

PERCEPTIONS OF THE CHARACTERISTICS OF THE SOCIAL CONTRACT IN MANAGEMENT IN ROMANIA BEFORE 1989. EXPLORATORY CASE STUDY IN THE ROMANIAN AUTOMOBILE INDUSTRY

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Abstract: Defined as "the set of tacit norms and laws existing in a given society in relation to what is considered acceptable and tolerable in the employment relationship", the social management contract (SMC) has recently proved to be an interesting tool for an contextualized study of the relationship that the employee develops with his employer. This paper is based on the research results obtained by the author during her doctoral thesis at the Université du Québec à Montréal (Canada). In this thesis, we propose to study how the former social contract of Romania (that before the fall of communism) impregnates the current social contract in this country. To compare it with the new social contract, we analyzed the features of the old Romanian social contract. This analysis, which makes the object of this paper, was carried out in a constructivist approach, based on 39 interviews conducted in two companies of the automobile industry of the region of Sibiu, Romania. We have thus identified three main categories of characteristics of the old social contract (which we characterized as "paternalistic"): protection / security, hierarchy and community spirit. We will detail each of these characteristics in this paper. The theoretical and practical contributions of our study on the SMC before 1989 and its limitations will also be mentioned in the communication.

Keywords: social contract in management, automobile industry, before the fall of communism, old social contract.

JEL Classification: M12.

1. Introduction and the definition of the social contract concepts

There are several meanings of the term "social contract" that emerged over time in philosophy, law or management. It was in 1762 when Jean-Jacques Rousseau used for the first time the term social contract, linked to the ideas of people's sovereignty, general will and the conception of the law (Bernardi, 2010). Rousseau speaks of the principle of autonomy according to which "sovereignty cannot be sovereignty over the people but the sovereignty of the people" (Bernardi, 2010: 64). Another principle of the "social contract" in the vision of J.J. Rousseau is the fact that a society must be an association formed by the free membership of its members. Consequently, the rules of society do not derive from nature, but are a result of the political decision of members of society acting as free agents (Bernardi, 2010).

In this so-called "classic" view of the social contract, we can distinguish two meanings. The first, linked to the origin of the state as an entity, presupposes the fact that a certain number of individuals voluntarily consent to form an "organized" society. This is what is known as "natural law" (Roehling, 1997). The second meaning of the social contract is called "contract for government" or "contract for submission". This type of contract presupposes the existence of the state and the terms on which it can be governed. The social contract would thus be an unwritten "agreement" concerning reciprocal rights and obligations between the State and its citizens. Paying taxes, obeying laws, sharing the risk of defense in exchange for security and protection, benefiting from the opportunity for personal development, are examples of this reciprocal commitment.

Donaldson and Dunfee (1994) have tried to transpose the concept of social contract from the level of societal institutions to the level of organizations. Their theory (i.e. the Integrative Social Contracts Theory) supports the need for researchers to add to the "hyper norms" (i.e. the universal principles derived from the macro-social contract) an others kind of norms, there are forged by the microsocial context within cultures, especially

organizational ones. They therefore propose to understand the social contract as the meeting of hyper norms, which are at the level of a state, with norms linked to the way organizations function.

The idea of "norms" is adopted by Macneil (1980), who applies it to law, as well as by researchers who deal with the psychological contract (e.g. Rousseau, 1995, Morrison and Robinson, 1997, Edwartz and Karau, 2007). In this vision, written contracts only partially govern the relations created between the actors involved in social exchanges. To these formal elements (i.e. written contracts) are added other elements more "informal" like the norms, which constitute the social contract (Ivens, 2006).

The idea of norms acting at the organizational level, compatible with societal hyper standards, was taken up by the authors of the field of organizational behavior. In this sense, the social contract reflects presupposed norms and beliefs accepted and tolerated in a given entity in relation to the employment relationship (Edwartz and Karau, 2007, Keely, 1995, Parzefall and Coyle-Shapiro, 2011, Rousseau, 1995; Robinson and Morrison, 1997). These norms are social realities taken for granted that determine what is considered appropriate behavior in a given entity, whether it is a nation, industry or organization (Morrison and Robinson 1997; Rousseau, 1995). For the rest of this research, we will use these standards under the name of social management contract (SMC).

The social management contract is directly imbedded in the dominant values and norms in the culture of a country or society, because it is built through the influences of the business community, the law, the educational system and the media of a given society. All of these influences contribute to the construction of norms and principles relating to the employment relationship, which include beliefs about what is acceptable or not in an employment relationship (social judgments), rights and duties of the individuals and employers, who form the promises of the psychological contract, as well as a set of ideologies and beliefs about employment (Rousseau, 1995).

The employment relationship in Romania before 1989 is impregnated with particular features, due to an economic and social system based on a centrally planned economy under a communist-type political regime. Several studies that were carried out after 1990 in the field of management have shown that characteristics of the social contract in management of the era of the centralized economy are still present in Romania. It is the same observation that we made during the realization of our doctoral thesis: in 2010, influences of the old social contract in Romania on the employment relationship were still very present. In this paper we want to present the characteristics of the old social contract in management that remained in the minds of the people in Romania ten years after the dismantling of the communist system. Understanding these reminiscences could explain some of the expectations and behaviors of employees that are currently identified in the employment relationship in Romania.

2. Methodology

This paper represents a part of the research we carried out in 2010 in Romania, in two companies in the automotive sector (named C and D). In this research, we wanted to study the psychological contract of employees, defined as the set of promises that play the role of obligations between the employee and his employer. Yet we could not do it without studying the SMC. To do this, we conducted 39 interviews with 32 participants. In order to capture a picture of the employment relationship in Romania prior to 1989, we included 16 people who had experience under the old political regime.

To these people, we have carried out a qualitative research, in order to let people express their points of view in relation to their experience and their perception of this

experience. The method used was the grounded theory, as proposed by Charmaz (2006). The characteristics of the former SMC represent results of what is called Focused Coding.

3. Results

Research in the field allowed us to identify a type of social contract before 1989 in Romania, which can be characterized as paternalistic. The Larousse dictionary defines paternalism as "the conception that relations between employers and workers must be governed by the rules of family life, characterized by mutual affection, authority and respect" (Larousse on line, 2013).

Within paternalism, three categories of characteristics of the social contract in management have been identified: protection / security, hierarchy and community spirit. In the following, each of these categories will be detailed.

3.1. Dimension protection / security. As a result of the interviews that took place in the companies participating in the research, we noted that individuals remembered especially the existence of job and income security, independent of individual performance, because the salary was delivered centrally by a state body, which was the Central Automobile Manufacturing Industry. They also remembered obligations arising from the communist political system, such as, for example, participation in compulsory demonstrations of political support during working hours.

At the time of the centralized economy, work was both a right (each person was given a job at the end of his studies), at the same time as an obligation. People who did not work could be accused of "sabotaging the national economy" and face justice (Krylov, 2008).

"... sanctions were applied, nobody was dismissed. To be dismissed by a company, you had to commit something very serious. To bring a serious attack on the security of the national economy, sabotage, something like that. But not because of indiscipline! Everyone had to work, to have a job was compulsory, to have no job was out of question ... (Employee, more than 40 years, company C).

As regards competition in the labor market, it was fairly small because of the fact that graduates from all specialties and all levels of education from the college (in the Romanian system of Lycée ") were given a job according to the final grade.

"Researcher: But the employees, how were they? The usual workers? You, staff who have graduated, get a job by default. But the operators?

Participant: Through the placement and recruitment agency (n.c. nationally constituted body, with branches in each administrative region). In the same way, distributions were made at the end of high school. We were divided into a company, using the same method" (Employee, over 40 years, company C).

Before 1989, the Romanian State provided employment for each of its citizens. But because of labor market inflation and the fact that there was no real competition between firms, all of which was planned centrally, monitoring of individual performance was almost non-existent. As a result, there was no link between pay and individual or organizational performance.

"Okay ... it was mandatory to work. Well or little paid, as long as the pay was ... everyone worked. As for the efficiency of work, that was something else! Efficiency was measured only through this five-year plan, the five-year plan had to be completed, the five-year plan was decided at the level of the company's management, in agreement with the Central and the Ministry of Industry ". (Employee, over 40 years, company C).

The wages of all workers, including the management of the company, were distributed by the "central" automotive industry, a component of the Ministry of Industry.

"[...] But that was the rule, everyone had to have a job, get a salary, money was globalized, at the national level, everything was part of the budget at the respective time, without taking into account the production. The money came from the ministry, so no problem receiving his salary. "(Manager, over 40 years, company C).

The obligation assumed by the State to provide employment for all and to guarantee it until retirement has resulted in the appearance of the phenomenon of "unemployment in employment" or "management of the time passage "(Boruz, 2008, Myant and Drahokoupil, 2011). This phenomenon is an anomaly in the centralized labor market due to the presence of an overpopulation of workers on the premises of enterprises, and thus to the imbalance between the quantity of work available and the disproportionate number of employees hired to carry it out.

"Researcher: You mean it was hard to perceive the performance of each employee?

Participant: We did not have the possibility to do a monitoring for each person, I already told you: there were so many people. But if we truly wanted to supervise everyone, we realized that there were many who did almost nothing. "(Manager, over 40 years, company C).

The lack of links between salary and employee contributions in the company was also related to the lack of responsibilities in the workplace.

"It used to be quite difficult to make mistakes like that, because there were a lot of supervisors, and all of them had to present their opinions, and when they had to find the person responsible, there was no one. For example, if we were to develop a products line and it was not correct, we could not find anybody to blame. There was a team, all were guilty, but today it is no longer this way ... " (Manager, over 40, company D).

Another element that characterized the social contract of the centralized economy was the lack of valorization of intellectual work, and of young people. This was due to the fact that the elite of the communist party came from the ranks of less educated workers, the "blue-collar" workers of the time, and these were considered the most important labor force in communist factories.

3.2 Dimension hierarchy. In the paternalistic view of the employment relationship, the CEO of the company enjoys significant authority in front of employees, compared to other managerial levels. He embodies the "family father", respected by everyone, whose action and protection are vital to the survival of his protégés (Hofstede, 2010).

This preference for strong and protective leadership is a salient feature of Romanian culture, marked by the existence of heroic and protective historical figures (Dalton and Kennedy, 2007). More recently, prior to 1989, the State had important social roles, especially protection against unemployment and lack of housing. The Communist Party, for its part, wanted to be the figurehead and the bearer of social justice, including in the workplace (Myant and Drahokoupil, 2011).

In the companies analyzed in our research, we have observed that even today there are still people who are nostalgic for the old state enterprise and who regret the protection of the Communist Party in the place work. At that time, the party secretary could intervene at all levels, both professional (even at the level of the general manager) and family. People perceived the Party as a factor of safety, so they felt more protected:

"Before 1989, I do not know if ... I realize ... I guess it was party fear. You know, it was the secretary of the party who could, at any moment, rush into

the office of the director general; even the personal problems were solved by the party secretary ... All the people were aware of what Ceausescu had become, and what was the situation inside the country ... but the fact that there was someone who listened to their problems generated their regret from the past, for the simple fact that there was someone to whom they could complain if they had problems with the wife, with the foreman who had made them I do not know what or with co-workers ... (Employee, over 40, company C).

3.3 Dimension Community spirit. The communal spirit manifested in Romania, as evidenced by our readings and our discussions on the research fields, has a strong component of solidarity, fraternity and mutual assistance. This support that the community offers to the individual helps them to survive and function in society. Yet the individual in this society is not subject to the interests of the group. In our opinion, he relies on the members of the group to achieve his ends by in turn offering his support to the other members, so that they also realize theirs.

Communist-era enterprises performed important social functions. They were "big villages", sometimes with thousands of employees who fulfilled their duty to work. Beyond the livelihood, the company was a place where one spent an important period of life (indeed, all the active life, given the lack of mobility in employment) and where one made friends of long duration. Communist enterprises used some of their money for social activities such as building houses (which were rented at low prices to their employees), organizing sports and cultural events, and building cottages and holiday homes for employees (Myant and Drahokoupil, 2011). So the employees of the same company had many opportunities to come together and continue to develop a sense of belonging to this group, which was the company.

As a result, during the Communist era, the Romanian workers developed a strong sense of solidarity and of living together because of the proximity induced by the cohabitation in districts conceived especially for them. According to the social contract of the centralized economy, this sense of solidarity was combined with that of security offered by lifetime employment. According to certain authors (eg Napier and Thomas, 2004), this should counterbalance the acceptance of the standardization of individuals promoted by communist ideology. Thus, individuals were inclined to accept wages unrelated to their contribution to the firm and a relative equalization of incomes, irrespective of their professional qualifications.

4. Conclusion

According with ours research, we conclude like Rousseau (1995), that the social management contract is an interesting and relevant instrument for analyzing the social context of the employment relationship. Our research has also led us to conclude that a thorough understanding of the context of the employment relationship is a *sine qua non* of a thorough understanding of this relationship.

The SMC can reveal to us the characteristics of the social environment that helps better understand the reasons why certain companies, from a certain country or sector of activity, have chosen to be guided by specific standards in their organizational functioning.

What is more, and the example of Romania is very conclusive in this respect, the SMC, as a reflection of a certain social order, could prove to be an important instrument for understanding the reactions of individuals in a situation of change. The change in the social contract is never smooth, for it upsets the very foundations of an employment relationship.

Also, in a situation of change, the knowledge of the SCM could help the actors of the change to adapt better to it and better to face it. This will help researchers who are interested in the study of the characteristics of the employment relationship before 1989 to better understand the basics of this relationship. With the knowledge of the SCM, the management practitioners will also be better equipped to recognize values and behaviors inherited from the past that can persist in today's organizations.

A limit of our study is the small size of the sample, which does not allow a generalization of the results. In part, this disadvantage has been taken into account by considering other sources, especially literature on the subject, published in the last ten years.

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