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6 The Shifting Boundaries of a Television Assembly Department

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In his critique of the "goal paradigm" that has dominated organization theory,[1] Georgiou (1973, p. 291) suggests an alternative paradigm in which

> Organizations are not viewed as analytically distinctive social units given meaning by their goals, but as arbitrary focuses of interests, market places whose structures and processes are the outcomes of the complex accommodations made by the actors exchanging a variety of incentives and pursuing a diversity of goals.

This perspective emphasizes the heterogeneous and variegated nature of members' goals and preferences.[2] Individuals differ in their interests, in their constraints, in their commitments to others and to the organizational game and in the resources they can mobilize to win advantageous outcomes. Consequently, they differ in the way they define the social situation of their interaction, and in the strategies they develop to pursue their respective ends.

The aim of this chapter is two-fold: first it is to highlight and explain the diversity of reactions to an apparently "identical" social situation — a production bonus system in a television assembly plant which I call Aleph. Formally introduced by the production manager to motivate workers to increase production, the system affected the various actors in diverse ways; it was perceived differently by them and elicited different responses. The issue of the bonus system reveals that for each category of actors "the organization" was a somewhat different social reality.

The second purpose is an extension of the first. It is to trace the processes through which the various members, differentially empowered and constrained by the structure of the context in which they interact, manipulate situations to achieve favourable outcomes. Power, following Kapferer (1972), accrues to those who succeed in imposing their definition of a situation on the relevant others. The bonus system at Aleph was formally within the domain of managerial prerogatives. In fact, it was shaped by an on-going process of negotiation among a number of persons located at different points in the formal hierarchy.

The analysis views an organization as an arena of social action (Strauss, 1964; Kapferer, 1972). Within the arena interaction is governed by a more or less articulated and agreed set of definitions concerning the rules of the game.

A wide area of social relations in the factory was governed by general understandings concerning the rules of interaction. These were based upon shared orientations toward the role system of the factory. Official regulations, agreements, policies, and a variety of local precedents defined the allocation of rights and obligations and formed a part of the institutionalized social structure. The social order of the factory was based on such common understandings which underlie the routine stable aspects of daily interaction, and make them possible. There were other aspects of the factory organization, however, for which the actors had no previous definitions, or which could be defined in more than one way, or about which there was no agreement and in some cases even disagreement. It was at these points that they attempted to influence organizational outcomes and that manipulation and negotiation most frequently occurred.[3]

The bonus system was a non-routinized aspect of life in the factory. It was the subject of frequent discussion and negotiation, particularly on the shop-floor. The bargaining was sometimes explicit, as when the production manager offered a group of workers an increase in bonus rates in exchange for higher output; or at times it took the form of a "tacit manoeuvre" (Schelling, 1960), as when assembly workers slowed down their pace of work to express their dissatisfaction with the going rate. As an issue that linked wages and output, the bonus system was at the interface of management-worker relations and reflected the interests that were mutual and complementary as well as those which divided them.

After a brief introduction to Aleph in the following section, the issue of the bonus system will be viewed through the perspective of the various actors who had a direct interest in this drama: the production manager (Mr P.M.), the department supervisor (Mr D.S.), the forelady of production line number one (Farla), and the assembly workers.[4] The strategies adopted by each in relation to output reflected differences in the way each of them perceived the situation in the factory and differences in the pressures to which he or she was exposed.

The Television Factory — Aleph[5]

Aleph is a radio and television assembly plant situated on an industrial estate on the outskirts of a town in the centre of Israel. While it competes for labour with other firms on the estate, Aleph is considered to be a good place of work, especially for women.

The study took place during Aleph's second year of television assembly, which began shortly after Israel opened its first television transmission station.[6] The board of directors and senior management were eager to take advantage of the great demand for television sets that this development had created. Market demand was intensified by the following factors:

(1) The time was one of general economic expansion following a two year recession.
(2) People who had money to spend wished to invest it in durable products, since they feared the dropping value of the Israeli currency.
(3) Television enjoyed a virgin market; few people owned sets.

It was generally believed that the television boom was temporary and that at the intensive rate of buying, the market would soon become saturated. The Board, who had made heavy capital investments in machinery and components, put pressure on the management to increase output steadily and quickly.

There was an atmosphere of intensive expansion during the year of field-work. A second floor was built to house the planned components manufacturing department, new workers were hired so that factory personnel doubled to 300, and the television department grew from 45 to 80 workers (60 women and 20 men). In mid-year a new position was created — that of department supervisor and Mr D. S. was hired to fill it. Until then the department had been managed by the production manager of the plant, Mr P. M., through Tefor, a foreman and technician, with the assistance of Farla, the forelady of production line one.

Televisions were assembled in one large room divided into three sequentially interdependent production lines, each assembling or testing one part of the set, so that the completed product came off the end of production line three. Most of the work was manual and workers controlled the pace of output. An incentive scheme was designed to secure managerial control over the pace of work. Everyone working in the television department was paid a basic wage, calculated at an hourly rate or as a wage for a full day's work of 505 minutes. The basic wage was negotiated at industry level. In addition, both workers and foremen were paid an incentive production bonus.

The production norm in the TV department was not a measured norm. No study had been made to establish how much time should be allowed per unit. The norm was determined by informal agreement between workers and management in the factory. The term "norm" referred to the number of units a group had to assemble in order to earn the maximum bonus.[7]

The bonus was paid on the basis of group output. The department was divided into three bonus groups, each of which earned a different bonus rate. The preparations jobs on production line one earned the lowest rate, approximately 15%. These were considered unskilled jobs and were usually performed by the newest workers. The assembly workers on production line one earned a somewhat higher rate of approximately 25%. An assembler required approximately 7 to 10 days of practice to match the pace of the rest of the group. All preparation workers and line one assemblers were women. Lines two and three earned the highest rate, approximately 45%. All the males worked on lines two and three, although a few women worked on them as well, particularly when there was a shortage of male workers.[8] Managers explained that line three earned a higher bonus than line one because the final product came off line three, making its work more important.[9]

The Role of the Bonus in the Framework of Management–Worker Relationships

Any system of payment by results (PBR) is one in which management implicity agrees to share with the workers additional profits stemming from additional output. The expressed managerial rationale of the bonus at Aleph was that it served as an incentive to raise output.[10] By linking reward to the output of the workers, the production manager, who was responsible for implementing the system sought to obtain control over effort. Furthermore, by paying a group bonus, he sought to promote co-operation. The production manager, the new supervisor and the forelady did not have identical interests in relation to output and the bonus system. In some respects their interests were even opposed and at times aligned each of them in coalitions quite different from those prescribed by the formal hierarchy, as will be shown further on. The workers viewed the bonus as a means of increasing income and retaining some influence over the balance between effort and reward.

Generally the production manager used the bonus, while workers used output, as the major device or resource for their respective political manoeuvres. The supervisor and the forelady had no direct control over either the bonus or output. Instead, they attempted to influence those who did. Each could win something, relative to his own values, provided he maintained some semblance of control over the resources he manipulated. Routinization curtails the opportunity for power (Crozier, 1964, p. 65; Hickson, 1971, p. 224). Therefore the bonus could be exchanged for worker co-operation only if the production manager retained some freedom to adjust bonus earnings to worker output, or to alter the bonus rate when greater co-operation was required. Workers similarly could use output as a defence against management pressure, or as a resource for getting more favourable terms of exchange, only if they reserved a measure of freedom to adjust their output in accordance with what they perceived to be their interest. The way this was accomplished is discussed in the following sections.

The assembly girls had a conception of what was a "fair day's output", which they called "the norm" (*ha-norma*). The norm referred to the number of chassis they had to assemble in a day to earn a full "bonus". The girls believed that if they assembled more than the production norm, they would not receive additional payment. Furthermore, should they show themselves capable of higher output, the norm would be increased without a raise in bonus. On the other hand, they reasoned that if all the regular girls were present, and there were no technical difficulties, management would suspect foul play if output dropped below the figure they were known to be capable of assembling. The wisest strategy was to keep close to the production norm, to vary output occasionally, so as not to arouse suspicion of a "plot" and not to exceed it except under special circumstances. Since one could usually find some technical reason for assembling slightly less than the norm, it was regarded safer to do so than to exceed it.

One problem that had to be resolved was to establish the level of output for the day. Most mornings, at some point on the line, the question arose, "How many will we make today?" During the first week of field-work I recorded the following typical exchange:

> Astor (station one) to Abi (station three): "How many will we make today?" Abi looked up the line to see if all the regulars were present, she

glanced at her supply of components to see if there were enough for the day, and said, "60". Aya (station two) asked, "Why 60?" Abi explained. "We get a bonus not for the number we make, but for the hours we work on the line". Aya found this difficult to believe. "You mean it doesn't matter how many we make? Then, let's make 40". Abi replied, "We can't do that or they (management) will feel something is wrong. We have to make at least 60 to make our bonus. I heard they want us to make 80 now, but we will make only 60. Otherwise 80 will become the norm and we won't have time to lift our heads". Aya agreed that Abi's approach seemed sensible. That day the girls assembled 60 chassis.

The assemblers did not always agree concerning the desired output for the day, and the issue caused occasional controversies among them. Most girls disliked sitting idle. While they welcomed the occasional slowing down, they preferred a day when there was a lot of work to one when the line moved slowly. Some girls felt that if there was work to do and management had supplied the necessary conditions for doing it, they should not hold back. These orientations to work were at times incompatible with the behaviour required to maintain the production norm at a "fair" level.

The Ambiguities of Bonus Payments[11]

The assembly workers on line one did not have a clear understanding of how the bonus was calculated, and this made it difficult for them to plan a consistent output strategy.[12] They were not certain exactly what the bonus rate was, although most believed it to be 25%. They were even less clear as to whether they were paid 25% regardless of how many units they made, or whether they were penalized if output fell short of the norm, even though they were not at fault.[13]

Another point in doubt was whether the norm was calculated on a monthly or a daily basis. In their conversations among themselves or with management the girls almost always referred to a daily figure, such as 60 units or 80 units for the day. When the soldering oven broke down for three hours, the girls said it was not worth killing themselves, since they would not be able to reach the norm that day anyway. When the waiting time was brief, they occasionally worked quickly, to compensate for lost time and to "make the norm" for that day. In fact, output was calculated monthly.

Some girls knew from experience that whenever many workers were put on the line, for instance when preparation workers were being trained to be assemblers or when new assemblers required helpers to keep pace, their bonus earnings dropped. They were not clear, however, whether the helper shared the bonus of the girl she helped or whether she shared that of the total group. The assignment of helpers was, therefore, usually an occasion for grumbling or even arguments with the forelady.

In short, the workers believed that the bonus they earned was calculated as a percentage of the value of hours worked, but that it was also affected by the output and time invested on the average by the group per unit assembled. What was unclear to everyone was the weight the production manager gave to each of these factors, and what precisely his norm was.

One may be wondering why the girls made no determined effort to find out how the bonus scheme worked. There were several reasons for this:

(1) They were pleased to work under a bonus scheme. While they viewed their basic wages as "coming to them", they considered the bonus as an act of managerial generosity. As a result of their bonus earnings, their take-home pay was higher than that of most other women factory workers with whom they compared information. They believed that their wages were equal to, and perhaps better than, those of office clerks (an occupation which they considered to be more desirable for women).

(2) The girls met with difficulty when they attempted to get clarification. On several occasions, I heard them ask their superiors about the bonus system. The foremen themselves claimed they were not certain how it worked or gave conflicting answers. For example, Tefor (then the acting supervisor of the department) explained:

> At times there are 20 girls on the line instead of ten. It is difficult to know to whom to give the credit. At one time we paid a bonus only to experienced workers and not to new ones. Meanwhile, all the girls are given 10% at the end of the month.

Later that day, an assistant to the forelady told some of the girls that they were all paid a 25% bonus, and that Tefor did not know this. She admitted, however, that she was not certain.

Even the forelady in charge of assembly line one was not certain how the production manager made his calculations. Her own bonus was linked to that of line one and she was thus interested that the girls maximize their bonus earnings. For some time she believed that they were paid a fixed percentage of the number of hours they worked on the line, and did not register the short work stoppages that resulted from machine breakdown or other difficulties. Later, she was led to understand that the time invested per unit was the main basis for calculation. She then made sure that the girls clocked out each time work stopped and then clocked in again when it was resumed. In this way registered time invested per unit was reduced.

(3) As long as they were generally satisfied with the amount of money they took home at the end of the month, the girls felt it was wiser not to ask too many questions. They knew from experience that from time to time the production manager let them know, either directly or through the forelady, that he expected them to assemble more sets than hitherto. They feared that if they asked the production manager to establish how many chassis they had to assemble a day, his figure would always be higher than the current norm. As one girl explained to me, "Now our norm is 80. If I ask P.M. how many we have to assemble to reach the norm, he will tell me 85-90. It is better to keep quiet".

During my twelve months of field-work, the women working on production line one never quite understood how their bonus earnings were related to their output. The ambiguity was tolerated partly because it was difficult to obtain an authoritative answer, partly because it did not seem particularly important and partly because tolerating uncertainty seemed to be a wiser strategy, considering the probable cost of broaching the subject with the production manager. The girls did not know what norm would be fixed in the future. They tried to set one by keeping a reasonable work pace. A consistent output figure over time stabilizes the norm at a certain level which takes on the garb of legitimacy, as an amount that is right and fair. Once this is achieved the onus is on management to justify any attempt to alter it. Furthermore, a demand for an increase in production could be met with a demand for an increase in reward. The frequent discussions among the assemblers concerning the number of chassis they would produce for the day may be seen as an attempt to exert control over output and in this way to increase the certainty of their situation. The production manager was aware of the danger inherent in "normalizing" the norm and subsequently developed his own strategy for preventing this.

The Production Manager

The production manager wielded considerable authority and power. He was an old-timer who had previously been department foreman and technician. He had accumulated expertise with regard to Aleph's product lines. His formal technical and managerial training was limited, however, and this restricted his chances of obtaining a similar high position in other firms. In my first meeting with him he explained his position as follows: "Through the foremen, the production manager is the ruler of the factory. The general manager is like the father of the place, but the production manager rules it." The general manager worked through his management team with whom he met once a week. He relied heavily on the judgement of the production manager.

Mr P. M. maintained tight, centralized control over his subordinates. There were few decisions, major or minor, which bypassed the production manager's office. I heard foremen complain that "one can't order a screw around here without P.M.'s signature". He also controlled the bonus system and personally determined the monthly payments.

The bonus system served several important functions for the production manager. He used it to resolve a dilemma created by conditions of a national wage freeze on the one hand and Aleph's high labour requirement and a competitive labour market on the other. The production manager explained to me: "I give the workers a good bonus, even if they don't always earn it, just to motivate them". Here, the word motivation referred not only to their effort, but also to their remaining Aleph employees.

The bonus was used as a mechanism for coping with uncertainty about future developments in the labour and product markets. Fluctuations in the Israeli economy were a frequent occurrence. The economy had only recently experienced a mild recession, and management did not expect the current boom to last. In that case, more labour would be available at lower prices. Furthermore, everyone knew that at some point the television market would reach saturation and the demand would drop. No one could forecast exactly when that would occur, but when it did, Aleph would have to cut back its labour force or deploy part of it to other departments.

By nation-wide agreement in Israel, management cannot reduce the *basic* wage earnings of a worker. Once he has been assigned to an occupational category and given a grade within it, he has a right to the wage linked to that grade. Even if he is deployed to another job within the factory, regardless of the skill it requires and what it is "worth", his wage cannot be lowered. Management, therefore, feared increasing wages. Workers acquire security of tenure after some months on the job, so, should a recession occur, management would be caught with an expensive labour force. Paying bonuses was an ideal solution, as they could be withdrawn or reduced if output dropped. While wages were linked to the worker, bonuses were linked to the job or the output.[14] This made it more difficult for a worker *legitimately* to claim a right to a bonus than a right to his basic wage.

The bonus system accorded well with the production manager's desire to keep the situation flexible and fluid. He wished to secure for himself as much room for manoeuvre in his relations with the workers as the situation permitted. In this respect, it served as a means for coping with the uncertainty about future economic developments, and their repercussions for Aleph.[15]

The ambiguity concerning the norm resulted from the fact that the production manager thought it in his interest not to state clearly what the norm was, nor how the bonuses were calculated. Encouraging ambiguity about the norm was part of a general strategy aimed at preserving for him the freedom to demand continuously higher output levels from the workers (as working conditions improved and workers gained greater proficiency at the job) without continuously increasing his costs. One of the dysfunctions of an established norm from management's point of view is that it puts a ceiling on the possible bonus earnings; once this is reached, the norm tends to serve as a conservative rather than as a motivating factor.[16]

The production manager sought to overcome this difficulty by using the bonus system to create a debt relationship between himself and the workers. That is, a relationship in which he enjoyed an on-going credit of good-will which could be exchanged for increased effort at any time. This was achieved by making the workers believe that they never fully earned the premium paid to them. By setting a norm which was always somewhat higher than the workers could achieve, because of technical and other difficulties beyond their control, management let it be known that part of the premium was paid as a gesture of good-will, as an advance payment on future improved performance. The production manager created such a debt relationship by continuously raising the norm somewhat above the actual output. By not clearly establishing a stable norm, or by emphasizing that the norm at any time was "only for that month", the production manager could always suggest that he really expected more than he was getting. The forelady of line one, a keen observer of politics in the factory, once remarked to me sarcastically, "It is in the interest of some people, to keep things confused and confusing around here".

The following incident, taken from my field-notes, illustrates how this was done.

> 1 July: Today, bonus payments were posted on the department wall. At lunchtime I observed several line three assemblers arguing with the chairman of the workers' committee about their bonus earnings for June. They were obviously very angry. Their complaint was that in the previous month they had assembled 1400 sets and had been paid 28% bonus. This month (June) they had assembled over 1500 and were paid only 10%. Thus, their take-home pay had dropped. The chairman reported this complaint to the production manager.
>
> Later that afternoon, Mr P. M. came into the TV department. I asked him why line three had received such a low bonus this month. He answered that their higher production output was the result of many more people working on the line, and that the actual time invested per set had risen from 150 minutes to 160 minutes. Then, in good humour and with a smile on his face, he whispered to me, "I am looking for a strategy. I am first going out to canvas the leaders. Just watch me". He walked over to Tefor, the then acting department supervisor, and spoke with him briefly. Within minutes all the workers of lines two and three were assembled in the department office. After an introductory talk on the importance of teamwork, P. M. offered the workers the following deal: he would give them 28% for June instead of 10% they really deserved, so as not to lower their morale. He would then give them 45% provided they assembled 2000 sets the next month. "I know you can do it", he said. "If I stood over you as a policeman, you would. But I can't." He then made a personal plea saying that the general manager was going abroad and he had a lot of work to do. He said he left it to Mr D. S. (the new supervisor) to look after the department. "He is new here and I want you to give him a chance."

It is clear that Mr P. M. is a consciously strategic player. His ability to change the terms of the agreement depends on the non-routinization of the bonus rate and on his retaining control of its uncertainty. He had come to negotiate a deal with the male workers prepared with an offer he thought would be attractive to them.

It is important to note that Mr P. M. personalized the rewards he offered line three. *He* gave the workers a bonus, even though they did not deserve it. The "debt" they consequently owed was to him personally, and not to management generally. He was the "good guy". By presenting himself as their "patron", he sought to strengthen his personal influence among the workers. In asking the workers "to give the supervisor a chance", he similarly personalized the request. In a sense he used his credit with the workers to create a debt relationship between himself and the supervisor. He wanted the supervisor to believe that the workers would comply with the latter's instruction because he, Mr P. M., wished them to do so.

The New Supervisor

The new department supervisor, Mr D. S., was a married man in his mid-twenties. He had just returned to Israel after spending seven years abroad, training and working in the field of electronic appliances, specializing in television repairs. He had been hired through correspondence. He was ambitious and optimistic about his job prospects in the flourishing Israeli economy. He had also incurred many financial debts while getting resettled with his wife and two children in their new home. D. S. was eager to establish his position in the factory and expected to be promoted to yet higher positions.

The new department supervisor was dissatisfied with the extent to which the production manager by-passed him and gave instructions directly to the workers, intervened in the daily work of the department, and restricted D. S.' discretion. The supervisor sought greater autonomy from the production manager and influence within the department. As part of a strategy designed to increase his influence in the television department, the supervisor tried to formalize the premium system. Such a course of action, described at length by Gouldner (1954), is pursued when an actor feels he cannot mobilize the informal system. By advocating the need for "order" in the department and for formalizing work procedures and vertical relations in the line, the supervisor sought to attack the social arrangements on which much of the production manager's influence rested.

He demanded that the production manager clarify his calculations, and that the time allowed per unit be made explicit. He also asked that workers be paid compensation for waiting time. These changes, if introduced, would make the system more predictable and the workers less dependent on the good-will of the production manager; their debt to P.M. would be reduced. Once objective standards were set, the supervisor would have a basis upon which to argue that his workers had not received what was due to them. Thus, he would not only reduce the workers' debt to Mr P. M., but also create a situation in which he could emerge as the champion of their interests and consequently gather credits for himself. This stratagem was only partly successful. The production manager agreed to pay compensation for waiting time resulting from difficulties beyond the workers' control. The supervisor then returned to the shop-floor and announced jubilantly that *he* had made sure his workers got a fair deal. Mr P. M., however, refused to formalize procedures or introduce a measured norm.

The supervisor tried to gain the support of the department foremen and their workers by presenting himself as able to mobilize resources and by promising to distribute them at some future date. Initially, a number of the new workers and some old-timers who had not been "favoured" by the production manager gravitated towards him. They extended him "credit" on the basis of expected future returns. D. S. persuaded Mr P. M. to pay a special one time premium to "motivate" some workers who were loyal to the supervisor. The production manager, however, retained tight control over the purse and made it impossible for the supervisor to "deliver the goods". The workers came to realize that an alliance with D. S. promised few gains and might even incur the disfavour of the production manager.

The Forelady

Many writers have pointed to the stresses and strains that operate on the role of the foreman.[17] What the literature often fails to emphasize sufficiently is that the foreman himself has a set of interests which may be quite different from those of either the management he represents or the workers he supervises. The foreman may aspire to a managerial position, he may desire wage increases, or wish to make his own work load easier. This "man in the middle" is not only caught between sometimes contradictory pulls, but (as was the case at Aleph) he may also try to manipulate each side to his own advantage. The forelady not only represented her subordinates' interests to management and those of management to her subordinates; she also influenced the workers' perception of their interests to suit her own purposes.

Farla, the forelady, a divorcee in her fifties, had worked in Aleph as a radio assembler, then as a line forelady and had left to accept a more profitable job elsewhere. Two years later, at the time that the television department was about to begin production, she was unemployed. Although she had basic training as a radio technician, at the age of fifty it was difficult to get employment in an organized shop. She inquired about a job opening at Aleph. The production manager, despite opposition from the old-timers in the factory, thought she should be re-hired. He believed that female workers respond better to a female superior and he felt he could rely on her to co-operate with him. He was her strongest supporter in the factory.

The forelady's bonus was linked to that of line one, and was equal to the average rate paid to both preparation and other line one workers. This displeased her, for her bonus rate was less than that of the foremen of lines two and three. She also feared that if output were cut back as a and their workers by presenting himself as able to mobilize resources and by promising to distribute them at some future date. Initially, a number of the new workers and some old-timers who had not been "favoured" by the production manager gravitated towards him. They extended him "credit" on the basis of expected future returns. D. S. persuaded Mr P. M. to pay a special one time premium to "motivate" some workers who were loyal to the supervisor. The production manager, however, retained tight control over the purse and made it impossible for the supervisor to "deliver the goods". The workers came to realize that an alliance with D. S. promised few gains and might even incur the disfavour of the production manager.

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Farla requested the chairman of the workers' committee to intervene on her behalf. He refused, using a face-saving excuse. The forelady was aware that he had opposed her being hired in preference to a list of internal candidates for the job presented by the workers' committee to the production manager. Having been unsuccessful in getting her basic wage increased, she tried to have her bonus raised to equal that of the foremen of lines two and three. She asked the department supervisor to support her. He refused; he resented her frequent attempts to by-pass him and to report directly to the production manager, with whom he was in conflict over control in the department.

By rewarding output, the bonus system linked workers' interests to those of management, but the fact that the forelady's premium earnings depended on those of the workers' linked her interests to theirs. To help her own case, she hinted to the line one girls that they deserved a bonus rate equal to that earned by the other lines and persuaded them that the differential treatment they received was unjust. A series of incidents allowed her to manipulate this situation and to emerge as the spokesman of the line one workers' right to equal bonus rates rather than only as a protagonist fighting for her private interests.

One day line three had for the first time, assembled more than 100 sets. The following day, each worker on lines two and three was rewarded with a soft drink. Line one was not invited to join in the celebration. From what I observed, most of the girls paid little attention to what was happening. The forelady, however, displayed her annoyance. She told "her girls" and others that she viewed the incident as a blatant act of discrimination against them. "After all", Farla explained to the girls, "line three would not have been able to do it, had line one not supplied them with sufficient high quality chassis." The supervisor, she complained, was supposed to be in charge of the whole department, but obviously he was interested in lines two and three only.

A week later, line three reached a new record. Once more lines two and three were rewarded with a round of soft drinks, and line one was excluded. This time the girls, more aware of the implications of their exclusion, discussed the matter among themselves. The forelady reported to the supervisor that the girls were furious. If this discrimination continued they were planning a slow-down, she told him. She linked the issue of the soft drinks with that of the differential premium payments, showing it to be simply another example of the discrimination against line one. Several days after the second incident Farla reported her complaint to the general manager and won his support.

The General Manager

It was not accepted practice to by-pass the production manager and go directly to the general manager, Mr G. M. While the production manager was easily approachable, the general manager was not: the former's door was almost always open; but the latter's was always closed, and bore a sign which read *Please do not disturb*. The general manager was, however, not unfriendly. On the contrary, he was considered a "regular fellow" and was well liked by those workers who knew him.[18] A worker could request an appointment with him, but he would generally have to explain his reason to the production manager first.

Mr G. M. had recently returned from an extended vacation abroad. After a three-month absence, the general manager felt he was "out of touch" with what was happening at Aleph. The supervisor's complaints against the production manager and his reports of the latter's mismanagement had momentarily shaken his confidence in his immediate subordinate, on whom he had always relied for feedback from the shop-floor. He felt the need to get first-hand information. Furthermore, while output had slightly increased during the summer, it still fell short of the expectations of the Aleph Board, which urged the general manager to improve performance. Mr G. M. introduced an "open door" policy: he invited foremen individually to "chat" informally about their work. The meetings, he explained, were part of a plan for democratizing relations in the factory, and increasing the foremen's involvement in its affairs. These meetings, however, had additional functions. They were intended to supply Mr G. M. with reliable information and to serve as a check on the activities of managers. The production manager was aware of this and commented to me, "He wants to keep me on my toes and is doing it through these meetings". He disapproved of G. M.'s tactics.

The general manager's "open door" provided an opportunity for the forelady to obtain the increased bonus which her more immediate superiors had refused.[19] When, in a private meeting, the general manager urged the forelady to get the girls to produce more chassis, she explained that they resented the discriminatory policy against them. She recounted the incidents of the soft drinks, and the girls' dissatisfaction at not receiving equal bonuses. She claimed that because line three earned a higher bonus, she was losing her best girls to it. The general manager replied that he had not known the lines were being paid different bonus rates and he called in the production manager and supervisor to verify her statement. I was not at the meeting and do not know precisely how the decision was reached, but Farla returned from it jubilant and victorious. She reported to the line one workers that the general manager had promised to pay them a 45% bonus rate, equal to that of the other lines, provided they increased their output to 110 chassis a day. The workers accepted the bargain. Farla obtained her increase.

Conclusions

The issue of the production bonus system was presented from the perspective of a set of actors who were affected by it and who attempted to manipulate outcomes to suit their respective purposes. Each defined his relationship to the system and to the others somewhat differently.

An investigation into the processes of situational definition, and strategy formation, must consider the setting within which, and with reference to which, action occurs. The employees at Aleph were not simply casual users of the factory locale. The factory setting imposed its distinctive character on the actors. Various and diverse social, economic and technological elements defined the expected patterns of behaviour and shaped the opportunities and constraints for social action.

These elements included conditions in the labour- and product-market, as well as the activities of such organizations as the labour exchange, trade union and government. They included such characteristics of the factory as the product, technology, wage system, division of labour, as well as such properties of individuals as sex, age, marital status, ethnic origin, skill and education.

How these social elements affected the various categories of persons depended, to a large extent, on their respective position in relation to these elements, and on the meaning they attributed to them. For example, over-employment and economic growth operated to the advantage of all workers, as they made labour a scarce resource and provided job alternatives. These conditions, however, favoured males more than females since many alternatives to working at Aleph were either not available to women, were unknown to them or not acceptable (they often wished to work close to their homes). For this reason and others, male assemblers enjoyed a stronger bargaining position and preferential bonus rate. A demand by the production manager for an increase in production on line three almost always involved an explicit offer of a bargain as described in this chapter. Such open negotiation of terms was far less frequent between P. M. and the women on line one. P. M. was usually able to increase the production norm somewhat by simply notifying the forelady that he expected the girls to produce more that month. Although there was no objective change in their situation, the representations of the forelady changed their expectations and resulted in their perceiving the going rate as unfair. Their dissatisfaction was used by the forelady as a resource in her negotiations for new terms for them and for herself. Thus, although conditions in the wider setting generally favoured males more than females, the actual bonus for each was determined by negotiations within the specific context.

From this perspective, the unit of analysis is not "a system" — whether consisting of "the organization and its environment" or "the organizational subunit and its environment of inputs". It is rather the individual[20] and the various elements (from within the organization or from outside the organization) which structure the context of interaction. These elements are also selectively and strategically used by the actors in constructing definitions of their situation. The strategies developed in relation to the bonus reflected the actors' interests in the situation and the constraints within which they operated.

The production manager used the bonus to cope with uncertainties within his domain of action. These related to probable developments in the economy, in the market demand for Aleph TV sets and in the labour supply. His strategy for coping with these uncertainties was to retain flexibility in those areas which would be most affected by fluctuations in the market, namely labour costs and production levels. To this end he manipulated the allocation of the incentive system, avoiding the routinization of the bonus-output ratio through a personalized debt relationship with the workers.

The department supervisor was oriented to other environmental elements. As a newcomer he was concerned with establishing a domain of action (Izraeli, 1977). As a middle manager in conflict with his immediate superior, the supervisor was not able to utilize organizational resources which could ingratiate him with his subordinates (Blau, 1964; Izraeli, 1975). His access to organizational resources was blocked by the production manager. As part of a strategy to set limits on the production manager's direct control over the department, the supervisor attempted to routinize the bonus system. This would reduce P. M.'s freedom to negotiate with the workers.

The assembly workers, like the supervisor, could not influence the bonus rates directly. They attempted to stabilize the production norm and to make it more difficult for the production manager to alter it unilaterally. Thus they made production increases conditional on higher bonus payments.

Routinization is often viewed as a power strategy used by superiors to control the behaviour of subordinates. This tactic, however, can be used by both parties. The rules established in routinization may also be used by workers to limit managerial freedom; for rules cannot be changed arbitrarily.

The forelady repeatedly attempted to increase the bonus rates by structuring situations to her own advantage. Farla showed the other side of the traditional foreman caught in the bind of conflicting pressures: she exerted influence over both the assemblers and the general manager. She succeeded in winning their agreement to her interpretations of the situation concerning bonus rates, despite contrary pressures from the production manager.

The general manager's concern with the bonus system was episodic rather than continuous. It was the result of sporadic pressure on him by the board to increase production. His open door policy, aimed at obtaining information, allowed subordinates to by-pass their immediate superiors, which weakened P. M.'s influence over Farla. Less concerned with P. M.'s future power to negotiate with the assemblers than with a rapid increase in output, the general manager used the bonus to strike a bargain with the forelady and through her with the assemblers.

The bonus system at Aleph was not a managerial artefact imposed on the workers. It was, rather, the outcome of an on-going process of bargaining among persons with different interests who negotiated the terms of their exchange either explicitly or tacitly. Some had more resources than others. Senior managers, for example, had greater power to manipulate funds and persons than did lower participants. The influence a person exerted in a specific situation, however, was affected not only by the material and human resources he could mobilize, but also by his tactical skill as well as by the strength of his opposition. Consequently persons with very little formal authority could shape the course of the bonus system.[21]

The factory is often perceived as an arena for social interaction, through which categories of persons seek to achieve their purposes. But here the boundaries of the social situation, with reference to which each actor oriented his behaviour, were in some respects unique. Differences existed in the resources available to each, in the persons taken into account, in the constraints on action, the aspirations and multiple other factors from which social situations are constructed. The social reality of the factory was perceived differently by each because in some respects it was a different social reality.

Notes

1. For some discussions of organizations as goal achieving mechanisms see Etzioni (1960, pp. 271-272, 1964, pp. 5-9); Simon (1964); Cyert and March (1963, pp. 26-43); Perrow (1968); Parsons (1956); Blau and Scott (1963); Mohr (1973).
2. March and Simon (1958, p. 124) explain that "One reason why intergroup conflict in an organization has received so little attention in economic theories of the firm is that those theories have assumed away differences either in goals or in perceptions within the organization. Most commonly, the goal of the organization has been assumed as given (e.g. profit maximization for the business firm), and the possibility that there might be different interpretations of the goal or that other goals might impinge on the behaviour of individual participants has been ignored."
3. For the relationship between non-routinized spheres of action and "political" behaviour, see Dalton (1959); Crozier (1964); Hickson (1971). Sayles (1958, pp. 39-71) found "strategic groups" (which exhibited persistent calculated self-interest behaviour) in departments where individuals controlled their work, or among homogeneous work crews with considerable discretion to determine how to do their job. Where work was highly routinized and repetitive, and where both the contents and the method of work were determined for the worker and not by him, behaviour tended to be individualistic and the work group "apathetic" in relation to controlling its situation.
4. The category "assembly workers" is used as an "ideal type". In fact there were differences among assemblers. This chapter focuses on their common qualities.
5. The information was gathered during 12 months of field-work in the factory, between April 1969 and April 1970. During this time I was a participant observer; I worked on the assembly lines, attended meetings of the union and the management, and spoke at length both in and out of the factory with various participants.
6. Aleph was founded in 1952 as a radio assembly plant and over the years had manufactured a variety of small electric home appliances.
7. Such an arrangement is common in Israeli industry and is known as an "agreed norm" or "norm B", to distinguish it from a "measured norm" or "norm A". According to the collective labour agreement, once a norm is officially measured and accepted by union and management, it cannot be altered unless the latter can prove it has, for some reason, become obsolete. Norm B can be altered at any time by a new agreement between the workers and the management.
8. Women production workers were automatically classified as "unskilled production workers — simple jobs", and males as "unskilled production workers — heavy jobs". The former category were paid less than the latter. Even when a woman was transferred to a job previously filled by a male, she retained her original classification, and hourly rate of payment.

9. Reactions to this dubious logic and to differences in bonus rates are discussed later in this chapter. Most of the production jobs on line three required less manual dexterity than those on line one, and somewhat more physical effort. Half a dozen technicians worked on lines two and three.
10. "PBR (payment by results) schemes rest on the social and psychological assumption that if a man is given the promise of more money and freedom to choose within limits whether to exert himself fully or not, he will choose to exert himself and get the money" (Lupton, n.d.).
11. In this discussion the focus is on female workers, because I concentrated on them during field-work, and because the majority of workers in the TV department were women. This was in contrast to the craft shops which were exclusively male. In all countries, a high proportion of the TV production work force is made up of women workers. "The proven superiority of women at small intricate manual assembly and their generally lower wages are the two main reasons for their place in the (electronics) industry" (Shapero, 1962, p. 61).
12. March and Simon (1958, p. 139) argue that "Choice is always exercised with respect to a limited, approximate, simplified model of the situation". They call the chooser's model his "definition of the situation". When a chooser defines his situation as "uncertain" or one in which he lacks relevant information, choosing becomes problematic.
13. The reason for this lack of clarity is explained further on.
14. The old-timers working in other departments were aware of these considerations. They themselves had experienced several cycles of boom followed by recession. While they envied and resented the high premiums enjoyed by the relatively new TV workers, they were quick to point out: "It is abnormal, wait and see, it won't last long. Then suddenly sales will drop and they will be left with nothing".
15. Other considerations which led management generally to prefer paying bonuses to raising wages were that demand for the latter tended to be contagious, and that the former was cheaper for the firm. An increase in wage involved a proportionate increase in various social benefits paid by management the total costs of which amounted to 49% above the wage. Part of this amount was deposited to the credit of the worker but not paid out to him directly, nor enjoyed by him immediately. Thus, a wage increase of IL.50 cost the firm IL.75, while a premium increase of the same amount cost only IL.50. In the short run, the worker received the same sum in both cases.
16. Lupton (n.d., p. 7) argues: "PBR (payment by results) assumes that operatives have to be persuaded by the offer of extra cash to aim at performance standards already set, not to seek better ones to aim for". This effect can be clearly seen in the behaviour of Janette and Jill, two girls who worked on the tuners, but were not on any of the three lines. They earned individual premiums in return for time saved on allowed time per unit; that is, they had a measured norm. The two girls consistently paced their work so as to earn between 30% and 33% premium. They purposely varied the output so as not to arouse suspicion and purposely did not produce more. However, from observing them it was obvious to me that they could

practically have doubled their output and they confirmed this. Several months later, their new chargehand persuaded the production manager to allow the girls to earn 45% premium. Their output rose considerably within a few days and then stabilized at the new level.

17. Gardner and Whyte (1945); Roethlisberger (1945); Etzioni (1958); Walker *et. al.* (1956). In structural terms the position of the foreman is similar to that of village chief in African colonial systems. Fortes has termed these "intercalary positions", because they are the focal point for the clash of interests of two systems each of which claims the loyalty of the "man in the middle". Referring to anthropological studies of these positions, Gluckman writes (1968, p. 72):
"In general, the approach in all these analyses was to stress the extent to which chiefs, as subordinate officers of the white political organization, were caught in the dilemma of trying to work within that hierarchy under pressure to support its demands and values, and at the same time felt pressure in many instances to represent the suspicion and even hostility of their people against the policy resulting from those demands and values."
18. The minimal intervention of the general manager in the details of running the factory and the strict manner in which the production manager performed his gate-keeping function, created social distance between the general manager and the workers. It made the latter view the manager as being above the politics on the shop-floor. Many workers believed that "if only Mr G. M. knew what was really happening around here, he would never allow it". The manner in which he filled his role bears some resemblance to that of many African tribal chiefs who are perceived to stand above the social divisions. See, for example, Maquet (1967, p. 84).
19. Several weeks after the "open door policy" had been announced, it was discontinued and communication resumed its "normal" route through the production manager.
20. Barnard (1938, p. 139), in his practical wisdom, observed three decades ago that "The individual is always the basic strategic factor in organization".
21. Clegg (1975, p. 23) concludes that power, in only a *limited* sense, "may be seen as the outcome of issues — the surface of outcomes to specific exchanges". The strategic manipulations of the actors influence the outcome of decisions, they do not " 'cause' the structure of power in which the quadrille of influence is played out". Power, therefore, consists in "the domination and rule of a mode of organization, and the control of those who *have* power (his emphasis) through this pre-definition of the arena in which power gets done". Clegg unfortunately fails to note that these pre-definitions also change, largely as the cumulative outcomes of specific exchanges.

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