From Socialist Realism To Postmodern Ambiguity: East German Companies In Transition

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Abstract


The transformation of East German companies is presented as a crisis in corporate reality construction. The socialist system has generated a particular view on what is “real” as opposed to the fictions of the official philosophy. The notion of the “self” and of “solidarity” lay at the core of this “socialist realism.” The change to market economy has shaken up many an idea which was previously taken for granted. The same process also exposes corporate reality constructions under the conditions of capitalism as fragile and precarious.

Introduction

One of the main features of life under the former Eastern Bloc Socialism was a peculiar uncertainty about the meaning of all social phenomena. Whatever one did and whatever one saw others doing could be taken either as a masquerade or as an authentic expression of the particular actor’s views, interests and, thus, self-identity. This dualism was a result of the totalitarian system which tried to implement a ready-made monistic world view, thus creating the illusion that the individual has only two options: to be for it or against it.

Although people were continuously confronted in everyday life with uncertainties from which there was no escape, they did not really have to worry about it. Indeed, they were convinced that there was some authentic truth behind it all. Getting rid of the totalitarian system was thus felt to be synonymous with a release from uncertainty. There was nothing to impose upon people a more realistic—if unsettling—interpretation of ambiguity: namely, that authenticity and the strategic acting out of roles are never completely separate realities. The illusory hope that tangible reality lay hidden behind the façade of socialist society is referred to here as “socialist realism.”
The other side of this socialist realism was the positive view of a communion of people based on shared meanings and values. Although socialism certainly failed to create this communion on the basis of its own ideas, it was, nevertheless, successful in implanting the notion that solidarity arises from a common world view. In other words, while the content may not have been accepted, the principle was. Perhaps this is not surprising, since fascism—the ideological predecessor of socialism in East Germany—used the same values.

In contrast, industrialized, capitalist civil society depends on a diametrically opposite type of solidarity and communication. The crucial point here is that the existence of different views and interests is accepted. Shared meanings are not used as glue in an otherwise antagonistic society (Gellner, 1983). The crisis which has affected Eastern Bloc countries since their planned economies have turned into market economies is closely tied up with this problem.

This article attempts to trace this general topic in the context of East German companies before and after the collapse of the planned economy. The assumption is that corporate socialization is one of the cardinal fields within which the culture of industrialized society emerges. We look first at some of the mechanisms of the social construction of symbolic reality within socialist companies, after which we touch on the analogous mechanisms within capitalist corporations. We shall conclude with some observations on the demanding nature of corporate socialization in Western enterprise culture, as it appears to East German employees and managers.

Like all groups that continue to exist over a long period of time, the state-owned companies of the former German Democratic Republic (GDR), known as the Volksseigene Betriebe (VEBs, literally companies owned by the people), were sites for the social construction of reality, which is thus always a symbolic reality. As in all organizations, all the actors with their various interests contributed toward the development of definitions and classifications of reality and of models of reasonable behavior.1

Another thing VEBs had in common with other organizations was the fact that the power potentials of the different actors varied enormously. The same central mechanisms were used for the establishment of reality constructions

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1 Although the major schools in sociology and anthropology assume that social reality is inevitably ideologically constructed, there are several different approaches. My argument is based in phenomenological sociology which traces its roots back to Weber (1926, 1922), and Alfred Schütz (1932). Peter Berger and Thomas Luckmann (1966) have succeeded in making Schütz's Weberian approach known outside sociological circles. However, I try to combine this paradigm with another tradition going back to Durkheim (1897), and Durkheim and Mauss (1903). They have taught us how to focus on systems of thought surpassing the individual actor. Mary Douglas (1987) picked up the Durkheimian line, strengthening it with Ludwig Fleck (1933), to take it beyond anthropology. Niklas Luhmann (1987) is perhaps most consistent in the critical use of the phenomenological paradigm in connection with his systems theory.
as were otherwise customary: on the one hand the structures that controlled the sequence of events outwardly, and on the other the symbols and rituals which aimed at instilling the right consciousness in the members, i.e. controlling their actions inwardly. The role of the VEB was to engage the worker's "entire person." The workers were expected to develop their identities at the workplace and through their work. Excluding purely economic characteristics, this was the main peculiarity of the Volkseigene Betriebe.

**Socialist realism**

*The original idea*

In order to be able to assess this holistic ambition of the socialist companies, we must first recall the historical and systemic context. From the Marxist point of view, the main drawback of capitalism is, of course, that the economic sphere, separated from all other rationalities and determined only by its own inherent laws, gradually "colonizes" the other social spheres of politics, culture, and community life. The exclusive orientation toward the formal rationality of economic action (Weber)—following Marx we could speak of exchange value—leads to the total commodification of social relations.

Socialism was aimed at putting an end to this self-destructive process. The first step was to tackle the pivotal point of the system. By transforming the private ownership of the means of production into "ownership by the people," the generation of profit and individual utility maximization were abolished as the main motors of the economy. The market, consequently, lost its function of allocating scarce resources according to preferences which could be articulated in a market-effective manner. Socialism abolished competition between profit-oriented and legally autonomous economic entities, each responsible for their own risks. The Plan was introduced to replace the market. Theoretically, economic preferences could now be determined according to materially rational (Weber) factors—or, to use Marx's terminology, according to utility values.

For this purpose the East German Communist Party, or SED, set up a gigantic planning bureaucracy, whose task was to ensure that the right products were produced and distributed to the right places in the required quantities at the right time. The socialist solution to the industrial society's differentiation problem thus consisted in granting unrestricted priority to the political sphere when it came to determining purpose. The subjugation of all other social spheres to the rationality assumptions and values of politics was perceived as the only rational way of preventing total commodification, and of developing a Gesinnungsgemeinschaft (i.e. an ideological community based on the unanimity of attitudes) which would secure social synthesis.

The reorientation of the economy away from individual utility maximization and towards the non-economic fixing of purposes and distribution of scarce resources also meant that the contractual exchange of work for wages
could no longer provide the paradigm for corporate socialization. It had to be replaced by the harmonization of social, corporate and individual interests. At this point I would like to introduce an analytical construction to summarize these ideas for our subsequent argument.

*A simple analytical model*

Organizations, companies and enterprises are conventionally perceived as differing from other long-lasting groups in having a voluntaristically-fixed purpose. It is almost inconceivable that the purpose and means selected for achieving this purpose can be harmonized with the ideas and interests of all the members of the organization, especially since participation can be described as free in a legal sense only. In reality, no one has the option of self-sufficient subsistence in an industrial society characterized by the division of labor. Theoretically there are two models for solving the problem of mediating between the interests of individuals on the one hand and those of the organization on the other. These models are diametrically opposed to each other. They are the extremes beyond several intermediate stages and they involve different risks when it comes to achieving the organization's aim and realizing the members' interest.

At one extreme the idea is to persuade actors to live entirely for their role as members of the organization and to identify with its aims and with the means chosen for achieving them. I designate this the "integrated model," or I-model.

At the other extreme an attempt is made to separate people's occupations from their private lives, making it possible for the actors to pursue aims in one arena which they might reject in the other. This solution is designated the "segregated model" or S-model.

Having established this analytical construction and introduced the rationality assumptions of the socialist system, we can return to the main theme of this section, namely the social construction of reality in the *Volkseigene Betriebe*. In the terms introduced above, the CDR obviously sought to achieve the integrated model. It is an established fact, however, that VEBs were not organizations of like-minded, autonomous individuals. No attempt was made to conceal the official view that the workers could attain the necessary maturity and the right consciousness only under the leadership of their Party. Indeed, the normative integration of people into the corporate community was to be achieved by incorporating them into brigades and other socialist collectives. There they first had to learn and to internalize the classifications, norms, values, and roles prescribed by the Party. Integration was always understood as conformity—or, to use Durkheim's phrase, classificatory solidarity—and the Party tried to enforce it as such.

*The impact of the socialist monopoly on definitions of reality*

What effect did these intentions have on the construction of reality and the underlying role behavior? The symbolic message of an action acquired its
meaning on the one hand in the context of individual and concrete interactions, e.g. within a brigade, and on the other in the broader context of the world view imposed by the Party. The latter could be incorporated into any interaction, either from conviction or, more frequently, for instrumental reasons. Hence, there were always two criteria for interpreting the meaning of an action. Which criterion was valid in each case was always left open, not least because this doubled the number of strategic options open to the actors.

People who had taken on managerial functions and who thus publicly and ritually presented ideas from the SED's arsenal, were affected by these ideas in a completely different way from the more passive actors (Coser, 1974). Institutionally prescribed roles often also involve the definition of emotions, so that "deep acting" is required in order to play these roles. The result is that an emotional dissonance is added to the cognitive dissonance: actors who publicly present ideas and emotions that were not originally their own, tend to experience these ideas and emotions as authentic while they are presenting them. In the long term, cognitive and emotional dissonance blurs the borderline between a person's perception of a role and his or her perception of self-identity (Hochschild, 1983). This seems almost inevitable if throughout their lives people never have any suitable alternatives or other opportunities for the social ratification of their own identities—a process that can only succeed if it is voluntary.

However, this mechanism for the calculated inculcation of conviction and engagement—"commitment" according to Coser, "classificatory solidarity" according to Durkheim—was not very effective in the Volkseigene Betriebe. Clearly this was again the result of the totalitarian nature of the system, which had interrupted the balancing mediation between absorption into the role played and keeping a certain distance to the role.

Managers had to propagate the official view of things. In playing their roles they were dependent on the others also playing their roles—the role of being led. Since they were supposed to be representatives of the working class, the managers had few means at their disposal for putting their professional know-how into practice. They were dependent on compromise and bargaining, the central compromise consisting in a hinted-at non-conformity with the ideology presented.

The managers who acknowledged that they were aware that the definition of reality just confirmed by their actions might be wrong, stood a better chance of winning over the people under them and persuading them nonetheless to act according to the prescribed definition. In this way, the system generated its own negation, and this in turn stabilized it.² Heiner Müller coined a terse phrase to describe one aspect of this problem: "The key

production sector in Stalinist structures is the production of enemies of the state” (Müller, 1990, p.14, translated by R.R.). Consequently, the essential prerequisites for the development of credible, i.e. shared and jointly consolidated, corporate reality constructions were undermined in the VEBs. This was manifested in many ways. For instance, the only expectations that could be articulated without distortion were those that fitted the official picture. Decisions as to who was to receive official recognition usually had more to do with party-political interventions than with the actors’ actual performance, let alone their values. The exchange of information was seriously impeded by direct external interference and the control exerted by an all-pervasive official language. People could leave de jure, but in reality it was virtually impossible to escape the system, since other companies were fundamentally no different. Hence, what can be said of the GDR as a whole was also true of the individual VEBs: their members had no real alternatives.

The fact that the official classifications failed to achieve public sanction and general acceptance also meant that individual people had no reliable means of getting their role enactments sanctioned by their interacting partners. They could only rely strategically on the reactions of others, and were thus tempted to assume that their own self-identity had little to do with the roles they played. Whether the reaction was rejection or recognition, it was always non-committal, since it was never “real.” At least this could always be suspected. Even if two people each thought the other also deviated from the official socialist philosophy but still held differing views, criticism and competitive behavior were nevertheless usually subordinated to the permanent top priority of conspiratorial opposition to the system. The culmination of all this was that it was difficult to know whether one was taking part in an official or a dissident discourse. Some people in East Germany now claim they could always “smell” of “feel” who it was they were dealing with.

Living with two frames of reference
A production manager told me the following story. His daughter was unable to attend a university because she was not a Party member. Although the father was a member, he was sympathetic to his daughter’s problem and wanted to help her. Since he frequently had dealings with high-ranking functionaries in the course of his work, he knew many influential people who had often cleared his way in difficult situations in the past. This time, however, it was not so easy, so he invited a key female member of the local Party leadership to his home. The atmosphere soon became friendly and relaxed, and the guest partook freely of the cognac. In passing, she mentioned her relatives in the West. However, contacts with the West were prohibited for a person in her position. This was just what the girl’s father needed. He suggested a deal: if she would help his daughter to gain access to a university, he would keep quiet about the Western relatives. The transaction worked
perfectly, and he also apparently remained on friendly terms with the woman concerned for some time afterwards.\footnote{Many of the examples given by Müller, 1991, emphasize the type of role distance suggested by this story, for which, however, I propose a different interpretation.}

Whether or not all the details of this story are true is not relevant here. The important point is the attitude of the narrator. Following the collapse of the Communist system, he would like to create the impression that he was a master of the double dealings under the old system, whereas the female functionary had forgotten the rules of the game for a moment. However, to claim that the art of dissembling, even though an undeniable aspect of role behavior, was the basic pattern of an entire society for several decades, and to see this as proof of the absence of any socializing effect of the system, would run contrary to one of the truisms of the social sciences: that personality structures are moulded by social structures.

I propose a different interpretation here, adopting the terminology developed by Goffman terminology (1959, 1961, 1966). By and large, people gave their own meaning to the possibilities offered by the system, and used these for purposes other than those originally intended. This is what Goffman has termed the “underlife” of organizations. The central ideology of the underlife consists of keeping one’s distance from the official sphere, from the purpose of the organization and in particular from its expectations as far as the roles of its members are concerned. However, since self-identity develops not in isolation from the roles played but always between and in relation to these roles, a specific type of conformance occurs under the guise of distance. Hence, Goffman can designate all forms of instrumental evasion and the undermining and boycotting of official expectations as forms of conformance. He calls this secondary as opposed to primary conformance. In the underlives of the socialist companies, people’s own pictures of their “selves” were relatively well shielded from possible doubts, particularly from doubts emanating from the official sphere. This tended to make people lethargic and helpless, however, because their own ideas inevitably appeared futile.

In this context, another story which I heard in an East German company appears much more symptomatic. Shortly after the collapse of the system an employee in an East German company, who up to then had made a name for himself as a Party activist, saw his name reviled on the notice-board. He was genuinely hurt, because he was convinced that he had always been sympathetic to everyone’s needs. What for him—at least in retrospect—was a self-critical and undogmatic attitude toward his role, was evidently seen differently by others. They, in turn, did not pass this assessment on to him. Our first conclusion might be that the breakdown in communication was simply caused by the fact that the activist did not take part in any conversations in which he might have learned unambiguous truths about himself or the
problems in the group. According to this interpretation, no mirror was held up to him which could have forced him to come to terms with the image that appeared in it. Though such cases may have occurred, they were the exception rather than the rule. The newly disappointed Party activist is more likely to have had an experience similar to that of most of the others: they all took part in the underlife of the organization and they all saw images in the mirror, but they did not need to attach much importance to these images since it was always easy to claim that the mirrors were being held up by the wrong people and were actually conveying quite a different message from the one appearing on the surface. Everyone lived with similar self-deceptions, irrespective of their proximity to or distance from the system; for the deception was caused by the conditions of interaction, and these applied equally to all.

Consequences of illusory role distance
There was a further structural principle in addition to the preconditions of self-identity and the construction of reality as discussed above. Hierarchical societies like the GDR look after their members, relieve them of many responsibilities, carry the weak and mediocre along with them, guarantee a fixed place for all and are interested primarily in people's loyalty and conformity, not in their performance. It is virtually impossible to drop out of a hierarchy, one can at best be demoted within it. And if something like this happens to a person, there are always explanations available that refer to the system and relieve the individual of any responsibility (Douglas, 1978, 1987, 1990).

Against this background it is understandable that the employees of many VEBs had developed a specific form of identification with their company. Interviewees stated that the great majority of their colleagues were reasonable, meaning that they were open-minded toward technical and economic arguments but turned a deaf ear to the unrealistic demands of the planning bureaucracy or the Party and Trade Union apparatus. They also covered up for each other.

Managers, as "representatives of the working class" who, of course, were not in reality controlled directly by the workers but by the Party, were unable to enforce either their own interests or those of the company. The hierarchical structure and the logic of the planned economy prevented them from basing their actions on criteria of formal economic rationality. They were, therefore, always being forced to act either against their own better judgment or against regulations. This made them easier targets for attack and hence forced them to be more conciliatory toward their subordinates.

4 Further examples are to be found in Rottenburg 1991; see in particular Marz, 1992, who quotes from his own experience.
When people spoke of "their" company and described it as an island of common sense in a sea of absurdity, they were referring to the mechanisms of the underlife just described. The necessary prerequisite for identification with the company was a combination of the company looking after its employees and the role distance and general aloofness toward the system discussed here. Yet, the more people agreed that the system was like a poor stage play, the further they were in fact from becoming truly independent of it and assuming an outsider's view.

Another facet of the syndrome discussed here is a corresponding form of solidarity. Although Eastern Bloc Socialism was oriented toward Marx, who only made passing comments on the subject, the emphasis on unity without contradiction—which was so characteristic of the monistic SED's ideology and was in Lenin's tradition—is more reminiscent of Durkheim. It shared with him a concern that the citizens of the industrial society had lost the protection and beneficent control exerted by the societal institutions due to the increase in incoherence, i.e. the coexistence of contrary standpoints. Since, according to this point of view, solidarity is only possible between people who think in the same categories, the aim was to enforce such categories. This meant essentially that the entire GDR was conceived as a "greedy institution" (Coser), and its citizens felt like inmates expected to embrace the only permitted values, rationality assumptions, classifications and patterns of reasoning as their very own (on the GDR in particular, see Pollack, 1990; for basic notions, see Coser, 1974).

Although it was never possible to subject the socio-cultural discourse that took place within the companies to the complete domination of political discourse, it still had an effect. One particularly striking observation in this context is the fact that the social relations in the socialist collectives were described by the actors in the same categories as the ones provided by the official propaganda. In both the official system and in the organization's underlife people believed in a form of solidarity springing from an emotional attachment to a homogeneous structure of norms, a morality based on loyalty and an ever-present monistic structure of shared meanings and ways of reasoning. In other words, people believed in the warmth of an ideological community and hence also in the implied conformity. At the same time, the same people claimed that the ideological framework was external, artificial, and had no meaning.

Here lay the central problem: in the context of insoluble dissonance, as predetermined by capitalist industrialized society, solidarity based on shared meanings is impossible. Accordingly, loyalty toward the socialist collective was in reality founded above all on conspiracy, or at least a distancing from the structures of the system. Since this turning away could not be articulated freely in public, it was easy to exalt the resultant secondary conformance to an ideological community—particularly in retrospect.
The illusion of independence from their roles was not only a problem for individuals and for their view of ideological communalization. No interaction can be predicted and planned without a self-identity that is made visible, that is perceived as truthful and that has been socially ratified. This is particularly so when new and innovative ideas are not to be excluded but are in fact supposed to be encouraged. Organizations that are oriented toward complete conformity suppress unconventional approaches, while also making their officially propagated philosophy and classifications non-committal. Such organizations lose their sensors and develop a kind of blindness and intransigence toward changes in their environment and in their own ranks which will sooner or later lead to their downfall.

As we have seen, the degrading and suppressing of self-organized reality constructions led to an undermining of the officially valid version of reality. The other side of the coin was permanent uncertainty about the outcome of social interactions and a consequent need on the part of those in power for ever-increasing control over the valid version of reality. Whereas in fact the echelons of control themselves were also being increasingly undermined, people believed in the existence of a powerful and flawless apparatus of repression. Yet the entire regime was swept away in the course of a few weeks, simply because people suddenly stopped conforming. Only then did people realize that for some time it can have been little more than a façade. This, however, was the beginning of a new crisis, as we soon shall see.

We can now summarize our findings on the social construction of reality in East German socialist companies. The introduction of the planned economy led to what has frequently been described (particularly with reference to the Soviet Union) as a “second,” “parallel,” or “shadow” economy (Grossman, 1977). The plan provided for the formal production and distribution of commodities according to material rationality. However, it was only able to function with the help of a shadow economy working from below, which simultaneously prevented the plan from succeeding.

The socializing effect of Eastern Bloc Socialism appears to have been minimal, as we can see by comparing the discrepancies between some of the values propagated during the GDR period and events in the GDR following the collapse of the system. Nevertheless, it certainly cannot be assumed that the period passed without having any effect on people at all. The efforts of the Party to instill the right consciousness into the population and, above all, the concrete living conditions created for this purpose, could not fail to have an effect on personality structures—even if not the one intended.

My view is that the official attempt to achieve as great a degree of harmony as possible between the member role and the self, had the opposite effect. Working people believed in the existence of their “selves” outside their position in society. People withdrew into the underlife or into private niches, where, without interference, they could create images of themselves that were hardly ever put to the test. This self-perception was bound to remain
largely an illusion, since there is no identity outside society. The other side of this withdrawal was the maintenance of a sentimental attitude to community life that was diametrically contrary to civil society.

As a consequence of illusory role distance, the symbols were undermined. By replacing the paradigm of exchange between actors with conflicting interests by the paradigm of equality of interests, the common consolidation of reality constructions was made impossible. The official classifications were regarded as fictitious, and private classifications were hardly ever revealed without some distortion. The collective classifications that developed inbetween remained unrealistic and non-committal, because there was no public socio-cultural discourse in which they could have evolved.

The ambiguity of the postmodern era

The extended version of the model

Up to now we have been discussing the Volkseigene Betriebe as sites for the social construction of reality. Their significance for the present crisis becomes clear if we examine the aim that is being pursued in the process of transforming them. We can start by asking ourselves how Western companies differ from VEBs and I shall try to draw the picture as it appears to someone from Eastern Germany.

First we will have to return to the analytical model presented above. It is usually assumed that the first and most fundamental difference between socialist and capitalist enterprises lies in their respective environments. The essence of capitalism consists in allowing the inherent laws of the economic sphere to evolve without interference—i.e. not subordinating them to political, socio-cultural or ethical factors (Polanyi, 1944). The viability of business enterprises depends on their ability to ensure a profitable return on capital; all means have to be reconciled with this ultimate criterion. Of the two models quoted above, describing the commitment of the members to the company, the segregated or S-model is the one aspired to in this context. By entering into an employment contract the company is purchasing a specific performance and it expects its staff to leave behind them at home any concepts associated with their private lives that might disturb the course of work. The S-model is an ideal type of the capitalist enterprise, and it attempts to set up partitions between the individual’s roles as a company member, a citizen, and a private person, as well as between the corresponding fields of action, so that these can all evolve alongside one another without any apparent disturbance. The basic principle here is the exchange of performances (e.g. work for wages), not the identification of interests and ideas.

For various reasons, this economic solution, cleared as it is of all other meanings and forms of logic, is hardly ever found in such a pure form in real life. There are two pragmatic reasons for this. First the opportunities that arise and the need for action in companies can never be fully predicted or

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regulated. Companies are heavily dependent on their members being prepared to act voluntarily in line with the organization's aims. Management must trust the members and be able to rely on them; it is dependent on their creativity, particularly since organizational aims have to be constantly changed. All this can only work if the members identify at least partially with their member roles. And to do this they also have to bring with them ideas they have developed in other areas of experience. Furthermore, the success of a company also depends on its image among present and potential employees, investors, customers, business partners, and a variety of pressure groups, as well as with the public at large. This image is affected not only by efficiency but also by a number of factors drawn from the rationality assumptions and values of the other social spheres. For these and other reasons to which I shall return shortly, there is always a certain deviation from the ideal type of the S-model of the capitalist enterprise.

Hence a third ideal type develops for gaining the commitment of the members to the organization's aims. This unites elements of both the integrated and the segregated models to form what we will call here the "balancing" or B-model. In this variant the normative structure of the organization is kept as open as the long-term aim of profit generation requires and allows. The members are correspondingly given considerable room for maneuvers, in which they can and are encouraged to incorporate experiences and ideas of their own.

However, the emergence of the B-model as the third ideal type is based on a fundamental structural characteristic of Western market society. This is also the second substantial difference between the capitalist corporate environment and the environment of state-owned companies under Eastern Bloc Socialism. Western civil society is not only characterized by the differentiation of the various spheres of action and the development of their respective rationality assumptions. An equally vital aspect consists of the mutual permeation of the differentiated spheres of action in de-differentiated permeation zones. Unlike the socialist solution to the differentiation problem, which consisted in the subjugation of all spheres to the logic of politics, the Western solution is based on compromises between the four differentiated social spheres of politics, culture, economy and community. These compromises are never final, but need to be renegotiated again and again. This also means that the tensions between antagonistic views are never overcome; the articulation of opposing views is not only possible in principle but also unavoidable; indeed it is even necessary to the long-term cohesion of society through permeation. All forms of direct political censorship and control over the individual's freedom of decision are taboo under this structural principle, if only because such things contradict the logic of the economic system and, in the end, would spoil business (Münch, 1984).

The institutional framework of the economic order is the most obvious expression of the fact that the economic sphere in Western market societies
is based on compromises between diverging standpoints, and not on the sub-
summing of everything under a unified rationality. This applies in particular
to the relationship between labor and management, in which antagonistic
interests are defused in achieving a compromise acceptable to all sides. But,
taking Germany as an example, this is not all: the division of responsibilities
between the supervisory board, the executive management and the works
council (representing labor), and institutions such as labor law (wages paid
during sickness, protection against dismissal, etc.), the Works Constitution
Law (co-determination), the training system, pension schemes, consumer
protection, environmental protection and so on are all evident consequences
of the permeation of the economy by non-economic aspects.

The actors in companies that are moving toward the balancing model
assume a role which links identification and aloofness in a characteristic
manner. To some extent they are encouraged to bring their “entire person”
into the organization, and under certain circumstances they attempt to
ensure this themselves, because it corresponds to the values and principles
of the political and socio-cultural sphere.

Let us pause for a moment here to record a first interim result of the argu-
ment in this section. In practice, the ideal type of the capitalist business
enterprise, the S-model, only applies as an ultimate criterion. Companies
usually move closer to the B-model by taking account of rationality assump-
tions and ways of reasoning other than those of economics. Since there is a
risk that these other orientations might detract in the long term from the aim
of optimizing the return on capital, company managements make sure that
they are not holding the reins either too tightly or too loosely. The B-model
must not become stable; it needs the maintenance of tension between the
interlinking rationality assumptions. The main result of the underlying
mechanisms is that all the rationalities and values that meet in the de-differ-
entiated permeation zones modify each other in a specific way. To this extent
the B-model is not a compromise between integration and segregation;
rather, it commands both, fulfilling the function of the I-model while main-
taining the tensions of the S-model.

How symbols work
The B-model means that the struggle to find solutions never stops. In this
process business-mindedness, community spirit, power and fundamental
cultural assumptions all play a part, each one defending its own essence
against the others. In the course of this struggle a kind of alliance may be
attempted between communal action (Gemeinschaftshandeln) and economic
action (Wirtschaftshandeln). In terms of communal action, an opportunity is
sought to structure the company as a place in which actors can develop as
“whole” human beings through belonging to a community. This endeavor
can be strategically adapted to the logic of business, by reversing the per-
spective: the actors’ ideas should not mold the company, but their ideas

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should be shaped by the company's requirements. This radical difference
would doubtless be concealed as far as possible.
This sounds reminiscent of the "VEBs" and the I-model: there, politics
was the "wolf in sheep's clothing" of communalization, here it is economics.
In both cases, if this viewpoint were to be adopted, the risks of the S and B-
models would be overcome: the employees could act as whole human beings
but would not undermine the aims of the company, because these aims
would be identical with their own.
Having looked at the socialist attempt at the I-model, we must ask: how
realistic is the expectation that the I-model can be successfully realized
under capitalism? The best way to investigate whether business can success-
fully manipulate reality constructions to its own ends, is to look at the strate-
gic use of ritual symbolism.
This involves the kind of rituals that are performed in companies with a
view to creating a corporate identity. The idea is that traditional rituals, like
the company's anniversary, as well as many daily events such as departmen-
tal consultations or quality circles, are no longer held primarily because of
the topics to be explicitly discussed there. Rather, priority is given to the
higher, implicit theme of commitment to and identification with the compa-
y. This might thus involve turning the works canteen into a bistro, trans-
foming the entrance hall into a picture gallery with palms and fountains, or
making a communication area out of the coffee room. Advertisements for job
vacancies can be used to raise the prestige of those already working in the
company. Further examples are the development from product advertising to
life style advertising, or ads consisting of an ironical quotation from the his-
tory of the product.
Participants in corporate-culture rituals come armed with their own inter-
pretation models and ideas. They are not prepared without resistance to give
up the positions they have developed in socio-cultural discourse inside and
outside the company. Nobody can help noticing that the ideas on offer have
been drawn up deliberately and for a particular purpose by people represent-
ing the interests of the company. If the symbols of a dominant elite are forced
onto a discourse, they will no longer condense reality but will deteriorate
into empty signs whose content is vague. On the other hand, symbols devel-
oped outside any public discourse, i.e. in the isolation of the company's
underlife, will have little effect, and that only indirectly: they easily deterio-
rate into surrogates.
If the actors are to be attracted by the rituals of corporate culture—in other
words if there is to be any hope at all of developing new collective ideas—
there must be some kind of positive link-up with existing ideas. This is the
consequence of a fundamental prerequisite of socio-cultural discourse in
contemporary civil society: without participation, rationality constructions
remain unconvincing.
One of the crucial features of joint classification and symbol systems is their self-evidence and inscrutability. This means in turn that the social origin of the ideas remains largely unnoticed by the people who hold them (Fleck, 1935; Douglas, 1987). If this hidden origin is revealed as a result of a conscious attempt to manipulate the classifications and symbols, the symbols will no longer have the same effect. The result is what Max Weber has called "disenchantment." At worst there is outrage, since the sovereignty and rationality of each of the affected individuals is placed in doubt.

Here are two more concrete examples. First, a negative example concerning the question of linking up intended reality constructions with those already existing. While I was doing fieldwork in a West-Berlin-based company, the managers were sent on weekend seminars on leadership methods run by a well-known firm of consultants. One Monday, a departmental supervisor who had just returned from the seminar called a meeting. After greeting the eight members of his staff, but with no further comment he told them to close their eyes, lower their heads, and think for one minute about what they would do if they knew they only had one year left to live. He then repeated the question twice, reducing the life span first to a month and then to a week. Although nobody actually objected, many felt uneasy and distanced themselves from the exercise by not closing their eyes, or even by reading. After the meeting, when the boss had left, one of the staff remarked: "This place gets worse and worse"; another comment was: "The boss always was a bit weird, but this just about takes the cake!" However, one young colleague who had received all his training inside the company said he found it fascinating. Since he realized that his interpretation was not accepted by the rest of the group, he was the first to leave the room; the others went on making comments, and concluded that it had been a ridiculous exercise.

Let us turn this example into a positive one. The departmental supervisor starts by explaining what the weekend seminar was all about and what the object of the concentration exercise was. Above all, he tries to link up with the ideas and attitudes already shared by his staff. Thus he might start by saying: "I rather liked this technique, would you like to try it?" In this way a totally different situation would emerge: the staff would feel that they were being addressed as human beings and that their views were being respected. Once they have been assured that they are being included in the test as critically reflecting people, they may agree to take part. And that is precisely the point.

Looking at the problem from this angle, we see that Western corporate-identity management has no need to try to instill specifically created classifications, shared meanings and ways of reasoning into people's minds. Besides, this would be impossible to do under the conditions of differentiated, opposing rationalities (Deutschmann, 1989; Rottenburg, 1990). In the final analysis the only message that can be conveyed consists not of some concrete content—in the above example the specific technique of raising the
level of concentration and willingness to take decisions—but of an implicit and abstract principle. If the people affected by the ritual gain the impression that the solution offered acquires a suitable meaning only as a result of their own critical interpretations, then the message implicitly conveyed concerns the value of committed participation.

How, then, will this construction of reality be seen by people from the former VEBs? In order to clarify this question, we need to look a little more closely at one implication of the B-model: the dependence of this commitment on the openness of the classification and symbol system.

Living with ambiguity
Corporate purveyors of desired world-views have to look for compromises if they are to reach their target group at all. As a result they are forced first to question the validity of the world-view themselves, as we have seen in the reverse version of the above example. Since they cannot impress the desired classifications, values and norms upon the minds of those targeted, they initiate a distanced and "disenchanted" negotiation process, the outcome of which is always open. On the other hand, participation in a socio-cultural discourse of this kind nevertheless increases the level of mutual attachment among the participants. Companies encouraging this type of critical discourse will increase their staff's commitment to the rules of the game.

At this point we recognize a parallel with the socialist company, where a similar identification developed in the underlife on a basis of role distance and secondary conformance. We also recognize the crucial difference: the incorporation of the critical counterproposal into the ritual of Western companies. To put it another way, in a capitalist enterprise an underlife cannot develop undisturbed in opposition to the system as was the case in the socialist companies. The dark corners are constantly being illuminated. Secondary conformance, which undermines fossilized organizations from within, is made legitimate and is linked up so quickly and comprehensively with primary conformance that it can be instrumentalized in the service of the organization's aims.7

In order to describe more precisely the decisive difference between this and the comparable processes in the VEBs and thus to go further in our interpretation, I should like to return to the question of differentiation (Münch, 1984). In capitalist Western society the spheres of action permeate each other. The de-differentiated zones of permeation include elements of the various spheres. We can select a classic example as our point of departure: when a market first comes into being it is accompanied by the emergence of a market community consisting of all the exchanging partners, who thus

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5 The pattern of this argument was established by Horkheimer and Adorno, 1947, as the dialectics of enlightenment; it became famous through Marcuse, 1964, and later Foucault, 1975, it has recently been applied to organizational sociology by Gideon Kunda, 1992.

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become the mainstays of a normative order. On the one hand, the feeling of solidarity is transferred from the original kinship and neighborhood communities to all the partners exchanging goods on the market. In the opposite direction, the orientation toward market exchange restricts the solidarity of the market community to a mutual commitment to the rules of exchange. The market community exerts solidarity in the observance of the market order. In addition to this interlinkage with the values and rationality of communal action, the sphere of pure utility orientation is also permeated with elements from the socio-cultural and political discourse, and in all cases the influence is mutual.

The emergence of a market community can be regarded as a prototype for the interlinkage of communitarianism with the reality assumptions and values of the other three spheres. The result is the emergence of the “social community” (Münch, 1984). This supersedes the particularism of simpler forms of “solidaristic community,” which were at all times restricted to self-contained social circles and based on the postulate of equality and shared meanings, as contained in brotherhood and friendship. By contrast, the solidarity of the social community of civil society acquires an abstract, formal appearance, which can contradict the original direction of solidarity in concrete individual cases. On the other hand, commitment evolves towards the maintenance of rules as a result of mutual motivation.

The type of commitment that is possible and required in civil society—or, to put it another way, the changed structure of reciprocity—calls for further specification. Actor A observes B and sees how she differs in her ways, attitudes, opinions, and so forth from C, D, and others. As a result, Actor A also learns to respect opinions that differ from or even oppose his own. Actor B's behavior has thus influenced Actor A. It is, however, A's commitment to the social community that has increased, not his commitment to B. This process of norm consolidation within the framework of the social community obviously has to be based on free will and social consensus, and it must be consistent with long-term self-interest. Only this form of generalized reciprocity, which does not dispel different and contrary viewpoints, and which can live with antagonism—not the least in its own interest—generates the kind of solidarity that can endure in civil society and is necessary too, because it can live with contradiction, inequality and “otherness” (Münch, 1978).

Further ambiguities of the enterprise culture
The nature of solidarity as discussed above has far-reaching consequences. Integration in companies in particular often proves to be extremely precarious. If the actor's self-interest and the interests of the company become completely incompatible, the employment contract is terminated. Basically this also applies to small groups within the company. For example, construction gangs are well-known for their amicable solidarity among themselves. The members of the group are friends, they work and enjoy themselves together.
but they would never cover up the poor performance of a colleague for long, thus losing money themselves. There is solidarity among the members of the group in the observance of their rules, and piece-work is just as much a part of this as helpfulness (Rottenburg et al., 1988).

The structure of the market economy tempts people to seek recognition in their careers and their roles as company members, only to impress on them as well their arbitrary replaceability and the meaninglessness of their individual lives. People experience this as a heavy burden, yet they may not betray their feelings. Mary Douglas (1990) speaks of a forensic concept of the self which the market society has created in its enterprise culture. Here, individuals are forced to prove to themselves and to others that they too are successful in their working lives and that they are proud of it. One of the most important measures of success is the virtuosity with which the member roles of a person's working life have been mastered. Everything is centered on autonomy, self-responsibility, and performance. Performance is highly rewarded, weakness and mediocrity are not excused. In the event of failure, there are no escape routes of the kind that are available in the hierarchic society. Most people are plagued by feelings of inadequacy and failure, as well as a guilty conscience for perhaps not having made sufficient use of their opportunities, so that they consider themselves responsible for their misfortunes. References to the system or to the underhanded practices of others rarely save the loser from ostracism. Exclusion from the market society—which is often unfair even according to the valid criteria—can be almost total, and it often occurs so silently that the individual often fails to notice what is happening until afterwards. Mary Douglas says: "The enterprise culture just waves a wand and its reverts become invisible" (Douglas, 1990, p. 20).

Conclusion

For people coming from the former Volkseigene Betriebe adjustment to such conditions is more than just another bitter experience. Rather, most of their former fundamental orientations have lost both their function and their foundations. Assumptions in Western companies regarding the identity of the people who work there are incompatible with the personality structures that developed in the VEBs. Ideas about solidarity in the working world are similarly diverse. Under mass unemployment and a spreading sense of worthlessness it is not difficult to see that a feeling of commitment to the rules of capitalism is unlikely to develop. Given the fundamental socio-economic crisis in East Germany, it seems doubtful whether people will accept the paradoxes of formal, capitalist economic rationality as the lesser evil. Although it is no longer so popular for East Germans to compare the Western "elbow mentality" unfavorably with their own "socialist warmth," it remains a remarkable fact that this dichotomization ever took place at all. It is about as
valid as all the analogous contrasts that used to be published in the official Party newspaper in the GDR.

Parallel with the shift in commitment from real people to abstract rules, there also has to be a shift in reality definitions, in ways of reasoning and shared meanings. The greater the linkages between the rationalities of the various spheres of action, the more obvious it becomes that the ideas are constructs which are becoming increasingly ambiguous and paradoxical. This experience runs diametrically contrary to the conviction held in the underlife of Eastern Bloc Socialism, namely that systems of classification and symbols would reflect reality appropriately by getting rid of the regime's interference.

The constructed nature of reality also becomes evident if we try to capture the type of environment with which corporate strategies have to come to terms in market economies. Organizations "respond to an environment that consists of other organizations responding to their environment, which consists of organizations responding to an environment of organizations' responses" (DiMaggio and Powell, 1983, p. 149).

To managers whose expertise concentrated on dealing with the prescribed policies of the planned economy, the drafting of company strategies on the basis of this realization must seem like tightrope-walking without a safety net. The imponderables of strategic decisions are frequently blamed on the transformation process and its related chaos and crisis but seldom on the system of the market economy itself. Many of the new managers believe that, once the transformation is complete, reliable and binding criteria for decision making will emerge once more.

The shadows of socialist monism nourished some innocent hopes, three of which have been highlighted by our argument: first, the idea that a true self-identity exists behind, and independent of, social roles; secondly, that solidarity is always founded on thinking in the same categories; and thirdly, that definitions of reality are either ideological constructs and, therefore, false, or they correspond to reality and are, therefore, valid.

These are not simply incorrect notions that will be automatically replaced by correct ones as soon as people gain enough experience of the new conditions. Rather, the socialist perspective sheds a critical light on the most fragile and precarious aspects of Western civil society: the commitment to rules rather than to people, the pursuit of ever-changing goals based on uncertain reality definitions, and the experience of communal solidarity based on meanings which are shared only locally and temporarily and always with some reservations.

Meanwhile, the growing disillusionment with the loss of a corporate community based on common views and brotherly solidarity among equals aggravates an old and perhaps typically German problem: how to reconcile the norms and demands of civil society with the desire for a sense of belonging.

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Special Issue

Painful Transformations: Privatization In East And Central Europe—Introduction: The Tragicomedy Of Errors

Guest Editor
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