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MOVING-UP IN THE GLOBAL VALUE CHAINS AND THE QUALITY OF JOBS- EVIDENCE FROM SLOVENIA

Dana MESNER ANDOLŠEK¹
Janez ŠTEBE²

Abstract: This article focuses on the relations among business strategies and quality of work life of employees. Study is conducted in a small national export-led transitional economy. We started with the proposition that it is important to understand how managers adopt different employment policies as a response to intense competition pressure in globalized production process. This analysis explored how Slovene firms are inserted in Global Value Chains (GVCs) and what this has to do with the quality of work life of employees. Analysis showed that business strategy is linked to employee relations and quality of work life (QWL).

Key words: Quality of work life, Global Value Chains, Business strategy, Employee relations, Human resource practices, National export-led transitional economy.

INTRODUCTION

We are interested in the quality of work from the perspective of understanding what types and what quality of work predominates in a given national context, therefore joining the discussion on the distribution of different types and qualities of work, which is, because of various reasons in the present, falling. Post-Fordism (Vidal, 2013 a) – with its dominant logic of employment externalization – has impacted negatively on key aspects of job quality, such as wages, opportunities for training and promotion, security and work intensification. Vidal (2013 a) identifies four generic labour process types within post-Fordism – high-autonomy, semi-autonomous, tightly constrained and unrationalized labour-intensive processes –

¹ Dana Mesner Andolšek, Ph.D. Associate Professor, University of Ljubljana Faculty of Social Sciences, Kardeljeva pl. 5 SI-1000 Ljubljana. E-mail: dana.mesner-andolsek@fdv.uni-lj.si

² Janez Štebe, Ph.D. Assistant Professor. University of Ljubljana Faculty of Social Sciences, Kardeljeva pl. 5 SI-1000 Ljubljana.

and constructs a typology of variations in job quality within each, thus providing a framework for analysing historical and cross-sectional variations in job quality.

Our discussion is moving towards discovering the reasons of why employers in one national export-led transitional economy opt for the different employment strategies, although most of them are subjected to the same dominant logic of competition and therefore subjected to the dominant institutional logic of employment policies.

The development of various employment policies of employers in the national context is not random. Business strategies depend to some extent on the position which organization occupies in the international division of labour, which is in this study conceived through Global Value Chains (GVCs) (Gereffi et al., 2005) and on where the organization wants to get in the international division of labour in the future. Slovene economy has a place on the European periphery and is in the process of transition as late arrivals faced with the challenge of the catching-up process (Coe et al., 2008; Sangmoon Park and Zong-Tae Bae 2004). Especially firms in catching-up economies and developing countries have to face many extra competitive pressures. Being part of GVC is one of the strategies to enter the international market. Discussions dealing with the social consequences of global value chains (GVC-s), the future of businesses, as well as the competing demands for the technological upgrading of companies (Gereffi et al., 2005; Humphrey and Schmitz, 2002, Schmitz and Knorrninga, 2000; Schmitz, 2006), recognize that participation in global production networks produces mixed results for the employees of these companies (Gibbon et al., 2008). Although global supply chains can provide new jobs and increase wages in poor regions, the growth of local employment can be accompanied by increasingly segmented conditions of employment (Nadvi, 2004).

This paper is organized as follows: first, the job quality research is discussed. Then conceptual framework of moving-up and up-grading of firms in GVC-s in catching-up transitional economies is considered and hypothesis developed. Third the analysis presented and finally, results are discussed.

JOB QUALITY AND JOB TYPES

Some authors have examined job quality in terms of individual perceptions of their jobs and working conditions; others have looked at variations in job quality in different occupations and segments of the labour market; and still others have sought to explain diverse patterns of job quality in different countries and institutional regimes.

Literature highlights that the better jobs are those that emphasize worker autonomy and discretion over the job (Kalleberg and Vaisey, 2005), therefore finding

its roots in work and industrial sociologists who focused on job features such as job autonomy, skill levels and effort.

Whether a job is considered good or bad depends on a large number of characteristics of one's work and working conditions, including: how much money and fringe benefits one receives from the job; the degree of job security; the extent to which jobs enable a person to use her skills and to develop further skills; the amount of flexibility allowed in working hours and schedules; and the degree to which workers are able to participate in decisions and to exercise autonomy and control over their work activities. Gallie (2007) took core dimensions of job quality to be: skill level, the degree of task discretion or autonomy, the opportunities for skill development, job security, and the extent to which jobs are compatible with work-family balance. However, the issue of work pressure was also addressed in the context of work-family conflict and that of pay in the context of changing skill profiles.

It has been shown that multiple factors and forces operating at multiple levels influence job quality. It is shaped by: at the micro-level, psychological characteristics such as personality traits and dispositions; meso-structures, such as how work is arranged and ordered within organizational divisions of labour; and macrostructures, such as the institutional regimes, employment policies and capital-labour relations within particular countries.

Holman (2013) found in his analysis the high proportion of high-strain jobs in EU societies and especially in transitional economies.

He argued that these country variations in job quality are rooted primarily in differences among institutional regimes in their employment policies and the relative organizational capacity of labour. As such, Holman (2013) argues that job quality in southern European and transitional regimes is likely to be low, and lower than in liberal regimes, as a result of differences in education and training systems and managerial practices. He finds that social democratic institutional regimes (Denmark, Finland, Sweden) have the greatest proportion of high-quality jobs, Southern-European countries (such as Italy, Greece, Spain) have especially high proportions of passive-independent and insecure jobs, whereas transitional institutional regimes (Eastern European countries) have high proportions of high-strain jobs.

He argued that the high proportion of high-strain jobs in transitional economies might be due to recent economic liberalization resulting in higher job demands and the legacy of autocratic styles of management from the communist era keeping job discretion low (Goergen et al., 2009; Whitley, 1999; Stanojević, 2014). This premise is interesting, but it is not enough for the articulation of approaches and the analysis of the quality of work and employment within each national context. The specific expression of job quality in a particular institutional regime might be explained by contextual, organizational or individual factors not considered in his research. Our paper tries to fill this gap.

In transitional economies the collapse of socialism, combined with the transition from a centrally planned and centrally managed economy to a market-driven one, with escalating inflation and novel forms of competition, had significant repercussions on the basic fabric and nature of organisations, their management and their employees (see, for example, Stanojević, 2006). To understand this dynamics, we now turn to shed some light into transitional economy, how it is organized.

GLOBAL VALUE CHAINS IN TRANSITIONAL ECONOMY

The Slovene transitional economy is intensely involved in integrating with the global economic flows. Operating on a global scale does not only bring companies advantages like lower costs and access to new markets. The liberalization of trade and the emergence of new information and other technologies have also enabled the rise of patterns of globalized production in various industries (Gereffi, 1999; Abernathy, Hammond and Weil, 1999; Arabandi, 2011; Arnold, 2010). Global customers, including retailers and the selling of brands are now providing both material components as well as specifications of production for manufacturers in developing countries who “manufacture and supply a number of products in a given time” to global customers (just-in-time-delivery). This results in the creation of direct connections between global customers and local manufacturers, as well as between global demand and local production.

These connections to global customers have dramatically changed the organization of production and employment practices especially in transitional economies. Globalization has created “a relentless battle to the death” type of competition, where companies pressure the local workforce in order to achieve a higher level of competitiveness in the global market be it in the form of Multinational Companies (MNCs) (Appelbaum and Christerson, 1995; Hale, 2002; Ross and Chan, 2002) or in the form of small companies participating in global supply chains. There are two sides to a modern organization dealing with production on a global scale. The first type of organization with “high-road” technological advances, innovations and highly developed human resource (HR) practices is the complete opposite of the other type, characterized by “low-road” HR practices with an overburdened, low paid workforce (Arnold, 2010).

While there are various approaches to the study of GVCs, one area of common concern is the impact of GVCs on the capabilities of local supplier firms and the opportunities that participation in these new forms of international organisation offer for upgrading and enhancing the knowledge and skills content of productive activity (Schmitz, 2006). Despite the positive account of the potential for knowledge transfer and the upgrading of supplier capability, empirical research on GVCs has also shown that a complex relationship exists between different forms of GVC governance, the ability of suppliers to absorb external knowledge and the

possibilities for further upgrading. Upgrading of capabilities as a result of insertion in GVCs is not automatic or guaranteed. This has led Humphrey and Schmitz (2002) to argue that different forms of chain governance have different implications for upgrading. In industries where supplier capabilities are weak, and where products and specifications are complex, captive relationships may exist where suppliers may be confined to a narrow range of tasks and be highly dependent on lead firms (Gereffi et al., 2005). The ability of supplier firms to absorb and internalise these external and novel managerial, organisational and technological practices, and upgrade their capabilities and reach better position in GVC-s by gaining business function of marketing, research and development is merely depending on supplier's capabilities to innovate. To answer Gereffi et al's (2001: 2) questions: 'What potential is there for firms, industries and societies from the developing world to "upgrade" by actively changing the way they are linked to global value chains?' Despite the significant role of internationalization of firms in developing countries, relatively little is known about strategy and behaviour patterns of firms in developing countries.

Many classifications of business strategies exist in literature (Porter, 1996; Mintzberg et al., 1998). For our analysis we chose the typology developed by Milles and Snow (1983). They divided organizations into four groups:

Table 1 Classification of business strategies by Milles and Snow (1983).

PROSPECTIVES	Search for new markets and cover a wide segment of market conditions, developing new products and constantly expanding developing fields
DEFENDERS	Develop a stable business strategy; they develop central technology and cover and control the central segment of the market.
ANALYSTS	Search for new markets and retain traditional markets; they maintain traditional products and markets and do not search for new production possibilities.
REACTORS	Characterized by constant instability and bad effectiveness, their basic characteristic being that they react inappropriately to their own environment.

This classification was used to serve as an indicator of dynamic patterns of strategic evolution and of a firm growth. It helps us understand the role of innovation in business strategy. The role of innovation is very important in interrelations in GVCs. Innovations largely show how many business functions can the firm integrate into its strategy and if it can move vertically from the lower parts of the chain of the added value in the GVCs to the higher levels of the chain of

added value. Moving vertically upwards from the reactor to the analyst, from defender to prospective firm it means generating more added value in their production process. The innovations strategy allows this. The degree of innovation of firms is an indicator of this vertical moving, irrespective of where and at what stage the company is currently located in the GVCs. Therefore, in our study, we used the intensity of innovation of a firm as an indicator of movement in the chain of added value in either the GVCs or the MNCs or the classical export.

PROPOSITIONS AND HYPOTHESES

Our first proposition is that in Slovene firms primarily choose the strategy of defenders and analysts. They maintain traditional products and markets and sometimes search for new production possibilities, however predominantly they just serve as subcontractors.

1a Firms with innovation strategy will be more successful than firms with other business strategies.

1b Firms with innovation strategy will be more innovative than firms with other business strategies.

Our second proposition is that a business strategy is transferred to HR practices and programmes.

2a Firms with innovation strategy will offer better jobs and higher quality of work life (QWL).

Organizational behaviour literature for example Hammer and Sanchez (2007) identified quality of work life (QWL):

‘as a personal reaction to the work environment and experiences such as perceptions of control, satisfaction, involvement, commitment, work-life balance, and the wellbeing in relation to someone’s job and organizations, with no one generally accepted definition of the term’. (p.651)

2b Firms pursuing a strategy of low cost will offer low quality jobs and lower quality of work life QWL.

Innovative business strategy (Porter, 1980) is likely to be associated with more sophisticated forms of human resource management (HRM), which include greater investment in training and higher levels of pay (e.g. Schuller and Jackson, 1987a).

Our third proposition is that HR practices influences the quality of work.

The role of human resources in an organization can be managed in different ways. It can be in “external” accordance with the business strategy and we can achieve “internal” adaptation (Schuller, 1992), high commitment and low commitment HRM (Schuller and Jackson, 1987). The HRM model developed in

an organization can be “soft” or “hard” (Legge, 1995) or of high and low road to HRM (Arnold, 2010).

3a High road HR practices will be related to job satisfaction.

Mohr and Zoghi (2006, 2008) have found that different approaches to improve work (job enrichment) tend to raise the level of satisfaction among employees.

3b High road HR practices will be related to job commitment

Upon realizing that the organization contributes to his well-being, an employee develops a high level of commitment to his organization and is bound to it (Guest, 1999; Vandenberg, Richardson, and Eastman, 1999; Origo and Pagani, 2008).

3c High road HR practices influences a balance of work and private life.

For the starting point of current analysis of the work-life relation and the understanding of employee well-being was used, which is on the UE level (EU Framework Five study) (Eurostat 2004), the European context, more highly respected. The analysis has shown that work intensification has been strongly detected in all eleven countries included in the analysis and that European workers have to negotiate with their superiors regarding matters of their interests and well-being (Prilleltensky and Prilleltensky, 2007).

METHODOLOGICAL FRAMEWORK: DATA, INDICATORS AND MEASURES

An empirical quantitative analysis was used as a method. Based on multistage probability sample of the Slovene general population - the adult residents of R Slovenia, older than 18 years, living on permanent address - the data were collected from a continuous academic survey called Slovene Public Opinion (Hafner-Fink et al, 2011). The whole sample size is 1082 persons, and the response rate was 61%. Analysis focused on employed persons only. It includes the respondents who were at that time employed in Slovene organizations and who had answered questions concerning their work and their organization. The analysed sample includes 584 people, while the fieldwork was carried out with the help of a personal interviews with the interviewers visiting respondents on their home address. The survey that was conducted from July to August 2011.

Table 2: List of observed variables and derived variables informed by Factor Analysis: Principal Component Analysis:

I. Nominal variable that describe four types of business strategies:

Constan Novel, In our organization we constantly seek and create novelty (prospectors)

Always Follow, In our organization we always keep up to date with our competition (analysers)

Mainly Persist, Most of the time in our organization we persist on developed programmes (defenders)

Costs Only, In our organization we are concerned about costs only (reactors)

II. Variables that describe HRM Practices:

We performed PCA that reveals 4 factors which we assumed to explain relation of organization to employees and their well-being (eigen values around 1 and explained 56% of variability in the space of selected variables for HRM practices):

First Factor: Organization respects employees' needs:

K13e, Our management takes employees' needs into account (factor loading .829)

K13f, My organization took measures to reconcile the work - family balance (.750)

K13d, My organization motivates employees to take part in education and training (.794)

Second Factor: My organization gives support to employees to reconcile work and family life:

K20h, My co-workers and colleagues understand and help me when it is impossible for me to finish my work due to family reasons (.870)

K20j, My superior understands and helps me when it is impossible for me to finish my work due to family reasons (.854)

Third Factor: Working for the organization is the matter of necessity

K11d, This moment I am working for this organization out of necessity on (.663)

K8b, Before crisis I worked for my organization more in the past than I do today (.790)

Fourth Factor: Intensification of work:

K8a, Today I work for my organization much more than I used to ten years ago (.560)

K8c, I cannot find time to work outside my paid employment to improve my living standard.(.583)

K8d, I have too much work to do manage on my own (.681)

K8e, I am constantly in hash time at my work. (.774)

K8h, My job is stressful. (.672)

K9 c, I am swamped with work. (.576)

K12c, The work demands at my job have increased over the last 3 years. (.664)

The reader can receive the results of all the factor analyses from the authors.

Table 2 (Continuation): Observed variables and others are index construct informed by Factor Analysis: Principal Component Analysis

III. To analyse the impact of HRM policies and practices on an organization we performed PCA for the following dimensions: employee reciprocal relation, work-family conflict, employee commitment, job satisfaction, the satisfaction with life in general and organizational performance (success and innovativeness):

1. For the dimension of employee reciprocal relations to an organization PCA revealed a one factor solution that explained the 58% variability and shows the calculative relation that an employee develops towards an organization:

K10a, I contribute more to the organization than it does to me. (.810)

K10b, I feel that I receive more from my organization than I contribute to it. (-.805)

2. For the family - work conflict PCA reveals two factors which explained the 61% variability and included two directions of the conflict. These factors are negatively related.

First factor is the conflict in direction from work to family:

K27a, Because of the time spent at work I miss family activities (.577)

K27b, I often come home from work so exhausted that I cannot contribute to family life (.582)

K27c, My success at the workplace does not help me in being a better parent or partner at home. (.569)

Second factor, is the conflict in direction from home to work:

K27d, Because of the time spent at home I miss my responsibility at work. (.764)

K27e, I have a hard time concentrating properly at work because of stress caused by family responsibilities. (.791)

K27f, My appropriate and indispensable behaviour at home is unsuccessful at work. (.752)

3. For the dimension of employee commitment PCA revealed a two-factor solution, which explained 49% of the variability regarding employee commitment:

First factor is affective commitment (Meyer, and Allen, (1997):

K11c, I would gladly base my entire career working for this organization. (.748)

K11f, I enjoy going to work every day. (.758)

K12b, I am determined to work harder in order to keep my job regardless of higher wage. 542)

Second factor is calculative commitment:

K11b, I have fewer opportunities to leave/change my organization. (.709)

K11e, One of the main reasons I stay in the organization is the feeling of moral obligation towards it. (.723)

K12a, I am prepared to work harder only in case of a higher wage. (.532)

4. Satisfaction with life in general:

5. F12a, How satisfied are you with your life in general?

6. Job satisfaction:

F12b, How satisfied are you with your job?

7. Successful of organization:

K7, Tell us how successful your company/organization is? (1-3)

8. Innovativeness of organization (Trott, 2012): **PCA** revealed a one factor solution, which explained 53% variability regarding innovativeness)

K19, Our organization enables employees to be creative at work. (.629)

K17 d, Our organization encourages employees to be innovative at work. (.836)

K17 c, Our organization reacts properly to employee proposals for improvements. (.812)

K17 b, In our organization new knowledge is used for product, service and process improvement. (.773)

K17a, Our organization creates new products, services faster than our competitors do. (.548)

Why is it reasonable to ask employees in the analysis of relations between business strategy, HRM policies and practices, efficiency and the success of an organization? Vandenberg et al. (1999) has shown that the effectiveness of the “High Involvement Work Practice – HIWP” system depends on the subjective perceptions and attitudes of employees. An individual’s convictions concerning organizational policies and practices have a much greater impact on the individual’s as well as the organization’s success than objective evaluation of the latter does (Buller, McEvoy 2012).

THE RESULTS OF THE ANALYSIS OF BUSINESS STRATEGIES’ LINKS TO THE FACTORS OF ORGANIZATION – EMPLOYEE RELATIONS AND ITS CONSEQUENCES

In our analysis analytic techniques, such as correlation coefficients, factor analysis and crosstabulations were used. It is evident from (table 3) appendix A of our study that business strategies are related to how organizations form relations with their employees by Milles and Snow (1983). the latter’s needs and consequently also with their families. We measured the relations of four different business strategies (First strategy: ‘We are continually searching and creating novelties’; second strategy: ‘We always follow the strong’; third strategy: ‘We mainly persist with already established programmes’; forth strategy: ‘In our organization we only deal with cutting costs’).

Table 3 Correlation Coefficients among four types of business strategies, HRM practices, performance and employee responses

	K14b Consta	K14c Always	K14d In general	K14gCo sts only	Intensifi catio	org_ meets	offers_s upport	Low _costs	Mean	Std. Deviat
Success	.186**	.162**	-.074	-.055	-.129**	.352**	.219**	-.106*	.76	.43
Innovativeness	.462**	.261**	-.114*	-.178**	-.114*	.546**	.320**	-.275**	16.26	3.23
Reciprocit	.020	.012	.041	.068	.172**	.030	-.124**	.099*	6.17	.89
Conflict_work	-.036	.044	-.056	.066	.471**	-.154**	-.148**	.124*	8.31	2.52
Conflict_fe	-.124*	-.052	.051	.103*	.046	-.097*	-.102*	.151**	6.05	1.78
Emotive comm	.210**	.120*	.050	-.139**	-.227**	.312**	.151**	-.233**	6.61	1.60
Calculativ_comm	-.005	.073	.089	.289**	.237**	-.161**	-.209**	.514**	5.67	1.61
K12a Pripare	-.016	.093*	.091	.135**	.126*	-.071	-.041	.202**	3.35	1.04
K12b Pripare	.141**	.011	.101*	-.011	.069	.107*	-.039	.006	2.91	.99
F12a Satisfaw	.173**	.005	.007	-.018	-.078	.170**	.166**	-.098*	4.00	.55
F12b Satisfaw-L	.194**	.103*	-.001	-.139**	-.259**	.370**	.309**	-.293**	3.78	.65
Mean	3.69	3.48	3.55	3.19	22.22	9.75	7.13	5.56		
Std. Deviat	.83	.89	.80	.96	4.91	2.35	1.66	1.51		

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Table 3 (column one) variable Const Novel shows the effect of the strategy that constantly searches and creates novelties (PROSPECTIVES). The analysis has shown (Table 3) that respondents evaluate organizations, which constantly search and create novelties, as innovative organizations. The level of connectedness shows that the correlational coefficient has a height of +.462 at significance level 1%. According to the respondents' opinion, this type of organization also proves successful in forming employee relations. The correlation coefficient is +.168 at 1% level of significance. Such an organization respects its employees' needs for development and training and has taken measures to ensure a work-family balance. This type of organization (superiors and colleagues) also provides support and help when the employees are in need of assistance due to an overload of family-related obligations. This is why such an organization has a high level of emotional commitment among employees. The correlation coefficient is +.210 at level of significance 1%. Such an organization is not oriented mainly toward the cutting of costs and does not have a work-family conflict. Employees are prepared to work more for their organization, are satisfied with their work and with their lives in general. Hypothesis 1(a, b) is confirmed.

According to our sample, 30% of respondents are employed in organizations where the management is innovation-oriented. Therefore, a good third of Slovene organizations are innovation-oriented and provide their employees with sufficient care. The latter give back to the organization by being emotionally committed and are prepared to invest more effort toward the organization's success.

Table 3 column 2 variable Always Follow depicts the second type of strategy which defines itself as “the followers who always follow the strong” (ANALYSTS). Organizations, which follow this type of strategy, are still marked by respondents as innovative. The correlation coefficient is .261 at level of significance 1%. Likewise successful are the organizations with the correlation coefficient of .162 at level of significance 1%. The organization respects its employees' needs for development and training and has taken measures to ensure a work-family balance. The employees of such organizations are also emotionally committed and strive toward organizational success.

The third type of business strategy have been labelled as (Table 3 column 3) variable Mainly Persist described as the strategy where the organization mainly persists with already established programmes (DEFENDERS). These organizations were not evaluated as being innovative by respondents. The correlation coefficient is negative - .114 at level of significance 5%. They compared it to the organization which is oriented toward cutting costs. The correlation coefficient is .242 at level of significance 1%. The respondents believe that such an organization does not respect its employees' needs for development and training and neither does it take measures to ensure a work-family balance. The correlation coefficient is -.143 at level of significance 1%. Employees stay in such an organization out of economic necessity and do not invest any additional work effort. Their effort is carefully proportioned and they never give to the organization more than they receive in return.

We have described the fourth type of business strategy (Table 3 column 4) variable Only Costs as the strategy used by an organization dealing only with the cutting of costs ((REACTORS). Such an organization has the most negative effects on its own business operations, as well as on its relations with employees. Such an organization is not innovative. The correlation coefficient is $-.178^{**}$. They mainly persist with already established programmes (r is $.242^{**}$). The intensification of work in this type of organization is high (r is $.208^{**}$). The organization does not respect its employees' needs for development and training and neither does it take measures to ensure a work-family balance. There is conflict present that can be felt by the employees when trying to create a balance between work and private life. The correlation coefficient is $+.103^{**}$. Employees stay in such an organization, because there is a lack of employment options for them in the open labour market (r is $.361^{**}$). They are mostly calculatively committed to the organization (r is $+.289^{**}$), which means they are not willing to invest any additional effort into the organization. Such organizations lack emotional employee commitment. Employees

are not satisfied with their work and are only prepared to work more for higher pay. Hypothesis 2b is confirmed.

THE CONNECTION BETWEEN THE DIMENSIONS OF WORK-FAMILY RELATIONS AND CHARACTERISTICS OF AN ORGANIZATION

This finding goes with the Value Chain research (It was checked in the analysis how the business strategy is linked to certain demographic variables of organizations. We found out that bigger organizations and those organizations which are export oriented (52.0%) follow the strategy of lowering costs. It is evident from crosstabs analysis that in contrast to smaller organizations (30.3%), bigger organizations (41.3%) have a greater tendency to disregard their employees' needs for development and also lack in the development of programmes for ensuring a work-family balance.

It is also evident from crosstabs analysis above that the more an organization is oriented toward foreign markets, the more it is oriented toward the strategy of cutting costs. As many as 52.0% of organizations oriented toward foreign markets are also strongly oriented toward cutting costs. Only 16.3% of organizations that are export-oriented have a low level of being exclusively oriented toward cutting costs. It is just the opposite concerning organizations that are mainly oriented toward the domestic market. 28.1% of the latter are not oriented only toward cutting costs. The other third of organizations (29.5%) has a mid-intensity level toward cutting costs. 42% of organizations oriented toward the domestic market are also oriented with high intensity toward cutting costs, in comparison with the group of export-oriented organizations, half of which (52% of organisations) are oriented toward cutting costs.

This finding goes with the Value Chain research (Schmitz, 2006) which has paid more attention to global compared to national chains. Comparisons with national chains show a surprising finding: local chains show substantial functional upgrading. Studies from India and Brazil, in particular, show that firms specialising in the national market are more likely to develop their own designs, brands and marketing channels (Tewari, 1999; Bazan and Navas-Aleman, 2004).

Table 3 below shows how the factor discovered in our factor analysis Oriented toward cutting costs and the persistence of employees to stay in the organization out of necessity is connected to other effects:

An organization's orientation toward cutting costs (variable Low Costs) (Table 3 column 8) and the persistence of employees to stay in an organization out of necessity is not related to success (r is $-.106^{**}$) or to innovativeness (r is $-.275^{**}$), nor is it related to the emotional commitment of employees (r is $-.233^{**}$). However,

the orientation toward cutting costs and the retention of employees in such organizations due to necessity is related to the work-family conflict (r is $+0.124^{**}$) (r is $+0.151^{**}$), and especially to the calculative commitment of employees (r is $+0.514^{**}$) and the reciprocity of employees in the transactional sense that they give as much to the organization as it does to them (related therefore to work, where employees do not invest a lot of effort). There is a high level of dissatisfaction with work and dissatisfaction with life in general.

On the micro level our analysis has confirmed that a connection exists between business strategies and the effect of these strategies on human resource policies and programmes, which can be seen in relation to the consideration of employees' needs. Organizations that implement the strategy of introducing and creating novelties are innovative organizations that respect their employees' needs for development and training and take measures to create a work-family balance (High road HR practices). Employees working in such organizations are willing to work more and are satisfied with their work and life in general (Hypothesis 3a, b, c is confirmed). Among these organizations, however, are not the ones oriented toward cutting costs.

Organizations, which are oriented only toward cutting costs and which are predominantly forced to persist with already established programmes, tend to suffer mainly bad effects on the success of their business, as well as on their employee relations. In these organizations we encounter a high level of work intensification (Table 3 column 5), which manifests in the form of employee fatigue. Hypothesis 2 b is confirmed. (The analyses of characteristics of intensification can be obtained by the authors.) These are unsuccessful and non-innovative organizations.

DISCUSSION AND CONCLUSION

A normative dominant logic of how 'high road' HRM practice influence good business results and well-being of employees does not seem to be implemented in big export oriented firms in Slovenia. Yet, management in predominantly small and local oriented firms in Slovenia factories adopted this logic more often. The remaining managers in big export oriented firms adopted a logic of 'low road' to HRM as was shown by present analysis they stuck in low end of GVC-s.

Current analysis showed how, workers in big export oriented firms in Slovenia remain tightly constrained: despite the normative logic being widely understood as 'best practice' and 'world class', the majority of managers deviated from this logic because they continued to understand their situation through the enduring cultural frame of Taylorism (Vidal, 2012a).

Present research focuses on why some managers use intensification of work but others do not, and to what extent there exists a logic of externalization shaping

managerial understanding of the situation explicitly and hence driving intensification in nearly the third of the Slovene firms. This is in accordance with value chain research comparing Global Value Chains with national chains and showing a surprising finding: substantial functional upgrading of national chains. Studies from India and Brazil, in particular, show that firms specialising in the national market are more likely to develop their own designs, brands and marketing channels (Tewari, 1999; Bazan and Navas-Aleman, 2004).

A key point is that these global economic networks represent a major innovation in the organisation of international business and the way countries and firms participate in the global economy (Meardi et al., 2013). Our main discovery was that large Slovene organizations and organizations oriented toward foreign markets are the ones which follow the low cost strategy. Most of the trade in goods at exports was contributed by the 50 largest exporters. They are stuck in the lower end of supply chains and it is hard to imagine how they will move-up in the GVCs to the higher end.

This indicates that Slovenia as one of the export led transitional economy which is in the process of penetrating global economic flows, to a large extent persists with firms' bad competitive strategies which drain the Slovene workforce and society. The last finding showed that normative dominant logic of high road HRM policies of Slovene managers and firms (Vidal 2013 a) that formulized HRM programmes are in fact not performed in practice. It can be concluded that HR in Slovene export oriented firms are efficiency oriented (Meardi et al., 2013) and are not oriented toward employee well-being. But these HR practices are not sustainable on the long run in fact they are dysfunctional regarding the success of organizations (Vidal, 2013 b) and social reproduction of Slovene society.

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Dana MESNER ANDOLŠEK, Janez ŠTEBE

NAPREDOVANJE U GLOBALNIM LANCIMA VREDNOSTI I KVALITETU RADNIH MESTA – DOKAZI IZ SLOVENIJE

Apstrakt: Članak se fokusira na odnose između poslovnih strategija i kvaliteta radnog života zaposlenih. Studija je sprovedena u maloj izvozno orjentisanoj tranzicionoj privredi. Počelo se sa pretpostavkom da je važno razumeti kako menadžeri usvajaju različite politike prema zaposlenima kao odgovor na veliki pritisak konkurencije u globalnim proizvodnim procesima. Ova analiza istražuje kako slovenačke firme ulaze u globalne lance vrednosti i kakve to veze ima sa kvalitetom radnog života zaposlenih. Analize su pokazale da je poslovna strategija povezana sa odnosima između zaposlenih i kvalitetom radnog života.

Ključne reči: kvalitet radnog života, globalni lanci vrednosti, poslovna strategija, odnosi između zaposlenih, praksa ljudskih resursa, izvozno orjentisana tranziciona privreda.

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