-supported hostility and competition from traditional unions (But, 2001). Traditional unions, stimulated and assisted by Global Union Federations, are in some cases moving towards a more bargaining and campaigning orientation, but the changes have so far had little impact at workplace level and the speed of change is slow (Koliushko and Ukrainiskyy, 2001; Sogge, 2004; Croucher, 2004). The unions face a dilemma: increasing their representative and campaigning roles carries the risk of ending management consent for their existence as welfare bodies (and with it check-off for union dues); on the other hand, they risk increasing irrelevance to workers if they do not take that route.

Management-driven involvement may be facilitated by various forms of employee representation and not simply by unions. No requirement for

union independence exists in the Ukrainian Constitution and employers have increasingly formed (and in some cases later abolished) ‘yellow’ trade unions (Croucher, 2004). The Assembly of the Working Collective is a workplace meeting that existed pre-1989 for bringing all employees together to be addressed by senior managers which appears not to have been much used in the initial transition years. It continues to have a legal status and may lawfully be used to reach workplace level collective agreements between employer and employees. It therefore may represent an alternative to trade unions with whom it traditionally co-existed.

The various possible vehicles for collective employee representation and their current roles are summarised in Table 1 below.

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Management is theoretically faced with choices in terms of increasing employee involvement. First, it may take no measures to involve employees, but as we have seen this route was taken in Soviet times and is seen to have failed. Second, it may involve employees either individually or

through existing work groups. This second option risks communications being fragmented and therefore only partially successful in some cases.

Third, it may combine the second option with communication via one of the forms of representational institution listed in Table 1. The union might have some representational legitimacy with workers and management, or it might be a 'Yellow' union which again could theoretically entail some degree of worker involvement though this is likely to be less than that for relatively independent unions. Alternatively, management could seek to use the Assembly of the Working Collective as an alternative offering some benefits to management while offering some protection to workers seeking to exercise voice in ways that management might not approve of.

The issues for exploration are therefore: *how far does implementation of a Western quality management system raise levels of employee involvement or establish significant facilitative factors for such changes, and with what implications for HR managers and the institutions of collective employee representation?*

The hypothesis, arising from the low representative capacity of existing employee representation institutions is that management is not likely to use any of them for increasing involvement.

Method

Two sets of cases were selected: one 'test' set in which attempts were being made to implement a quality management system (in practice, all companies agreeing to participate had used ISO 9000, a system that respondent companies thought relatively user-friendly in relation to the alternatives), and one 'control' set from broadly comparable enterprises where no such efforts were claimed. These are not matched pairs, although they come close to satisfying the conditions for being treated as such. The two groups were matched for broad type of industrial activity, size (large, medium and small), location (the south, west and centre of Ukraine) and ownership arrangement (see below), and all those in the test group had implemented ISO 9000.

Access to information about Ukrainian companies is highly problematic. Surveys typically have unacceptably low response rates and in-depth access for detailed studies is very rarely achieved, partly arising from a generalised fear of providing information that can be used against individuals and specifically because of the common practice of double book keeping and the

suspicion that access is sought for tax collection purposes. The key factor in facilitating access in this case was the very close collaboration of the Ukrainian partner in the research, the Ukrainian Association for Quality. The Quality Association's relationships with companies allowed high quality contact both with firms who had, and with those that had not, implemented ISO 9000. Contact with workers and trade unions at the firms in question was also made with the help of the Quality Association, as it sees itself as an independent professional body willing to work with all stakeholders.

Cases were researched in 2001-2 by workplace tours and individual and small-group interviews held in Russian with the aim of ascertaining employer and employee perceptions. Interview times ranged from forty minutes to two hours. Questions asked in both test and control cases focussed on employee involvement changes in the previous five years. The drivers and nature of employee involvement were probed using Harley's (2000) and Marchington's (2005) dimensions. Quality control changes were explored in both test and control cases, although more time was spent on this in the test cases since such changes were not always present at all in the control cases. Thirty one people were formally interviewed; sixteen of the interviewees were senior managers and nine were trade union (*Profkom*)

representatives; the remainder were workers. In the latter cases, there was no union present and workers were interviewed directly. In addition, informal discussions were conducted with employees in each workplace during the workplace tour. Informal discussions with employees were held either in small groups or individually in each case without managers present although management nervousness in relation to this meant that many such discussions were brief. In each case, interviews with management were carried out at a different time from those with union representatives and employees. The aim was to minimise possible impacts of management influence on the employees and their representatives during the interview process, which had potential to encourage the latter to exaggerate the extent of change and minimise negative impacts. As Marchington et al (2004) argue, it is important to access employee views directly and to place them in a wider organisational context. Results are only reported here when management and union/employee responses were at least broadly consistent.

Results

Details of the firms investigated are shown in Table 2 below.

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The test group companies shared two main characteristics, the first in respect of management structures and the second in terms of the results claimed. After the introduction of the quality system, they had all to some extent moved away from strictly hierarchical management structures, giving managers roles that were more defined by processes and therefore moving away from the vertically-integrated hierarchies typical of Soviet management. Managers in the 'test' companies all considered that the quality of their product or service was superior to those of local competitors, however, all conceded (or assumed) that their firms lagged behind their Western counterparts in this respect. This served to confirm them in their view that they had made progress. Both characteristics were absent in the control companies. In addition, two companies claimed improved efficiency and profits, with one (Test 3) suggesting that sales had been growing at 15-20% per annum over the previous three years.

The majority of test companies showed other elements in common. Three of them had implemented planned and formalised training programmes for all employees, although there were significant differences in the extent to which they evaluated the effectiveness of training. Two of them had formal

communications policies with workers of all grades, and in these cases there were opportunities for two-way communication (Test 3 and 4). These involved regular meetings of the Assembly of the Working Collective. These test companies had also implemented regular quality meetings allowing for feedback from employees. These companies had also implemented team working, although the level of responsibility devolved to team varied. In one case (Test 3), management delegated tasks to production teams and delegated them to perform quality control in-team. In this case, immediate supervisors clearly played an oversight rather than a direct management role. In the other (Test 4), teams were also responsible for production and quality but had less delegated authority in terms of tasks since supervisors were more directly involved in managing the production process.

Test case 1 was an interesting exception because it had implemented ISO 9000 with only minor changes in labour management practice. In this case, the company had a successful relationship with the German company that it supplied which was perceived as bringing good results. The German company had made no attempt to affect its supplier's HR practices, and this appeared to militate against the company changing them as a result of introducing the quality system.

The control companies in all cases retained Soviet-style hierarchical management structures. Moreover, none of the control firms claimed either improved quality in the recent past. Nor did they claim improved efficiency or profitability. In one control case (4), the company had long-standing team working arrangements where ad-hoc teams of employees were delegated to carry out certain tasks in the ship-repair yard. In a second control case (3), management had also called a meeting of the Assembly of the Working Collective to discuss a number of issues with the manual workforce. This use of the body was less intensive than that reported by the test companies, since it only met once between 1999 and 2002.

The results are presented in Table 3. Where individual results such as that in the comments column for control case 3 are reported (i.e. the existence of wage arrears) it may be assumed that this is a specific external factor likely to impact our subject that does not exist elsewhere.

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Thus, in terms of both team work and communications, two of the test cases (3 and 4) had introduced permanent team working, albeit with varying degrees of autonomy for the teams involved. In one of the control cases (4), team working had long existed, but the teams were ad hoc and there was therefore little opportunity for the teams to develop as work collectives. Communications had also been improved in these cases, though none of the control cases showed improvements. In terms of the two significant facilitative factors which we enumerated, managerial hierarchies and training, the results are clear. In all of the test and none of the control cases, the managerial hierarchy was changed and in three of them the number of layers of management was reduced. In three of the test cases and none of the control cases, training was carried out on a planned basis, although it should be noted that appraisal systems did not operate in any of the eight companies and that planned training could not therefore achieve high degrees of personal tailoring to individual needs.

The cases may be reviewed in terms of Marchington's (2005) dimensions for measuring employee involvement; degree (the extent to which workers could actually influence management on any subject), scope (the extent to which the decisions influenced could be said to be strategic), level (whether

this was at the local, departmental or company level) and form (direct, face to face, or indirect through representatives). In *degree* terms, employees felt in three of the test cases (2,3,4) that management had modified their proposals on work organisational issues as a result of their expressed views. In two of these cases (2 and 3), the instances were in part of the company and in the third (4) were company wide. This had also occurred in one section in control case 4, as a result of a threatened strike by the independent union representative in one section of the shipyard. The immediate cause of the threat was changed job roles as a result of attempts to improve quality, but the underlying cause was low piece work earnings in that section. It did not therefore reflect any shift towards a more co-operative paradigm. In *scope* terms, job control was reported as enhanced in those cases in which team work had been brought in, particularly in test case 3 where supervisors had little more than an oversight role. No similar effects were present in any control case. In terms of *level*, where team work had been introduced this was for all operative grades, whether clerical or manual. In all of these companies, some workers remained only formally attached to teams because of their relatively free-standing roles. In *form* terms, two of the test cases (3 and 4) involved a direct exchange between senior management and employees at the meeting of the working collective; the example of control case 4 was clearly one of discontent channelled through a union representative.

Discussion and Conclusion

One contribution of this paper has been to show the significance of Western quality improvement schemes as a driver of limited forms of employee involvement. These results are consistent with those of Bae and Lawler (2000) for South Korea, who also found that that quality and speed of delivery requirements were drivers of employee involvement and stress the significance of selling into international markets as a causal factor. The external and bureaucratic nature of the driver places strict limits on the depth of the involvement, but these companies remain innovative in the Ukrainian context and may play a role in establishing the concept more firmly in the country. The paper also contributes to understanding of the way that both HRM and the institutions of employee representation are evolving at institutional level. The revival of the pre-1989 Assembly of the Working Collective at management behest shows how case study work at the enterprise level, though difficult, can bring results that would not be apparent from national-level research.

The study's limitations are evident. The content, interactions and complementarities between the different practices touched on here, and their

impact on employee involvement requires further investigation.

Observational or participative methods of research would be preferable given the complexity of the issues involved but will require excellent depth of access that is likely to be difficult to obtain given the problems with quality of access in post-Soviet countries.

The issues for exploration were how far does implementation of a Western quality management system raise levels of employee involvement, and establish significant facilitative factors for such changes, and with what consequences for workers' representative institutions? In respect of the first question, the reply must be positive. The strong perception in Ukraine that poor service and product quality hinders their efforts in global markets has created an equally strong consensus within many companies working at that level that employee involvement in production must be greatly improved. Moreover, the changes were driven by the most senior managers and both of these factors mean that the changes are likely to be permanent.

The changes were made with only marginal involvement in the executive aspects of the tasks by HR managers, who did not improve their position in the managerial hierarchy, nor their influence within it. An interesting question for further investigation is whether the demonstration to other

managers that substantial employee involvement developments do not in fact require strategic interventions by HR managers will have lasting negative effects for the development of HRM. It has been suggested that to move from ISO 9000 to TQM requires increased levels of understanding and motivation by employees (Meegan and Taylor, 1997); whether this will provide more of an opening for HR managers to establish themselves remains to be seen.

The effects on the management structures themselves were substantial. The impact is partly symbolic: the re-organisation of management hierarchies that was universally present in the test companies emphasised the enterprise as a collective rather than as a hierarchy. Workers welcomed these developments because it improved managers' understandings of the productive process and the difficulties that they often faced with respect to outmoded machinery, equipment and processes. The quality training also demonstrated companies' willingness to take the risk of investing in employees despite having enhanced their employability by improving their non firm-specific skills.

Simultaneously, managements have sought to guard against allowing involvement to spill over into significant and permanent strengthening of

workers' collective voice. Their choice of ISO 9000 and rejection of the more radical alternatives itself reflects a desire to proceed incrementally with change, even though adoption of ISO 9000 was generally represented as the beginning of a larger and possibly longer project involving other schemes such as TQM. In one case, relatively little employee involvement developed. There has been considerable discussion about the export or otherwise of HR methods by West European companies to their partners or subsidiaries in the rest of the world. There was only one example among our cases of a company (Test 1) that had a strong partnership with a German customer company. The case is consistent with other researchers' findings, when they have suggested that Western companies do not seek to export employee involvement methods to others (Norwegian paper in EID). It is interesting in that in this case the employees rejected an approach from trade unionists in a neighbouring factory to establish a trade union. It appears that the generally positive informal relations in a small company with relatively good economic prospects deterred the employees from seeking representation. The fact that the German customer company was satisfied with quality levels achieved by a combination of training in Germany and informal methods in Ukraine may even have constituted a block to more formalised or developed involvement schemes.

In respect of our second question, the answer is that there was an observable effect. Forms of involvement ranged from relatively strong ones that concretely changed management plans with respect to work organisation to weak ones that did not. The farthest that any company went in allowing workers significant autonomy in job control terms was in test 3, where teams came close to 'self-managing' in the immediate productive sense, and this represented a polar case.

Although our results are uneven, the conclusion must be that quality systems constitute a significant driver of Harley's job-control related employee involvement in Ukraine. These are undoubtedly 'by admission' as Goodrich (1920) would have it, or in other words by management consent, since they involved no self-activity by workers. The results are unquestionably extremely limited in West European terms, bounded as they are by wider environmental factors; they nevertheless constitute significant developments in the Ukrainian context.

One striking feature of the cases is that they demonstrate a significant involvement gap between those companies that went in for ISO 9000 and those that did not. This may to some extent undermine the common argument that the ISO scheme is inadequate; it appears that its rather

bureaucratic and limited nature may in fact increase its appeal to Ukrainian managers seeking to take initial steps along an uncertain path. It may also be the case that companies that were already predisposed to extend employee involvement were prepared to go in for ISO 9000. There is indeed some evidence of this, but there is also much evidence that introduction of the scheme itself brought significant changes and it seems unlikely that these changes would have occurred outside of the schemes' introduction. It therefore seems likely that what is emerging in Ukraine is a sizeable divergence in employee involvement terms between those companies that implement these schemes and those that do not, a difference that is largely coterminous with strongly- and weakly-export oriented companies.

There was also a difference within the test group. The introduction of these schemes threw up no union activity and the cases generated no evidence that these developments are strengthening existing trade unions. Rather to the contrary. In no case had unions played any significant role in the introduction of the quality system, nor had they reaped any benefits from it. Indeed, the only substantial union activity revealed in any of the cases was that in control case 4, when an earnings issue arose, initiated by an independent union. None of our cases involved management-driven

(‘Yellow’ in Ukrainian parlance) trade unions, nor (perhaps unsurprisingly given the management effort involved) did management establish one in the period of research in any of these cases. Instead, managements in three of the eight cases (two of which involved quality innovation) saw a need for some vehicle for broad representation of the workforce and were not satisfied with simply using individuals or work groups as channels. As a result, they supplemented their other communications efforts by actively using an alternative institution for involvement, i.e. the ‘Assembly of the working collective’. This is a case of an employee representative institution operating as resource rather than as a constraint on management. In ‘path-dependency’ terms, it is an historic (and dormant) institution that has been picked up by management and used for a new purpose (Schneiberg, 2007). Currently, this appears to be an in-company arrangement rather than one with a strong public aspect and whether its extension will be promoted by state action remains to be seen. In Schneiberg’s US-based ‘path’, the path operates within regions and, at most, the national level, but in the case of the Assembly the institution is a Soviet one that was diffused (with variations) on an international basis. This suggests that further research should address how it is being utilised in other post-Communist countries.

The hypothesis advanced earlier is therefore only partly upheld. Existing unions have not had strong representative or involving functions, and have therefore been by-passed as predicted. Managements used the Assembly because they sought a form of employee voice over which they could exercise substantial control, and this may in turn reduce the space available for unions effectively to reform and present themselves as viable 'social partners'. Management could call and end meetings as they wished, control the agenda and discussion, and there was no permanent apparatus to question whether decisions were implemented or not. The institution nevertheless had the advantage of being recognised by both law and custom. It had the further advantage that it did not, unlike 'yellow' unions, arouse employee expectations of funds from management for welfare purposes, facilities for its officials and so on. Any extension of its role seems likely further reduce the space available to trade unions of all kinds, including 'yellow' unions. It may also, as suggested above, reduce the scope for HR managers to raise their profile in managerial hierarchies by innovating in the involvement area.

Overall, in Ukraine, it appears that there may be two emerging models of involvement. One is 'direct' and to that extent similar to a US model, a

second combines direct and weakly-institutionalised indirect methods and is therefore similar to a dilute version of the European model.

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Table 1: Vehicles for Collective Employee Representation in Ukraine

Vehicle	Current role
Assembly of the working collective	Occasional downward communication

Yellow' trade union	Majority role: welfare and downward communication. Minority role: compliant voice' for employees
Traditional trade union	Majority role: welfare. Minority role: 'watchdog' Developing role: representative
Independent trade union	Representation and voice

Table 2 Details of the cases studied.

	Type of western quality management method used.	Case number	Nature of business	Ownership arrangement.	Origin
Test case 1	ISO 9000	Firm 1	Manufacturer of aluminium fittings	Private (OAO-open shareholding society)	Former st

Control case 1	None	Firm 2	Building construction company	Private (OAO)	Former st
Test case 2	ISO 9000	Firm 3	Testing laboratory and training centre	Private (OAO)	New company
Control case 2	None	Firm 4	Testing laboratory	State	State
	ISO 9000	Firm 5	Paint manufacturer	Private (ZAO- closed shareholding society)	Former st

Control case 3	None	Firm 6	Construction company	Private (ZAO)	Former st
Test case 4	ISO 9000	Firm 7	Shipping equipment manufacturer.	Private (OAO)	Former st
Control case 4	None	Firm 8	Shipbuilding and repair	State	State

Table 3: Reported developments in management structure and employee involvement practices in previous five years

Firm	Management structure	Communications with employees	Formalised team-work	Training	Comments
Test 1	Removed majority of middle management	No formal policy; weak informal communications, mainly downward.	absent	Ad hoc training	
Test 2	Redeployed four managers from solely supervisory roles, to quality-related roles	No formal policy but high levels of informal communication including upward	absent	Formally planned but manual training strictly limited by budget	
Test 3	Redeployed 15 managers from supervisory to training roles	Highly developed communications. Written policy to communicate with all grades.	Permanent team work including quality function and supervisors	Highly developed training and development programme	

		informal communications, including upwards, at moderate level.	have oversight role	for all levels of employee	
Test 4	Redeployed 8 managers to team supervision and quality-related training roles	Highly developed communications. Written policy to communicate with all grades. Strong informal communications including upward.	Permanent team work but supervisors play interventionist role	Planned training	
Control 1	Hierarchical, vertically-integrated	Highly formalised downward. Weak informal communications including upwards.	Absent	Moderate levels management training. Ad hoc for other grades.	
Control 2	Hierarchical, vertically-	Low level downward and	Absent	Ad hoc for all	

	ntegrated	upward communications		grades	
Control 3	Hierarchical, vertically- ntegrated	Highly formalised downward. Weak informal including upwards.	Absent	Ad hoc for all grades	Sizeable wage arrears
Control 4	Hierarchical, vertically- ntegrated	Minimal downward formal. Weak informal including upwards.	Limited ad-hoc team work	Ad hoc for all grades	Strike threatened by independent union over piece rates in one section