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## AN EXAMINATION OF SOCIAL REGULATION IN THE CONTEXT OF THE RESTRUCTURING OF STATE-OWNED COMPANIES

### ABSTRACT

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As a result of new internal regulations, public bodies are currently changing their structures, their strategies and the ways in which they function. We are going to analyze these transformations using the theory of social regulation and the theory of change. We have carried out two case studies (France Télécom and the SNCB) in two different countries (France and Belgium). We performed semi-directive interviews of management-level and non-management level employees. Taking as our context a public body in the process of restructuring: What is the nature of the relationship between the public body, its employees and rules and regulations?

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*Key Words: state-owned companies, social regulation, change*

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## **INTRODUCTION**

State-owned companies are interesting material for analysis for administrators. Consequently, many studies, including, for example, those that are part of the New Public Management school of thought, have already examined the way in which they operate. This school of thought offers a definition of new kinds of public bodies (Hood, 1991; Osborne and Gaebler, 1992; Pettigrew, 1997; Emery and Giauque, 2001, 2005). It follows on from and expands on Weber's studies (1995); and describes new kinds of public bodies according to criteria such as the improvement of services, the modernization of the production process or the designation of new criteria for measuring success. Employees are assessed by means of new tools, their performance is measured and management methods are changed (Gruening, 2001). These public bodies are created in the wake of new European Union regulations. This study should therefore be read in the light of this context of change. We would like to approach the issue from a new angle by studying the links between internal company rules and regulations, employees and public bodies. In order to do this, we will apply the theory of social regulation, the theory of change and Crozier and Friedberg's analysis of power relations. We will endeavour to answer the following question: What is the nature of the relationship between a public body, its employees and rules and regulations? Firstly we will present our literature review, then the methodology used and finally the analysis of the results obtained.

## **AN EXAMINATION OF SOCIAL REGULATION IN THE CONTEXT OF THE RESTRUCTURING OF STATE-OWNED COMPANIES**

### **Characteristics of state-owned companies**

The vocation of European state-owned companies is to manage the provision of basic public services. These companies are responsible for services that cater to the needs of the general public, such as, on the one hand, the public transport system, the supply of electricity or the telecommunications network, and on the other hand, a whole range of social services like the provision of health services and pension provision \*.

Christian Defelix (1995) places state-owned companies (France Télécom, Air France or La poste) at the crossroads between public services (which may be provided by the

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\* [http://www.local.attac.org/78/IMG/pdf/Synthese\\_SP.pdf](http://www.local.attac.org/78/IMG/pdf/Synthese_SP.pdf)

private sector) and the public sector (composed of public bodies and state-owned companies in which the government has a 51% or larger share capital stake).

In theory, state-owned companies in France and Belgium demonstrate a model of human resource management that is career-oriented. This model holds that civil servants, who benefit from a special status thanks to their direct link to the State, will spend their entire career working in the field of public services. They are generally taken on at the beginning of their career, either on the strength of their tertiary level qualifications or via an entrance exam, before being placed in their particular position. Superiors exercise real power over their subordinates. Internal promotion is centred on grades, not on the position occupied, and thus is based on a tacit understanding that involves progression down a career path so as to obtain more responsibility (Bossaert and Demmke, 2003).

State-owned companies first appeared during the industrial age. These kind of companies are of the bureaucratic model. Individuals are seen as a labour force, creating a clear separation between their professional life and their private life. The importance and influence of hierarchy shapes relationships between employees, with limited contact between management-level employees and workers (Emery and Giauque, 2005). Bureaucracy is a system that aims to rationalize social activities and to govern the relationships between individuals by means of a rational acceptance of a dominant/subordinate relationship in which the individual obeys their superior because their superior has legal authority to give them orders. Hierarchical relationships correspond to both parliamentary legislation and formal legal procedures (Weber, 1995; Busino, 1993). Bureaucracy is characterized by:

- The division of labour
- An administrative hierarchy: the creation of bodies having the authority to monitor and inspect all constituted authorities.
- The existence of technical regulations and standards that define the procedures by which actions are carried out and assessments arrived at in specific fields and under specific conditions.
- The non-appropriation of the position by its holder. The job position does not belong to the civil servant, in spite of their right to job security and independence in the exercise of his or her functions (Busino, 1993).

- ‘A bureaucracy employs civil servants, in other words, full-time specialists who make a career of the civil service; this ensures the organization’s continuity’ (Bernoux, 1999).

Mintzberg (2003) describes machine bureaucracy as being defined by the standardization of work processes and a high degree of formalization in terms of procedures and modes/methods of communication. It is composed of large units. The tasks to be performed are routine and specialized in nature and decision-making is centralized. Operators have little social contact with their superiors. This configuration can be found in government administrative bodies. State-owned companies are usually included in this category. This type of bureaucracy should be differentiated from the professional bureaucracy model; it is defined by the standardization of skills. Only independent specialists are taken on for the operating core, that is, operators whose work involves the production of goods and services. There is an emphasis on training and socialization. The machine bureaucracy model may be seen in structures like the SNCF, while the professional bureaucracy model is more akin to the operating system that is found in hospitals or universities.

Following on from studies by Pichault and Nizet (2000), we note that state-owned companies operate along the lines of a hybrid model of human resource management that combines the objective, individualizing and conventionalist models (Goujon Belghit, 2008). This development is demonstrated in Appendix 1.

We can note the following main characteristics: a quantitative approach to staff planning, a clear separation between work/office hours and free-time, appraisals based on a skills assessment, promotion on merit and assessment linked to recognition on the basis of criteria selected via a collaborative decision-making process.

With public bodies now being obliged to take measures to adapt, we will look at the theories that are an integral part of change management.

### **Change management by means of the actors**

The sociology of change is defined as a process, i.e the transition from state A to state B. For the purposes of this study, our main interest lies in state A (the SNCB is studied upstream of restructuring) and in state B (France Télécom is downstream of restructuring).

The interaction between different elements such as the environment, institutions and different actors leads an organization to change its structure. This change results in the emergence of new relationships and rules. The sociology of change fits in with the logic underlying methodological individualism, since it is concerned with the individual and the meaning with which they invest their actions.

Methodological individualism is based on the following premise: collective phenomena result from individuals' actions and their interactions with other individuals.

This bottom-up approach is founded on three principles:

- Only individuals have objectives and interests
- Social phenomena and the changes associated with them stem from the actions of individuals
- All social phenomena are based on theories involving individuals, their aptitudes, beliefs, resources and relationships.

Raymond Boudon (1992) views the individual as 'the logical atom of sociological analysis' underpinning social phenomena. The actor, as defined by Crozier and Friedberg (1977), develops their own strategy in a given organization in order to participate in the wider game. The game acts as a model for explaining human behaviour such as the relationships between employers and employees. The actors who belong to such an organization benefit from a degree of independence within the organization. The meaning behind their actions corresponds to their own personal project or to a wider project. In fact, 'regardless of the constraints, the actor uses their freedom to embark on an action and they may, for example, cause the failure or the modification of change-oriented actions' (Bernoux, 2004). When a company wants to change, it must not only ensure that individuals accept this, understand this (invest it with meaning) but it must also ensure that its actions retain their meaning in the long-term. The actor who is in control of their environment seizes the opportunities that present themselves to him or her; they will protect themselves from the 'risks that are inherent to power relations'; they take part in the social game (Crozier and Friedberg, 1977). Change cannot be studied without understanding social relationships and the social context in which individuals find themselves. Confronted by new constraints resulting from change, individuals will adopt different behaviours depending on their own perception of their environment and their personal goals. Therefore, 'all changes take place in a space defined by the constraints that are imposed upon, or which seem to be imposed upon the public body, the institutions of

which this organization is a part, and the actors who will either accept or reject the decisions resulting from these constraints' (Bernoux, 2004). Public bodies are subject to the constraints of new European Union regulations that force them to modify their approach to their competitive environment. The public body has no choice other than to adapt by changing its structure; as a result, new rules will be defined. Actors adopt different attitudes depending on their perception of the new rules that they are subjected to. Nevertheless, no company can function without the involvement of its employees, therefore, a context of change is particularly difficult to deal with. Each individual must assume ownership of their work, invest it with meaning and be capable of modifying or negotiating in relation to this work. Every company is the result 'of compromises between the actors that compose it, compromises that give each company its own particular character.'

We will focus our research on the central elements of this question of change by studying the abilities of the various actors to construct compromises and to put them into practice.

All change results in changes in rules and regulations. We are going to tackle this theme from the perspective of the theory of social regulation.

### **The theory of social regulation**

This school of thought is situated at the crossroads between methodological individualism and sociological holism.

Sociological holism considers that social facts are explicable by other social facts. Individuals are simply passive vectors because their behaviour is socially-determined.

In the opinion of Jean-Daniel Reynaud (1997), the social actor's actions should be seen as decisions rather than physical events. The social actor invests their action with meaning in order to address a problem, depending on the information at their disposal and the limits placed upon them. This is no 'pseudo-decision', even if, in the final analysis, the social actor is unable to grasp the full extent of their action's meaning. Individuals evolve and progress in the public body in accordance with an organizing principle: regulation. Regulation describes the full range of resources that are used to ensure the public body functions as it should; an action is involved. This collection of resources defines the rules that are imposed and adopted as guidelines.

Regulation comes in different forms – in the shape of outright bans (placing strict limits on behaviour) or in the form of a guide or a model that directs actions. It is important to underline that a regulation can function in two different ways:

- A bottom-up approach: from the public body to the employees
- A top-down approach: from the employees to the public body.

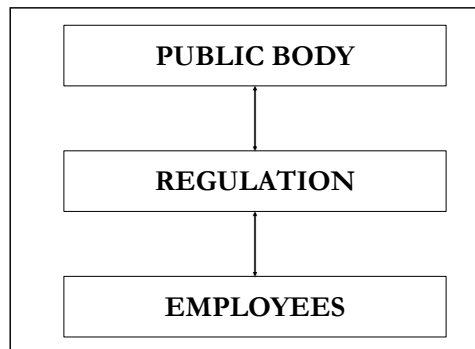
Businesses operate on the principle of the division of labour and define themselves on the basis of initiatives (product, market). They are set up in order to constitute a collective action and are based on a latent group with a shared interest.

Rules define structures and organize the relationships between employees. They are not set in stone, but evolve according to the needs of the business in question or the actions of individuals. Rules exercise a constraint insofar as the individuals concerned feel closely bound to a collectivity. Likewise, rules represent the core building blocks of the collective actor.

The individuals we have studied in these public bodies are individual actors who together constitute a collective actor. They participate in relationships and the exchange of views, the balance of power and take part in the social game in accordance with the resources at their disposal.

In our analysis it is possible to view regulation as being one of the vectors of the public body/employee relationship: the public body and the employees are answerable to regulations but they can also change them. Their relationships can be defined as in shown Figure 1.

**Figure 1: Regulation as a vector of the relationships between public bodies and employees**



Regulation, viewed as a framework that influences the public body and its employees from the inside, is personalized. Envisaged as a ‘political and cultural construct’, it creates codes of conduct and procedures to be respected (Crozier and Friedberg, 1977). The diagram in Appendix 2 clearly demonstrates the interdependence of these three elements.

It will be through these three-way interdependent relationships that we will be analyzing the changes that occur in public bodies that are subject to restructuring.

## **PRESENTATION OF THE RESEARCH METHODOLOGY**

### **Presentation of the methodological approach**

We have opted for a constructivist research paradigm. According to Piaget (1968), human thought is gradually constructed by the individual, born out of repeated contacts with the outside world, which enables the development of basic units of intellectual activity known as schemes. The latter, defined as the organization of an action, enable the analysis of a first experience to be confirmed as correct, in the event that this experience is repeated. Schemes may also modify this experience or will contradict facts determined on an a priori basis. The subject becomes the core of the research process, encouraging it to take on the role of principal actor as the latter builds its knowledge base through interaction with its environment. We have chosen a qualitative approach. Qualitative analysis, defined as “a discursive approach of reformulation, explanation or theorization of a testimony, experience or phenomenon”, requires no quantification in order to be valid, even if quantification may be employed, but rather aims to pursue objectives relating to “discovery” and the “construction of meaning” (Paillé and Mucchielli, 2003).

We will proceed by case study. This study encourages a reconstruction of employees’ realities with regard to their internal promotion conditions, not a more exact reconstruction of the situation as that described by the actors, but a reconstruction that will create categories that will enable a more global understanding rooted in a more theoretical vision (Savalli and Zardet, 2004).

We have gathered data through semi-directive interviews. We carried out 61 semi-directive interviews from a sample of management-level and non-management level employees. This technique enables us to adopt a listening approach based on the principle of considering individuals as “active participants in the social construction of reality, and therefore guardians of an important body of knowledge that must be obtained from within” (Kaufmann, 1996). The interview is defined as “a technique aimed at collecting



discursive data, (keeping in mind that this data is to be analyzed), that reflects, most notably, the conscious or subconscious mental universe of individuals” (Thiétart, 2003).

We drew up a flexible question grid with the aim of facilitating the conducting of the interview. This interview grid is just a guide, a reassuring aid for the interviewer that will create a dynamic during the interview. Questions are not asked one after the other, only the main themes are tackled, of which there are three: (Kaufmann, 1996)

- The career development path, paying particular attention to internal promotion procedures,
- The influence of interpersonal relationships in the development of a career path,
- The impact of academic experience upon career.

### **The analytical tool**

The thematic approach is similar to a qualitative approach, the aim of which is to assess the relative importance of the topics raised by interviewees. Thematic analysis is founded ‘on the spoken word, that is, on the use of language by identifiable speakers’ (Bardin, 2003: 48). The researcher ‘aims to find out more about psychological, sociological and historical variables by means of a deductive method on the basis of indicators gathered together from a sample of individual messages’ (Bardin, 2003: 49).

This thematic analysis formalizes the relationships between the various topics identified during interviews and makes it easier to interpret the content of these interviews in the light of the context in which they take place. The researcher tries to understand the behaviour of the individual interviewees by studying their statements, their attitudes and their strategies.

Thematic analysis is founded upon the principle of constant ‘back and forward’ movements, most notably between theory and practice and between analytical methods and interpretation. The procedure in question uses a whole raft of information obtained from sources of data that are displayed in the shape of a tree structure (Bardin, 2003: 80). The researcher will not only define the various themes discovered but will also break down the most important elements of the interviewee’s discourse into pre-determined categories. The data thus gathered is then classified by theme, with a process of constant cross-referencing between, on one hand, the information gathered ‘on the coal face’, i.e during interviews, and on the other, the relevant theories, allowing a more useful codification to be established.

Bardin (2003: 137) defines thematic analysis as a technique that consists in ‘identifying the core meaning elements of which communication is composed, the presence or the frequency of which may be of significance in relation to the selected analytical objective’. In our summary of results, we have chosen to focus on the results of the thematic study rather than concentrating on the procedures involved. Unlike the classic approach that proposes a study of all themes that have been identified, we have decided to adopt a more easily-interpreted approach. With the results obtained after using N-Vivo qualitative data analysis software, we have chosen three major themes around which to develop our study:

- Relationships between companies and internal rules and regulations
- Relationships between companies and employees
- Relationships between employees and internal rules and regulations. (All of these relationships are bi-directional).

Our decision to use this technique was motivated by different aims:

- The creation of categories via data coding, thus enabling a more in-depth exploration of the content of the interviews.
- Improved data processing, notably through the creation of coded files and sub-files that allow for an easier reading of the results and improved data cross-checking.
- The construction of structured representations of knowledge on the basis of the analysis of interviews carried out
- The chance to display additional results concerning career opportunities in state-owned companies undergoing restructuring.

Thematic analysis enables us to create meaning, to reveal important segments in the shape of ‘units of meaning’. There are many advantages in using this software, namely:

- The opportunity to identify complex data in the corpus, allowing for the discovery of a unified meaning in line with the object of study,
- Large corpora may be processed.
- It is easier to cross-reference different sources of data, in this case, to cross-reference the France Télécom corpus and the SNCB corpus.
- It allows separate, isolated segments to appear in the non-categorized corpus, enabling the researcher not only to identify these segments but also to re-examine this data.
- Easier, quicker correction.

### **Presentation of case studies**

We carried out two case studies: the first at France Télécom and the second at the SNCB. These two companies have taken up the challenge imposed by the European Commission to open their markets up to competition, leading them to modify their structures and their human resource management practices.

France Télécom, a company specialized in telecommunications, was created in 1988 following European directives advocating the opening up to competition of public sector services. It became a public company in 1996, with the only shareholder at that time being the French State.

Interviews were conducted between September 2003 and May 2004, just before the French State's sale of some of its shareholding in September 2004, bringing its shareholding to below the 50% mark and therefore finishing the process of privatization.

New European regulations entailing enforced privatization encouraged the company to undertake important structural reforms in order to remain competitive in its market.

The SNCB or Société Nationale des Chemins de Fer Belge (National Railway Company of Belgium), was created in 1926, and had a 2.33 billion euro turnover in 2003 with a railway network stretching over 3,521 km. After the year 2000, the SNCB decided to restructure itself in order to satisfy the requirements of European legislation. The distinction between the rail infrastructure operator and the train operator thus became vital, with the "move" plan providing for the division of the company into three separate structures by 2005 so as to satisfy the requirements of European law.

Our study takes place upstream of the establishment of the new structure, that was scheduled for January 2005. As our interviews were carried out in 2004, we are attempting to understand the career opportunities of SNCB employees just prior to this organizational transformation.

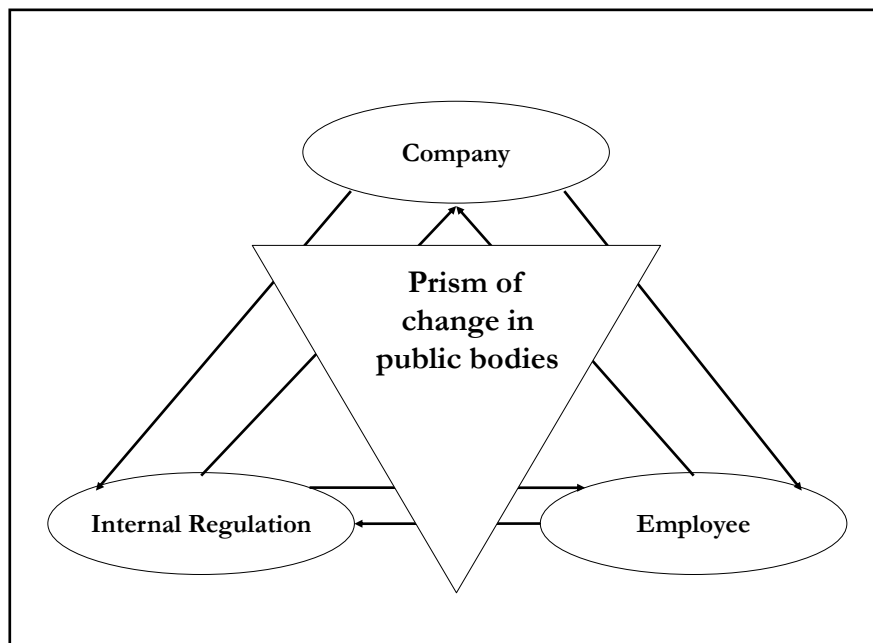
France Télécom has already begun this process, while the SNCB is on the brink of a major restructuring program. This is the environment in which we will analyze practices of career management.

## **RESULTS**

### **The results of the NVivo analysis**

We have placed our study within a three-way relationship that exhibits the following characteristics as shown in Figure 2.

**Figure 2: Identification of the links between companies, internal rules and regulations and employees through an analysis of the process of change in public bodies.**



We can see that the following links were similar in both structures studied: The link between the company and the employee: this describes the general structural framework of human resource management. State-owned bodies in the process of restructuring are characterized by a strict hierarchy, pre-determined salaries (which also include an element of performance-related pay). Decision-making is centralized and promotion is reliant on fixed quotas. Hierarchical superiors assess employees' performance.

The link between the company and internal rules and regulations: this denotes the general procedural framework of human resource management. Companies, which apply the technical approach, aim to expand into the commercial field and will promote those employees who work in this field. Training courses are run in-house and are focussed on a specific specialization.

The link between the employee and internal rules and regulations: this link emphasizes the role of employees in the company. Middle managers assess the performance of their team members, apply company policy, become the first line of interlocutors regarding HR questions, award bonuses or promotions and help their

subordinates to improve their skills. There are networks and a specific vocabulary associated with different hierarchical levels. Non-management level employees at France Télécom may potentially be promoted to management-level, unlike their counterparts at the SNCB.





The link between the employee and the company: this reveals the role of employees in the management of their career path. Information circulates informally, interpersonal relationships facilitate management tasks and the understanding of internal procedures. Hierarchical superiors advise and guide their team members in their career path and assess their performance. Some place more importance on their private life than on their work.

The link between internal rules and regulations and the company: this serves as an illustration of formal internal promotion procedures. This process is strictly regulated and is decided by employee seniority. Usually two main types of internal promotion procedures can be observed in public bodies (France Télécom : ‘Aptitude et Potentiel’ (Aptitude and potential) and ‘Reconnaissances de Compétences’ (recognition of skills and competences) and in the case of the SNCB : ‘Concours Internes’ (In-house examinations) and examination called the ‘très bon’ exam. The individual may only apply for internal promotion after their immediate hierarchical superior has agreed to such a step. They will then be assessed by a jury. Salaries, are mostly fixed (limited performance-related pay element), and are determined by internal pay scales. A proportion of pay is performance-related in the shape of bonuses that are awarded on the basis of the employee’s performance.

The link between internal rules and regulations and the employee: this is a reflection of informal internal promotion procedures. Internal promotions require personal commitment. Employees use their social network to understand the procedures in question. Promotions are few in number, being fixed by quotas set by the HR department. Restructuring opens up career advancement opportunities. Some non-management level employees feel that their career advancement path has been blocked off and they no longer visualize any progress in their professional career. Employees who are nearing retirement prefer to summarize their past career achievements and are no longer interested in applying for internal promotion.

We therefore conclude that companies, employees and internal rules and regulations are interdependent, exercising mutual influence over one another. We summarize these results in Figure 3.

**Figure 3: Identification of similarities in the links between companies, internal rules and regulations and employees**

	Company	Regulations	Employees
Company		Commercial activity In-house training	Strict hierarchy Pre-determined salaries Centralised decision
Regulations	Formal procedures Importance of seniority Invitation to sit exams Career path		Informal procedures (Autonomous regulation) Use of social networks Career development strategy Personal commitment of one's work
Employees	Employees manage their own career development	Redefinition of middle Manager	

We can nevertheless see that the nature of the links are different in the two structures studied, in accordance with the extent of privatization experienced:

The link between the company and the employee: both companies use a hybrid model of human resource management sited between the objective model and the individualizing model. In order to move slowly towards the second model, companies first introduce changes at management level and then apply these changes also to non-management level staff. The SNCB proposes a more individualizing model to its management-level employees whilst its non-management-level employees are subjected to the objective model. At France Télécom, all employees work within a more individualizing framework although some aspects of the objective system can still be observed.

The link between the company and internal rules and regulations: the two companies do not adopt the same strategy. The company that is upstream of the process of restructuring remains focussed on technical issues whereas France Télécom, which is downstream of the restructuring process, is attempting to introduce a more commercial dimension to its operations.

The link between the employee and the company: employees working in the company upstream of the process of restructuring are classified according to their level of educational attainment, whereas the second company's employees are assessed on the basis of their skills.





The link between the employee and internal rules and regulations: It is very rare for non-management level employees at the SNCB to be promoted to management level; however, this is not true of France Télécom. The boundaries between roles are shifting in the case of the second structure, and middle managers are leaving their specialist roles behind in order to concentrate on management tasks.

The link between internal rules and regulations and the company: the procedures of internal promotion that are observable in the company upstream of the process of restructuring vary depending on whether they are aimed at management or non-management level employees. Management-level employees are promoted on the grounds of their skills but also as a result of their ability to build up social networks, whereas non-management level employees pass through formal, egalitarian procedures. However, in the case of France Télécom, we found procedures of promotion that were identical for both management and non-management level employees.

The link between internal rules and regulations and the employee: the regulations followed at the SNCB vary in line with the employee's level of educational attainment. These regulations do not promote career mobility, unlike the regulations applied by France Télécom. In the latter company, regulations encourage non-management level employees to gravitate towards commercial-related activities.

As a result, we can see that there are similarities in the links between regulation, employees and companies in the case of the two companies studied, depending on the extent to which the process of restructuring has been implemented, but differences exist too. We may summarize these results in Figure 4:

**Figure 4: Identification of differences in the links developing between companies, internal rules and regulations and employees**

	Company	Regulation	Employees
<b>Company</b>		Company downstream of restructuring : More focussed on technical issues Company upstream of restructuring : More focussed on commercial aspects of business	Hybrid HRM model Company downstream of restructuring : Model largely objective Company upstream of restructuring : Model largely individualizing
<b>Regulation</b>	Company downstream of restructuring : 2 different systems of promotion Company upstream of restructuring : 1 system of promotion for all employees		Company downstream of restructuring : Obvious career development path Strategies are implemented Company upstream of restructuring : Less obvious career development path Career implies mobility Strategies need to be implemented
<b>Employees</b>	Company downstream of restructuring : Level of education attainment is key Company upstream of restructuring : Skills are key	Company downstream of restructuring : Promotion to management level is highly unlikely Company upstream of restructuring : Promotion to management level is seen as possible	

It is possible for France Télécom employees to reach management level positions via internal promotion procedures – this is not the case in the SNCB. From this, we infer that career opportunities are closely linked to the extent of restructuring experienced by companies that are in the process of liberalization, even if other factors may be taken into consideration, such as cultural influences or the type of activity carried out by the company.

We note that the links between internal rules and regulations, employees and companies are complex and vary in accordance with the extent of restructuring experienced.

### **Analysis and discussion of the results**

These two state-owned companies have been subjected to the same European Union-imposed limitations and requirements, albeit at different times. They have adapted by changing their structures and their rules and regulations.



The process of change inspired by these directives is changing methods of regulation.

Thus, supervisory regulation (laid down by the hierarchy) and autonomous regulation (driven by employees) must find a new equilibrium. In the efforts to strike a new balance, open conflicts have been observed, most notably following France Télécom's attempts to force its employees to take a more commercially-oriented direction. A certain resistance may be noted. Actors know that limits and opportunities are in a process of evolution and their action system is being destroyed and replaced by a system that they have not yet mastered. These new rules and regulations threaten the interests of individuals and the reactions to this differ from one employee to another. Various attitudes may be noted:

- Employees who adopt the new regulations and who are keen to develop their career. They know which levers they must use to satisfy their own personal goals and ambitions.
- Passive employees. They put little effort into advancing their career - the successful accomplishment of their everyday working tasks giving them sufficient satisfaction. They content themselves with the interpersonal relationships that they have built up in the company.
- Resistant employees. They don't understand the new rules and regulations. They believe that the old regulations were fair and offered them protection from unjust treatment by the hierarchy. They feel that the new regulations favour ambitious individuals and fail to offer a reward for employee skills. Unfortunately, employees who draw these conclusions are often the victims of depression as a result.

All rules and regulations are subject to some kind of negotiating process, official, or unofficial ('on the job'). No company can implement new regulations without this period of negotiation, since by their very nature, regulations are unstable and subject to revision (Reynaud, 1997). The social system defines the regulatory framework in which employees work and evolve. Employees identify their interests according to the nature of this system. Therefore, changes in the conditions required to gain promotion are influenced by three phenomena.

- A company wants to put a greater percentage of its staff to work in the commercial side of its activities in order to adapt to new market constraints (i.e., increased competition). It therefore reduces the number of promotions to be made in the technical side of its business (learning a new collective rule).

- Employees modify their strategies in order to gain internal promotion (the logic of collective action). Some manipulate the rules, making use of their network of contacts to boost their career development. Others simply adapt to the new situation, expecting to see the emergence of a very 'practical' operating system. A final category of employees is opposed to the new regulations and opts out of the system.
- Rules are challenged, negotiated and confronted by different groups. They are not changed without the expenditure of some effort, since even if they may be inherently unstable, a certain amount of energy is required to create a new set of regulations which can be accepted by the social system. It should also be stressed that these changes do not just affect formal procedures but also informal procedures. 'Power' relations are not simply reduced to a hierarchy as defined by an organizational chart. Formal procedures are moving towards a model of promotion in line with the candidate's skills. Informal procedures are also evolving – employees use their network of contacts to find out who they need to contact in order to obtain 'key' information about an internal promotion.

In state-owned companies subject to restructuring, various collective actors (social sub-groups) work alongside one another such as management-level employees and non-management level employees. These collective actors are subject to not only autonomous regulations but also interdependent regulations. These actors operate according to a shared rule that imposes limitations and which leads to mutual dependency and therefore mutual supervision. This rule is upheld by the use of sanctions, which can take on different guises (absence of bonuses, denial of promotion, withholding of recognition), otherwise it will probably become redundant. It creates a balance between the expectations of all groups of social actors. This sanction or constraint is only wielded if it is linked to a shared belief, resulting in the person invoking the regulation wishing to demonstrate their 'social power' or invest their action with a certain legitimacy. When the non-management level employee complains to their superior of a lack of recognition regarding his or her skills, the latter will cite the rule in question in order to establish their authority over their subordinate and legitimize their decision.

All rules, according to Jean Daniel Reynaud (1997), are underpinned by several competing legitimacies. As a result, middle managers have a new role to take on. This role is determined by companies wishing to reorganize themselves and in the process, give

middle managers a human resources role. Their role is also determined by the wish of non-management level staff to be able to consult their superior whenever they encounter problems of a technical nature, even though in theory, middle managers should be interchangeable. The social role of the middle manager is determined by the duties which are part and parcel of his or her position in the company. Nevertheless, different middle managers have different roles. These roles should be seen as distinct from the idea of company position/post, since the logic of the system is distinct from an individual logic. Interviews carried out with France Télécom management-level employees revealed different strategies. We noted the existence of:

- Middle managers whose main aim is to respect and respond to company directives. They employ assessment/supervision tools to assess both individual employee's skills and collective performance, but do not necessarily get heavily involved in technical issues. They tell their team members to put their questions to other specialists in the relevant field.
- Middle managers for whom their non-management level subordinates are more important than their hierarchical superiors. In fact, they often come from the non-management level employee pool and feel closer to these individuals.

The effectiveness of supervisory systems is dependent on the people who are responsible for applying the relevant sanctions; they therefore need to be invested with some kind of power. However, in the SNCB, the hierarchical superior of the 'non-management level employees' tended to award bonuses on the basis of seniority rather than on the basis of each employee's skills, as was initially laid down in the regulations. The entire chain of command is fully aware of the regulations but accepts these kinds of operating procedures because the official rule does not correspond to the internal rule. This system was also operated by France Télécom but the official rule supplanted the internal rule. Nevertheless, we can observe a degree of resistance from some non-management level employees because they fear their superiors may make arbitrary decisions with regard to performance-related pay.

We can see that each individual reacts differently depending on where their interests lie, their beliefs and their values. This phenomenon may be understood when we take a closer look at the logic of collective action as described by Mancur Olson (1978) in his micro-sociological approach that aimed to explain how individuals organize themselves in order to reach a shared goal. He noticed that individuals in a group will seek to benefit

from the advantages inherent in collective action, whilst trying to keep their own investment to a minimum. As a result, the larger the group, the less active its individual members will be. In France Télécom, a group of non-management level employees came together in order to benefit from an internal promotion scheme which up to that point had been blocked by the company hierarchy. Their actions were taken into account by their superiors and resulted in the creation of new rules which were applicable only to this group. These kind of groups are nevertheless rare in large structures such as France Télécom.

Depending on each individual's ambitions, different strategies can be seen within the group. Uncertainty concerning the rules, generated by periods of transition, has led to some employees being affected by depression. Some France Télécom employees have spoken about this difficult situation. A summary of these elements is enclosed in Appendix 3.

The table shows the links between companies, internal rules and regulations and employees. We note that these links demonstrate a social reality in the process of changing, that is constantly challenged by negotiations or conflict. We may describe the links in the following way:

- The company influences the regulations: It tries to create a general, structural framework of human resource management through the learning of a system of collective regulation and the implementation of social constraints to reach its objectives.
- The company influences its employees: It determines a general procedural framework of human resource management through the creation of supervisory regulation in order to successfully manage its workforce.
- The regulations influence the company: They make it possible to establish formal procedures so as to supervise collective action (the public body).
- The regulations influence the employees: They correspond to informal procedures that are necessary for the company to function properly thus giving actors a certain room to manoeuvre.
- The employees influence the company: They want to take responsibility for their own career path and therefore they draw up their own strategy to reach their goals by means of autonomous regulation (they introduce new rules overriding supervisory regulation).

- The employees influence the regulations: They find their role in the company by adopting the idea of collective action in order to gain entry into a sub-group and thus obtain the benefits associated with this entity.

## CONCLUSION

We have seen that the public body is a complex space of negotiations and conflicts between different social actors whose goal is to undertake successful shared collective action. Different sub-groups form within these structures with the aim of achieving their goals and satisfying personal ambitions. These public bodies provide this room to manoeuvre to varying degrees and in different guises depending on the extent of restructuring they have experienced. New European regulations further disturb what was already a highly unstable situation, with public bodies being obliged to undergo restructuring in order to survive and to face up to competition on a market in which they had previously enjoyed a privileged status. On the basis of new strategies they have adopted, public bodies are changing focus and making changes that are having a major impact not just on internal regulations but also on their employees. These internal regulations continue to change, creating disruption for the company and the employees. Lastly, employees attempt to adapt to their new environment.

These results suggest that in some respects, France Télécom is a reflection of what the future holds for the SNCB. This observation leads us to pose questions on the future development of these structures - could we suggest another set of operating procedures that would have a less disruptive effect on the public bodies in question?

These case studies show that disruption of the company environment create new areas of uncertainty, a new game in which employees and public bodies must find a new balance. We have seen that public bodies are not sufficiently prepared for these major changes – at the SNCB, just before a major restructuring program was to be implemented, no employee knew in which structure they would be working. At France Télécom, some employees have been affected by depression because they have no clear perspective on either their immediate professional environment (which is subject to constant change) or with regard to their professional future.

We may therefore ask ourselves what measures could be taken in order to tackle the disruption experienced in the professional environment and the nascent uncertainties of these change-type situations, in order to ‘secure’ collective action.

We are aware that the number of interviews we have conducted places certain limits on this study. As the results are based on a qualitative approach, they will need to be subsequently confirmed by a quantitative approach.

We would like to expand this study in the future to examine other public bodies in France and further afield.

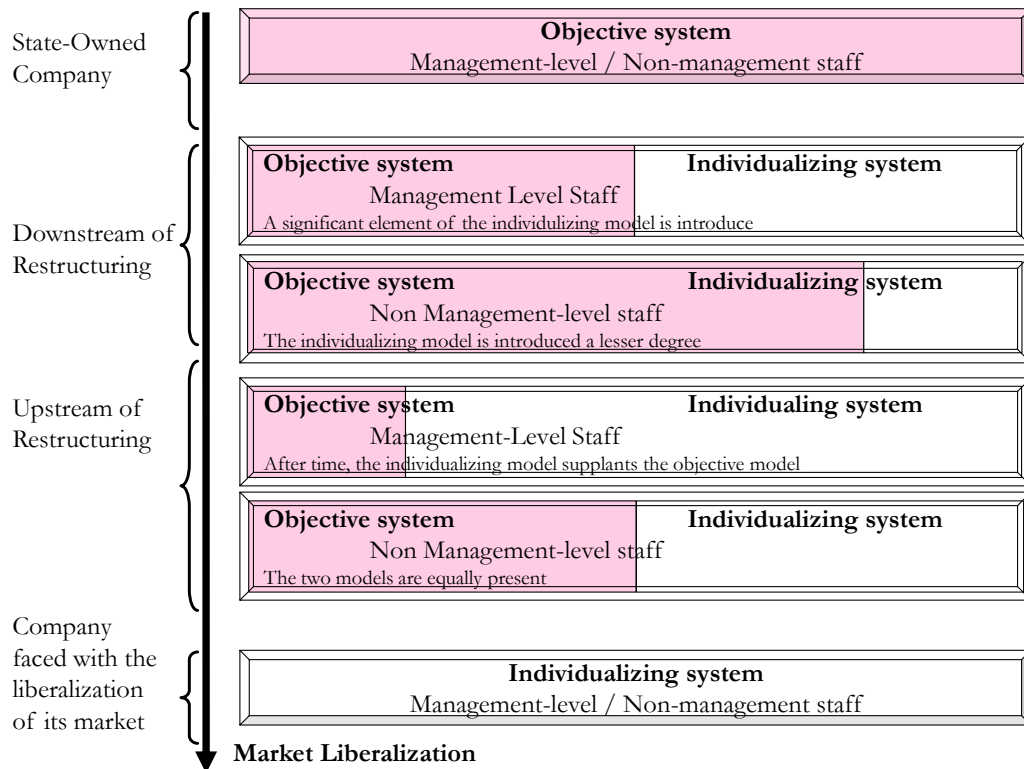
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**APPENDIX 1**

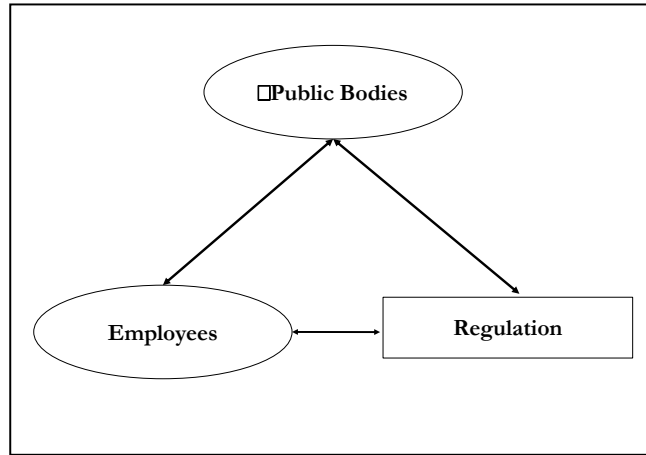
**Simplified diagram of the process of market liberalization in state-owned companies with reference to management-level and non-management level employees (Goujon Belghit, 2008)**








**APPENDIX 2**

The interdependent nature of the relationships between public bodies, employees and regulation



**APPENDIX 3**

Identification of the links developing between companies, internal rules and regulations and employees in the light of an analysis of collective action and social regulation

	Company	Regulation	Employees
Company		Learning of a collective regulation Introduction of social constraints	Supervisory regulation
Regulation	Formal procedures		Informal procedures
Employees	Autonomous regulation	Logic of collective action	