



**Doctoral School in  
Business Administration**

## **THESIS SUMMARY**

**Katalin Bácsi**

### **Social Dialogue during the Crisis: Innovation or Path Dependence?**

**An Examination of the Hungarian Automobile Industry**

**Supervisor:**

**Dr Csaba Makó, DsC**

Budapest, 2017

**Institute of Management**  
**Department of Organizational Behaviour**

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## I. Research Background and Justifying the Topic

The world of labor has undergone fundamental changes in recent decades. The emergence of info-communications technologies, the changing of the production paradigm (mass production and standardized work have been replaced by creative, flexible work and work based on knowledge), and the globalization of finances and the economy have all had an impact on the labor market (doubling of employees present, a wage competition not only among white-collar workers, and the emergence of new markets). They have affected not only the transformation of the organization of work, but also the relationship of employees and management, as well as the social dialogue. The financial and economic crisis of 2008-2009 has amplified the effects of these processes.

*The topic of my thesis* is social dialogue and the crisis; in other words, the role social dialogue plays in tempering the effects of the crisis and moderating negative impacts, as well as the extent to which the crisis has brought about new solutions both in terms of content as well as process. The question is how the crisis has created opportunities to introduce new frames, methods and tools. At the focus is the negotiating function of social dialogue: the bipartite relationship between employers and employees.

The literature, both Hungarian and international, tends to focus on collective negotiations and agreements within the realm of employment relations. Thus, *one pillar of my thesis* and of my reading of the literature is *social dialogue*, and its various approaches and models, with a special emphasis on Hungary.

In the Anglo-Saxon literature of labor relations, we often encounter the notion that there is a crisis in theoretical and practical research (Edwards, 2005), which is primarily a result of the erosion of collective and institutionalized institutions (e.g. a drop in trade union membership or the changing role of collective bargaining). Several authors, at the same time, make a case for merging labor relations and the areas examined by human resource management, with a focus on employee relations (Colling & Terry, 2010; Ackers & Wilkinson, 2003). With the goal of reaching a deeper understanding of the content and process of social dialogue, my hope is not only to explore collective agreements, but also to examine other forms and roles of participation, from the perspective of both employees as well as employers. To that end, *another main pillar of the paper is related to human resource management itself and the role of human resource management, thereby linking the two areas.*

Based on the theoretical approach of the varieties of capitalism, we may conclude that Hungary forms a part of the Central and Eastern European cluster, both in terms of market

economy context as well as in terms of the field of human resource management. Examining and analyzing this group of countries may be critical as relates to the relationship of social dialogue and the crisis, especially if we consider the theoretical framework of segmented capitalism.

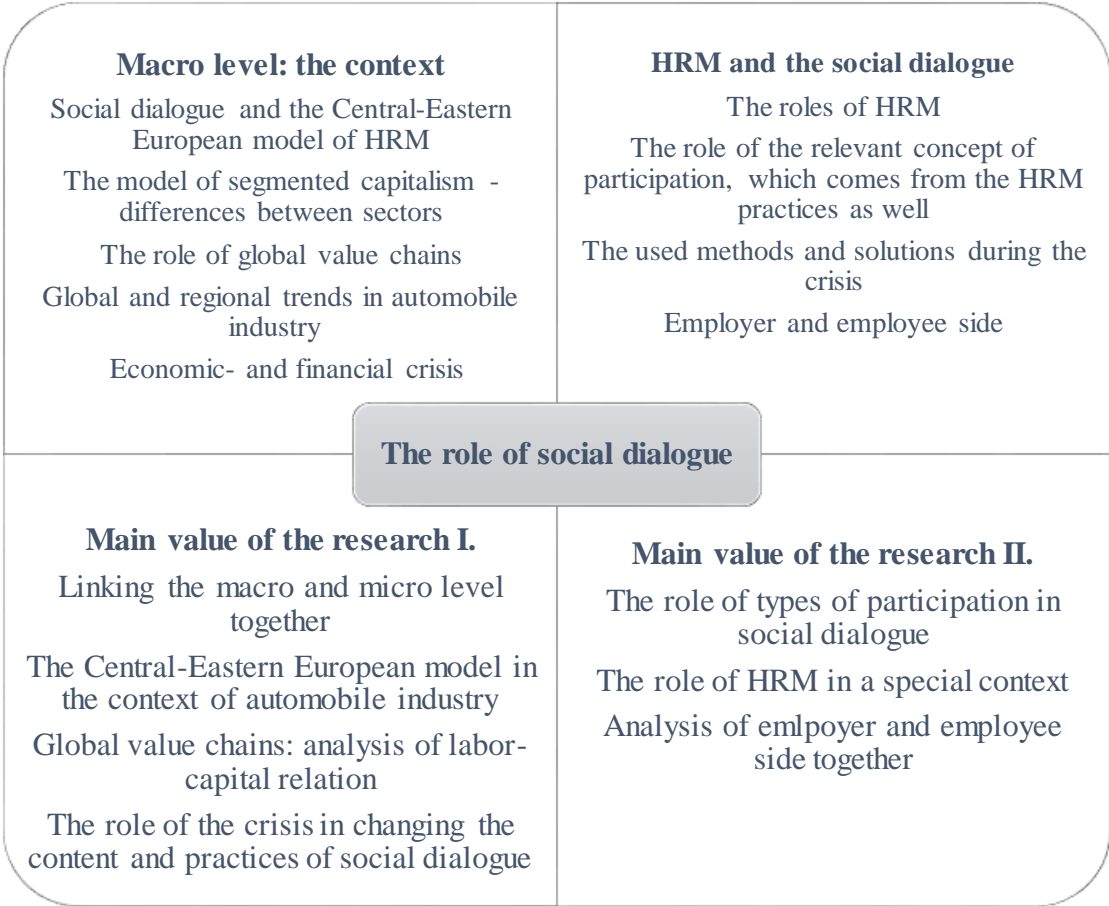
The theory of varieties of capitalism is complemented well by an examination of *global value chains*, which examines not just embeddedness in the national economy, but also the global production chain (Sturgeon, Bieserbroeck & Gereffi, 2008; Gereffi, Humphrey & Sturgeon, 2005). This approach focuses primarily on the relationship of capital to capital – in other words, the relationships between companies (Thompson, 2010). My empirical research also adds to this an examination of the relationship of capital to work, by examining supplier relationships, institutions of participation, forms of voice and employers' attitude to participation.

By following an *analytic approach to human resource management*, my goal is to hear both the employee and the employer side concurrently, and to examine how the various human resource management practices have brought about new solutions to advance participation as a result of the crisis; as well as to examine the extent to which the interest reconciliation role of human resource management is in the forefront in such situations.

I chose the *automobile industry as the context of my empirical research*, for the following reasons. In the twenty-five member states of the European Union, the automobile industry accounts for 8% of the added value in the processing industry. Foreign direct investments played a key role in the economic transformation of Hungary, making the auto industry an important case study also in this respect. In Hungary, the industry began developing in earnest in the 1990s. Large investments started out as technological islands, and were not especially embedded in the background industry of the country. During the second half of the 1990s, the strategies of large auto industry corporations changed, and assembly and parts manufacturing plants – producing primarily for exports – were placed in Central and Eastern Europe. It thus became possible to produce high value-added parts at a relatively low cost. The third phase of integration was not just economic, but also political in nature, when these countries acceded to the European Union (Fortwengel, 2011). In addition to the general trends described above (the proliferation of Toyotism, for instance), several studies concluded that the countries of Central and Eastern Europe were able to move up in the global value chain (Fortwengel, 2011; Jürgens & Krzywdzinski, 2009), thereby changing the situation of suppliers – and thus, ostensibly, the situation and role of social dialogue. Additionally, in these countries –

including Hungary – these investments included path-dependent and path-forming elements (Hudson, 2002), making the region all the more interesting from a research perspective.

Fig. 1: Research links based on the research plan



## II. Research Questions and Research Methodology

In my paper, I examine the evolution of the negotiating function of social dialogue during the crisis – the extent to which new solutions were created. I also look, on the other hand, at the extent to which these were path-dependent (structural, cognitive or defined by ideology). In light of the above, I examine the context (strategy) of measures introduced during the crisis and their content, the process of the talks and the communication of the dissemination of the agreements, along the lines of the following questions:

- Context (strategy)
  - How does the position of the various companies in the global value chain impact the establishment of institutions of participation and employers' attitudes?
  - What role did/does social dialogue play in the moderation of the impacts of the crisis and in mitigating negative effects?
    - Are strategies of survival, rationalization or adaptation more widespread?
    - What are the main motivations on the part of the employee and on the part of the employer for concluding agreements?
  - To what extent does the HR strategy of the company influence the responses to the crisis?
- The substance of the measures
  - Are the elements of the measures introduced (agreements) to be considered innovation or not (either in the context of the company or in a broader context)?
  - Were the agreements integrative or distributive in nature?
- The process and communication of the talks and the introduction of the measures
  - What form of participation was realized and on what level?
  - In terms of the process of the dialogue: is it to be considered innovation (either on the side of the employer or the side of the employee or interest representation group)?

According to the research goals and the research questions, I conducted the study by relying in part on relevant empirical research as well as by conducting a secondary analysis of available case studies applicable to Hungary, and in part by preparing two case studies to



explore the connections between the context and corporate practices. The purpose of the secondary analysis of related empirical research was in part to explore and organize the relevant literature, and in part to obtain a deeper understanding of the context, whose results I have incorporated into the theoretical chapters of the dissertation. In my dissertation, the primary purpose was to explore and understand the local context (Bryman, 1992), as well as to obtain an understanding of the local practices of companies examined in accordance with the instrumental case studies. Thus, *the goal of the analysis* is not to generalize, but rather to construct a theory, to add to and nuance the theoretical and practical literature examined and to describe connections applicable to local circumstances. The two case studies are theory-based, so they can help in understanding the different practices in their context.

There appears to be a consensus in the literature in that when writing a case study, the researcher must be of an interpretative position, for instance to present the perspectives of various stakeholders (Huws & Dahmann, 2007). Within the interpretative paradigm, however, there are several approaches and techniques of data collection (Gellei, 2002). In my research, and with regard to my own case studies, the main focus is provided by qualitative interviews (Kvale, 1996), complemented by the method of document analysis (corporate websites, annual reports, company newsletters, HR directives, strategic documents, collective agreements).

In the case of Audi Motor Hungária Kft., interviews were conducted with the managing director responsible for human resources, two employees, the head of the works council and with a member of the Job Safety Committee. At CabTec Kft., interviews were conducted with the HR director, the head of the works council and two employees (one from the cutting unit and one from the assembly line). In the case of Audi Motor Hungária Kft., I added to the prepared case study in several places based on interviews conducted with the vice chair of the trade union and an HR staffer (the interviews were conducted in summer 2015), as well as based on other analyses made of the company. The interviews were one hour long and were based on the research questions. In the case of CabTec Kft., the case study prepared in 2012 was entirely reinterpreted and reframed, as all individuals have been replaced in the time since, and therefore had no information about events during the crisis.

Thus, on the one hand, it is the retrospective interviews which serve as *the limitations of empirical analysis*, with the interviews being suitable primarily for describing the facts; they do not really shed light on the details of the process of the talks and their breadth. In the case of measures taken to manage the crisis, a further difficulty is that studies which were prepared immediately after the onset of the crisis did not reveal much information, as the information

was handled confidentially. Another limitation is related to the secondary analysis of case studies. The purpose of the case studies used, and their key question, was the following: how did the various companies introduce flexible working hours schemes in a way so that they have a positive impact both on production as well as on working conditions, with a special view to work-life balance? (Goodswaard et al., 2012) The analysis of the data collected, however, makes it possible to answer my research questions, as they extend to both organizational responses to the crisis as well as to the role of social dialogue.

The two case studies are, on the one hand, exemplary in terms of research objectives and research questions, in that they describe local practices, and the case studies may provide lessons to practicing professionals; they are also descriptive in nature, as they help add nuance to the connections described in the theoretical part or help clarify these using specific examples. (Huws & Dahmann, 2007, p. 28-29).

The case studies, related studies examining the topic specifically, the secondary analysis of the cases and the fact that the company data rely on several sources ensure triangulation (Denzin, 2000), as far as methodology and data sources are concerned, enabling an analysis of the Hungarian automotive industry through two cases, from the perspective of the research questions. This is also served by the *holistic approach* of the various corporate practices, which also incorporated the context; the interviews conducted with various stakeholders (employees, management) also help map out several versions of reality.

In my dissertation, I analyze two case studies, both of which focus on organizational responses to the financial and economic crisis of 2008-2009. The case of Audi Hungária Motor Kft. was definitive in that the company is both the supplier of auto parts (engines) as well as the manufacturer of final products (the Audi TT coupe); this makes it possible to examine the impacts of the crisis from several sides, and also makes it possible to examine the effects of the crisis on employees from several perspectives. The case of CabTec Kft. was useful primarily for illustrating the multitude of HR practices applied during the crisis. What is common to the local practices of the companies is that their responses to the crisis, both on the side of employees as well as the side of employers, emphasize a win-win situation. In both cases, a major solution was the introduction or transformation of flexible working hours.

The case studies focused only on the period of the crisis; they only present responses to the crisis, and do not touch on decisions and processes implemented since then.

### III. Results of the Thesis

#### III.1. Conclusions from the Literature Review

Based on the theoretical approach of the varieties of capitalism, we may conclude that Hungary forms a part of the Central and Eastern European cluster, both in terms of market economy context as well as in terms of the field of human resource management. (Nölke & Vliegenhardt, 2009; Farkas, 2011). *Not even the Central and Eastern European model is uniform.* Bohle and Greskovits (Bohle & Greskovits, 2012), by developing a six-dimensional analytical framework, differentiate between three groups of countries. Their model is based on analyses of market efficiency, governmental policy, social cohesion, macro-economic coordination and the functioning of democracy and corporatism (Bohle & Greskovits, 2012, pp. 19-25), which are examined on a scale from highly favorable to radically unfavorable. This approach, assessing the various dimensions on a scale, and the frame of interpretation itself, confirms not only the existence of certain models, but also highlights the inherent tensions within these models. Based on this, the authors distinguish between three regimes of development: *neoliberal (the Baltic states), embedded neoliberal (the Visegrád countries) and neo-corporative (e.g. Slovenia).*

As the impact of the crisis, according to the social dialogue, authors highlight the path dependent nature and the convergence to the neoliberal model in case of Hungary. (Glassner, V. 2013; Bohle & Greskovits 2012). Considering the development regimes of post-socialist countries (Bohle & Greskovits, 2012), the authors – concluding their chapter analyzing the period of the crisis – describe as a general trend the spread of market solutions lacking social protections, especially in the case of the purely neoliberal model. In Hungary, with the change of government in 2010, the role of national level interest coordination further decreased; modifications of the Labor Code – for instance the curbing of strike rights, making collective agreements more flexible (works agreements) and changing the representative nature of trade unions – were all defining factors. These latter measures have played central roles in shaping the dialogue in a number of other EU member states (Clauwqert & Schömann, 2012, p. 13, Busch et al., 2013, p. 13). In the market sector, it was predominantly collective agreements covering one employer that became widespread, and trade unions were all willing to freeze wages in the case of highly skilled workers in order to protect jobs; less skilled employees were left out of these talks. In the public sector, we saw a centralization of the talks, with direct government intervention as far as wages were concerned, which in the case of this

segment meant an increase of the minimum wage (Glassner, 2013; Szabó, 2013). These measures, on the one hand, point to a shift toward the neoliberal model, indicating a new type of path dependence, while on the other hand also highlight the tensions inherent to the embedded neoliberal model. Thus, in Hungary, the transformation of the social dialogue is to be interpreted not as a direct result of the crisis, but more as a factor of political decisions taken in response to the crisis (Szabó, 2013, p. 6).

The approach of *segmented capitalism* places companies at the forefront (Martin, R, 2008; Makó et al., 2015), pointing out differences within the country influenced among other things by ownership structures, market conditions, scope of activities and geographic location. The various segments differ not only in their operating patterns and practices of utilizing knowledge, but also in their mechanisms of integration. Other studies point out that the institutional effects of a capital economy (e.g. various forms of capitalism) are not mechanically implemented on the company level; organizational culture (strategy) plays a key role in shaping patterns of knowledge and labor force use in the company's organization of work (Gallie, 2012).

Based on the literature, the conclusions below seem to apply in a broader sense *on the corporate level* (Hyman, 2010, p. 10). First, that social partners *utilize a creative, positive-sum strategy relatively rarely* (namely one that would turn the drop in demand into an opportunity for the development of the labor force). Another related characteristic of the crisis is that the *role of integrative bargains has continued to increase*, placing employment in the forefront as opposed to wages (EIRO, 2011). Secondly, that there are important *differences between the various countries* stemming from the institutional background of labor relations, related frames and opportunities available to the actors. There is a clear difference in Europe between *coordinated* and more liberal *market economies* (Bosch 2009 p. 9-10 cited in Hyman, 2010). In the former group of countries – where security of employment is high and where trade unions or works councils are strong – companies prefer internal flexibility over external flexibility. In *liberal market economies*, like Great Britain and Ireland, but also in several Eastern and Western European countries – where trade unions are more fragmented –, the costs associated with layoffs are lower. The third conclusion we may draw is that *multinational corporations* tend to reserve options or strategic decisions for themselves, which they do not disclose to employees or their interest groups. (E.g. if the costs of doing so are low, they will resort to layoffs; this trend is aided by an increase in the hiring of temporary or loan workers.)

The trends above *support the theory of path dependence* (EIRO, 2011) as laid out by March and Olsen (1989). In their opinion, changing circumstances lead the various actors to rely on tried-and-tested routine solutions to challenges, as opposed to seeking out new and innovative solutions and processes. In other words, the crisis has not created an environment where new and innovative solutions could be born; instead, it has confirmed processes underway already – including, above all, decentralization. Certainly, there were exceptions, primarily on the corporate level (EIRO, 2011).

At company level organizational strategy, and the human resources management practices are key factors. Using Storey's (1987) base terminology, we may speak of hard and soft versions of human resource management (Csillag, 2012).

*Hard human resource management* is a performance-oriented approach, where the goal of HR is to operate systems and functions which help the company realize its business strategy. In this perspective, employees are just one type of production tools, and the employee relationship can be considered a type of economic transaction. Thus, measurability, predictability and control are important. The goal of human resource management systems is to ensure the appropriate quantity of appropriately qualified employees in the most cost-efficient way possible, and matching the needs of the organization (Legge, 2005). The focus is on the strategic alignment of human resource management, rationality, control and profitability (Pinnington et al., 2007: 2; Szóts-Kováts, 2006).

In the *soft approach*, while meeting business targets is important, the employee is considered not just a cost factor, but is also the main source of competitive advantage for the company. Employee dedication and loyalty are important, and HR systems and processes serve to establish and sustain these. Individual-level development and providing appropriate working conditions come to the forefront, and on the level of the organization, advancing the company culture is also a priority (Legge, 2005).

Companies generally employ the two approaches in an integrated manner, focusing on different groups of employees in specific faces, and highlighting various hard and soft tools as necessary. Boxall and Purcell's (Boxall & Purcell, 2008) strategic human resource management model clearly emphasizes a joint utilization of hard and soft approaches. In addition to primary company objectives (viability and sustainable development), they also determine secondary objectives (work productivity, organizational flexibility and social legitimacy), which they believe may only be realized by applying the two approaches together, concurrently. The evolution of the field of HR is greatly influenced by the following

factors: environmental factors specific to each country (demographic characteristics and social values), the evolution of competitive strategy and advancement in the scientific field of HR.

The *impact of participatory institutions depends greatly* on whether they are introduced with integrative (unitarist) or negotiational (pluralist) goals in mind, and also on whether the reason for their establishment is offensive or defensive (anti-labor-union). Most studies conclude that participatory institutions are inefficient if they do not serve pluralist goals. They bring no long-term positive benefits to employees or employers, if their main goal is to prevent trade union organization; if the environment in which the organization operates demands a strategic application of cost-cutting; if the management only allows very narrow maneuvering room for these institutions yet does not allow them to get involved in human resource management issues; and if employees lose confidence in the employer for some reason (Gollan, 2006; Moriguchi, 2005; Taras and Copping, 1998; Upchurch et al., 2006; Watling and Snock, 2003 cited in Kaufman and Taras, 2010, p. 277).

*The role of trade unions and collective bargains is decreasing, but this does not mean that employees do not wish to make their voice be heard* (Willman, Bryson & Gomez, 2007, p. 1321). The main transformation lies in the means: direct participation is becoming more and more widespread both in Anglo-Saxon countries (Freeman, Boxall & Haynes, 2007) as well as throughout continental Europe (Poutsma, Ligthart & Veersma, 2006). This latter is reinforced by the high involvement working practices as well.

### **III.2. Conclusions from the Case Studies**

In this subchapter, I will highlight the similarities and differences between the two cases discussed above. I will analyze the reasons why they may be considered exemplars as well as the extent to which they add nuance or further details to trends and facts uncovered in the analysis of the literature. I will also discuss what opportunities for further research are available as far as the research sample is concerned.

Considering the dual character of the Hungarian automotive industry (foreign-owned multinational companies and similarly foreign-owned suppliers connected to them, alongside Hungarian small and medium enterprises), both of the companies are foreign-owned. The German and Swiss ownership of the two companies defines not only the organizational

culture, but also the attitude of the management to employees, as well as the role and position of social dialogue within the company. (It would be worthwhile involving companies with different ownership backgrounds in the research, and perhaps ones with entirely different backgrounds reflecting the variety of capitalist systems in the world.) While Audi is both a supplier and the manufacturer of finished products, CabTec is a second-tier supplier as far as its automotive parts are concerned. By number of employees, Audi is a large corporation, while CabTec is more akin to a medium-sized enterprise.

It is important to note that interview subjects considered the measures taken in response to the crisis, as well as the agreements concluded, as win-win situations, on both the employer and the employee side. We may describe them as integrative bargains – i.e. the sample includes only positive cases. There are differences, however, in the strategies underlying the measures introduced, as well as their content, and in the processes of the negotiations and the introduction of the measures.

In response to the crisis, both companies set out as their objective the retention of essential workers; in the case of CabTec, an additional priority was to seek out new markets and to expand the company's product range.

An examination of the HR strategies of the companies shows that in the case of essential workers, the management in both firms opted for a soft approach of the HR strategy; this views employees not only as cost factors, but also as an important source of the company's competitiveness and resources. It is important to note that the Audi case study also features the other side, in the case of borrowed and lesser-trained employees.

The cases do not confirm the correlations laid out in the literature, which maintains that a company's place in the global supply chain is a significant determining factor of the company's HR strategy.

As a result of the crisis, both companies considered it a goal to retain jobs (in the case of core workers); the companies, however, took different approaches to maintain the loyalty of employees. While in the case of Audi this was done through the provision of wages which were considered high in the industry, at CabTec the main retaining forces were employee-friendly measures by HR. Thus, in one case it was social dialogue and salaries which were critical, while in the other it was the EEM strategy (and the related organizational culture as well as the introduction of a comprehensive healthcare program). It is worth highlighting that

in the latter case, the most significant result achieved by the works council led to the relative increase of wages (not considering the reductions stemming from the changes to working hours), in a way unique across the industry, by partial pay-outs for breaks.

Audi has a company trade union as well as a works council; CabTec has a works council. The legal purview of the two types of representational bodies is different. The trade union at Audi is in close contact with the trade union at the parent company, which shares information and knowledge about events in Germany and changes taking place there.

As far as the content of the agreements reached during the crisis, there are a number of similarities. In addition to cutting fixed costs, it was the implementation of a flexible system of working hours, a time banking system and the functional flexibility of employees (as well as related training courses during the crisis) which played a key role in both cases. While, however, at Audi the time banking system devised primarily favored the employer, in the case of CabTec, this measure was one of several tools introduced to help create better work-life balance. At CabTec, the joint sharing of burdens by white-collar and blue-collar workers was an important element, while at Audi, it was primarily blue-collar workers who bore most of the burden. At Audi, the insourcing of the logistics function was also an important development, which made it possible for several other companies to retain their essential employees during the crisis.

In terms of the process of the talks and the dissemination of the results – the communication strategy – in the case of Audi it was the weekly meetings between employee representatives and management which played a key role, along with the fact that as a result of the crisis, the communication between the company's trade union in Hungary and the trade union at the parent company was bolstered, which also strengthened the role and position of social dialogue. Additionally, the fact that the agreement was laid out in a collective agreement (despite there being no legal requirement for the company to do this) was also important. At CabTec, I would highlight the fact that the involvement of mid-level managers in the communication of the measures adopted, and the involvement of white-collar workers in the management of the crisis (seeking out new products, markets and partners) both served to develop and reinforce the organizational culture.



To summarize the above: in the case of Audi, it was the role of social dialogue which was critical to the management of the crisis, while in the case of CabTec, it was the HRM strategy and the participatory tools applied which were defining factors.

### **III.3. Results and Conclusion of the Research**

The varieties of capitalism is apparent in the patterns of social dialogue as well. Several authors argue that the countries of Central and Eastern Europe belong to a distinct category (e.g. Nölke & Vliegenhardt, 2009; Farkas, 2011), yet there are differences even within this group of nations (Bohle & Greskovits, 2007, 2012). Several authors (Glassner, V. 2013; Bohle & Greskovits 2012), in the context of the crisis and social dialogue, emphasize path dependence and a drift toward the neoliberal model.

The approach of segmented capitalism places companies at the forefront (Martin, R, 2008; Makó et al., 2015), pointing out differences within the country influenced among other things by ownership structures, market conditions, scope of activities and geographic location. The various segments differ not only in their operating patterns and practices of utilizing knowledge, but also in their mechanisms of integration. Other studies point out that the institutional effects of a capital economy (e.g. various forms of capitalism) are not mechanically implemented on the company level; organizational culture (strategy) plays a key role in shaping patterns of knowledge and labor force use in the company's organization of work (Gallie, 2012).

The trends of the automotive industry, along with the unique features of the industry, greatly impact the role and position of social dialogue, which is further nuanced by the ownership structure of the company as well as its place in the global supply chain. In a capital-intensive industry employing highly skilled workers, the appearance of the platform strategy and modularity have seen production shifting to lower-cost regions. Due to the supply chains organized around the various assembly plants, social dialogue may be an important forum in the development of responses to new challenges (e.g. the new business model, changing demand etc.). In sum, the overall picture is shaped by (1) the short term impact of the crisis; (2) losses accrued in the longer term from a drop in market share; (3) up-and-coming markets, especially the rising position of China and India; (4) increasing production in Africa and Asia; and (5) waves of acquisitions and mergers (Graham, 2010, p. 2).

In Hungary government measures were intended to shift the industry toward higher value-add products. No funding was specifically allocated to these programs; rather, exiting resources were reassigned (Neumann & Boda, 2011; EC, 2010). Naturally, subsidiaries active in the automotive industry also benefitted from support provided to mother companies. The purpose of changes to the Labor Code (Neumann & Boda, 2011) was to enable companies to carry over overtime accrued without any additional costs to a time after the crisis. No sector-wide agreements were concluded to manage the crisis. Trade unions, in order to protect jobs, were generally willing to agree to cost-saving measures.

The case studies help add nuance to the connections described in the theoretical part and help clarify these using specific examples in a local context. Organisational responses to the financial and economic crisis of 2008-2009, in line with international solutions, were based mainly on rationalization strategy and inner flexibility. In the case of Audi Hungária Motor Kft. the institution of social dialogue, and the collective agreement, and in the case of CabTec Kft. the HRM strategy, the involvement and participation and the organizational culture played the key role according to the process. The contents of the agreement were influenced not so much by the position of the company in the global supply chain (organizational answers in both cases) but more by the HRM approach applied (retaining key workers).

Based on the connections explored in the literature and the cases analyzed, a question emerges regarding the extent to which social dialogue during the crisis in the Hungarian automotive industry led to path-dependent or innovative solutions as far as the level, substance and process of the talks are concerned.

Path-dependence is supported by the transformation of national and sectoral level dialogue (structural and ideological path-dependence) – in other words a shift toward the neoliberal model; the dependence of social dialogue on company strategy (long term plans, development programs, market trends).

Innovation – in accordance with international trends – is apparent on a national level in the changing strategies of the trade unions (retaining jobs instead of increasing wages) as well as on local levels. An example of the latter in the case of Audi Hungária Motor Kft. is the strengthening of cooperation between the local trade union and the trade union of the mother company, as a result of which the agreement was adopted as a collective agreement. In the case of the companies examined, new elements were – as regards communication – the introduction of weekly meetings as a new institution (Audi Hungária Motor Kft.) and the

delegation of communication (CabTec Kft.). As far as the substance of the agreements was concerned, a novel element was the pay-out of breaks at CabTec Kft.

Additionally, the case of CabTec Kft. highlights the role of the HRM strategy and the organizational culture, which may also advance participation by introducing various high involvement systems and employee-friendly measures.

The following are the key findings and conclusions of my dissertation:

- Linking the literature of labor relations and HRM; formulating an appropriate research framework which may be interpreted not only in the context of the automotive industry and the crisis.
- The case studies are exemplars and include lessons for practicing professionals; on the theoretical side, they add details to the connections seen in the literature.
- The analysis and the case studies have highlighted several factors signifying path-dependence in the development of social dialogue (a shift toward the neoliberal model, company strategy), while at the same time also pointing out several elements which may be described as innovations. On a national level: the changing strategies of trade unions; on a local level: communications and certain substantive factors (partial pay-out of breaks, incorporating the agreement as a collective agreement) must be highlighted.
- The case studies have highlighted the importance of the HRM strategy and the organizational culture in the evolution of social dialogue.
- The analysis has shown the significance of human capital, which must be studied in greater depth in the future and must be included in models both of segmented capitalism as well as of the group of Central and Eastern European states.

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