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Citation for published version:
Maclean, M & Hollinshead, G 2011, Contesting social space in the Balkan region: the social dimensions of a "red" joint venture. in C Dorrenbacher & M Geppert (eds), *Politics and Power in the Multinational Corporation: The Role of Institutions, Interests and Identities.* Cambridge University Press, pp. 380-412. https://doi.org/10.1017/CBO9780511973352.013

DOI:
10.1017/CBO9780511973352.013

Publication date:
2011

Document Version
Peer reviewed version

Link to publication

University of Bath

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Download date: 11. Sep. 2024

Contesting Social Space in the Balkan Region: the Social Dimensions of a 'Red' Joint Venture

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Published as: Maclean, M. & Hollinshead, G. (2011). Contesting social space in the Balkan region: The social dimensions of a "red" joint venture. In M. Geppert & C. Dörrenbächer, eds, *Politics and Power in the Multinational Corporation: the Role of Interests, Identities and Institutions*, Cambridge, Cambridge University Press, 380-411.

Introduction

This chapter sheds light on the MNC as a contested transnational social space in the Balkan region of South East Europe by 'deconstructing' a recent 'red' joint venture from the perspectives of key stakeholders, 'red' referring to the location of the MNC in question in countries belonging to the former communist bloc. The organisational focus of our analysis is the Serbian brewery 'Weisser',[1] the oldest brewery in the Balkans, situated near Belgrade, and recently acquired by the Turkish-owned MNC 'Eden'; the merger having taken place in an unstable and volatile environment, compared to a 'tinderbox' ready to ignite (Lee 2006). Through examining the merger from the grounded positions of key social actors – indigenous employees, union officials, local Serbian and 'Westernised' managers, exposed to new market-oriented logics emanating from the West, fuelled by globalisation – we discern both conflicting and consonant interests and rationalities relating to the establishment and early operations of the cross-border joint venture.

Our study is informed by the work of Zgymunt Bauman (2000; 2007; Bauman and Vecchi 2004) on identity and Pierre Bourdieu (1984; 1990a; 1990b) on the notion of 'habitus'. Habitus is conceived by Bourdieu as the ingrained, socially constituted dispositions of social classes that lead actors to make choices and decisions that reproduce existing social structures and status distinctions, orienting their actions and inclinations without precisely determining them. We suggest that the habitus of subsidiary managers and employees is at once *shared*, an extension of longstanding, traditional arrangements dating back to the socialist era, and at the same time *dichotomous*, with a new hiatus having opened up in the status of managers and workers which did not exist before, introducing new frictions to the relationship. This chapter turns the spotlight on conflictual micro-political issues within the newly-acquired Serbian subsidiary, examining the diverse rationales and identities of key actors, whose interests are shaped and informed by the contexts in which they operate (Child and Rodrigues 1996; Dörrenbächer and Geppert 2006; Morgan and Kristensen 2006). In this way, the chapter seeks to contribute to the further understanding of MNCs as complex micro-political systems spanning national, cultural, institutional, political and ethnic divides, and dominated by the interplay of power and politics (Clegg et al. 2006).

Much of the intrinsic interest of the present chapter derives from the fact that it is not concerned with a Western or North American MNC. The fact that Eden, the acquiring company, is Turkish is important. Turkey has enjoyed close historical links with the Balkans, stretching back for centuries. As a host nation, it eschews identification with the vast colonial projects of the nineteenth and early twentieth centuries in which Western countries engaged. It therefore taps into the notion of multiple modernities, free from association with the 'all too common unidirectional managerial crusade from the West to the East' (Kostera 2002: 115), while allowing for the emergence of other models (Kaya 2004; Lee 2006). Some commentators have tended to present MNCs as footloose and stateless (Ohmae 1990; Ohmae 1995), possessing an 'internal market of mobile managers' (Mueller 1994: 414). Many of the world's biggest economic entities in terms of turnover are not in fact nation states but MNCs (Sklair 2002). Globalisation arguably calls into question the viability of divergent types of capitalism (Crouch 2005), the expectation being that a US style of management might become diffused around the globe as the dominant paradigm. Other observers, however, lay greater emphasis on the *differences* between MNCs, arguing on the contrary that MNCs and the organisational processes they favour are heavily influenced by host country institutions, including industrial relations, education and financial systems (Whitley 1999; Djelic and Quack 2003; Geppert et al. 2003; Harzing and Sorge 2003; Dörrenbächer and Geppert 2009; Tüselmann et al. 2009). Viewed in this light, organisations and societies may be seen to mirror one another structurally, and markets are inseparable from their social contexts (Mueller 1994; Quack et al. 2000; Maclean and Harvey 2008). This argument stresses the embeddedness of organisations in the societal fabric in which they have been constructed (Hollingsworth and Boyer 1997; Clark and Soulsby 1998). Different countries of origin, as Ferner (2000) insists, lead to different patterns of control within MNCs. Harzing and Sorge (2003), indeed, suggest that divergence between MNCs of different countries of origin may actually be greater than assumed.

Mahmed Kari, President and CEO of Eden, appears to support this argument, observing that for Turkish companies the Balkans represent a natural terrain in which to do business, offering cultural consonance, proximity to the West and (one day perhaps) entry to the European Union (EU): ‘An environment which might seem impossible to a Luxembourg company is business as usual to us’ (cited in Barrett 2002: 21). For the Serbian subsidiary, Weisser, meanwhile, the cultural or ‘institutional distance’ between the home and host country is arguably reduced with a Turkish parent than had the merger concerned a Western MNC (Morgan and Kristensen 2006: 1470). All of Eden’s subsidiaries at the time of the merger were in Central and Eastern Europe. A so-called ‘red’ multinational, Eden therefore afforded more latitude for the Serbian subsidiary (Birkinshaw 1997), as well as an implicit cultural understanding and sensitivity, arguably conferring quasi-insider status on Eden's Turkish managers, and promoting, in a notoriously low-trust environment, a far higher level of trust (Clark and Michailova 2004; Nojonen 2004).

At the same time, the politically volatile Balkan region has received relatively scant attention in the field of international management (Barrett 2002; Hollinshead 2006; Hollinshead and Maclean 2007; Gould and Sickner 2008). Harzing and Sorge (2003) have highlighted the need for more empirical research on previously neglected multinationals operating in Europe, while Michailova and Clark (2004: 9) have called for more 'sensitising, inductive, bottom-up' research to investigate organisation in post-socialist transforming societies. Our study seeks to address these gaps, casting light on issues of transnational and cultural idiosyncrasy in international business activity.

In examining the diverse interests, identities and habitus of key actors involved in the strategic joint venture, this chapter addresses two principal research questions. First, what is the nature of the power base of local, indigenous managers in the Serbian subsidiary? And second, what is the nature of the relationship between subsidiary managers and workers, and to what extent might this be viewed as asymmetrical, founded on a habitus which is no longer shared but dichotomous?

Context

The small state of Serbia provides a compelling context to study. In some respects it emerges as something of a special case within European post-socialist societies, at the forefront of reform until the late 1980s, yet thereafter experiencing economic and social devastation as a result of civil war, Western-imposed sanctions and the fragmentation of the former Yugoslavia. Separated from the Republic of Montenegro following the Montenegrin referendum on independence in May 2006, it forms a small, landlocked country bordered by eight neighbouring states. Its population of just over 7 million is heterogeneous, comprising a majority of Serbs, in addition to, *inter alia*, Hungarians, Bosnians, Romany, Croats, Albanians and Slovaks. The declaration of independence by the southern province of Kosovo in February 2008 was endorsed by Western powers, but incited anti-Western sentiment amongst politicians and nationalistic-leaning members of the Serbian population. Kosovo contains a majority Albanian population, yet is regarded by many Serbians as their 'ancestral home'. Relations between the two remain tense, exacerbated by allegations of human trafficking and drugs smuggling, with Serbia stubbornly refusing to recognise the fledgling state, even if this should become a condition of EU membership (Economist Intelligence Unit 2008; *Emerging Europe Monitor* 2009).

The delivery of indicted war criminals to stand trial in The Hague was stipulated as a condition for opening the doors to EU accession. In April 2008, Serbia signed the Stabilisation and Association Agreement (SAA), paving the way for the harmonisation of legislation and standards with the EU. The arrest of Radovan Karadzic in July 2008 after 13 years on the run was hailed as a 'milestone' by EU Enlargement Commissioner Ollie Rehn; although Ratko Mladic, the principal perpetrator of the 1995 massacre in Srebrenica, a designated UN 'Safe Area', at the time of writing remains at large (Obradovic-Wochnik 2009). For Serbia, as for other Balkan states, EU membership is seen as critical to future prosperity. The EU, however, exhausted from enlargement and constitutional reform, and ravaged by recession, may drag its feet. As Lee (2006: 11-12) insists, 'the European Union needs to understand quickly it is solely the promise of membership that provides the impetus in these countries for change'. A coalition of democratic, pro-European parties, For a European Serbia (ZES), led by Boris Tadic, took power in July 2008; though the ultra-nationalist Serbian Radical Party continues to enjoy the electoral support of around one third of the population. As Vujadinović (2004: 4) argues, Serbia stands today at a critical crossroads, 'either to turn towards a future, modern, state in Europe, or to be pushed backwards to become an ever more traditionalist, xenophobic, isolated and prospectless entity'.

In the years following the merger of Eden and Weisser in 2003, the macro-economic environment remained poor. As Serbia embarked on a programme of rapid privatisation, including oil, electric power, mining, telecommunications and agriculture, injections of foreign capital were badly needed to propel economic generation. Yet continued political instability in the region, epitomised by the assassination in 2003 of Prime Minister Zoran Djindjić, who had sought to stamp out organised crime, served as a disincentive to potential investors (Hadžić 2002; Ristić 2004). At the time of writing, privatisation remains on-going, with Telekom Serbia, Belgrade Airport Nikola Tesla, and the pharmaceutical firm Galenika all expected to be put up for sale when the financial crisis abates (US Commercial Service Serbia 2009). Privatisation has been facilitated by a joint venture or 'flexible' model, signifying privatisation through a strategic partnership, offering modernisation, new investment, and a boost to jobs and exports. The joint venture of Eden-Weisser (EW) with which we are concerned here was founded on this model of strategic relationship. Arguably, however, privatisation recipients have been denied the fundamental institutions of market democracy in an illiberal regime (Gould and Sickner 2008). Corruption levels have remained high, organised crime rife, and tax evasion and financial fraud commonplace (Gordy 2004). Strikes and social unrest are forecast as industrial output slows, and the Serbian government makes stringent budget cuts – the price of having received IMF funds (*Emerging Europe Monitor* 2009).

Despite the faltering approach to reform taken by post-Milosević governments, some optimism has been generated through GDP growth of around 6 per cent in recent years, and the provision of tax concessions to attract inward investment (US Commercial Service Serbia 2009). Serbia benefits from its geopolitical location as a ‘bridge’ between East and West, its highly skilled workforce, its central position in the Central Europe Free Trade Agreement (CEFTA), and its economic relations with the Russian Federation. Nevertheless, the World Bank estimated Serbia’s overall rank as a place in which to do business at just 86th in the world (out of 178 countries) in 2008. This compares relatively unfavourably with many other countries from Central and Eastern Europe, including Estonia (17th), Latvia (22nd), Lithuania (26th), Slovakia (32nd), Slovenia (55th) and the Czech Republic (56th) (World Bank 2008).

This chapter is concerned with issues of power and politics in MNCs, more specifically within the parent-subsidiary relationship between the Turkish parent Eden and the Serbian subsidiary Weisser in the strategic joint venture established in 2003. Organisations are socially constituted, and social relationships in MNCs are institutionally embedded. Power, as Allen (2003: 2, cited in Clegg et al. 2006: 223) points out, is not a property but ‘a relational effect of social interaction’. It is a means of coordinating trans-organisational relationships. As such, power may be decentered, crossing transnational social spaces through ‘mediated relationships or through the establishment of a simultaneous presence’ (ibid.). Interdependent subunits within trans-organisational systems have a distribution of power often founded on the division of labour (Hickson et al. 1971). On its own, however, power is arguably insufficient, requiring the presence of trust to work more effectively, reducing risk and enabling business relationships to rise above the state of *homo homini lupus* articulated by Hobbes (Bachmann 2001). Politics, meanwhile, as Hardy and Clegg assert (1996), is the process of mobilising power, and is a term not without negative connotations (Pettigrew 1973). Conflicts commonly display as resource-driven, interest-driven or identity-driven (Rothman and Friedman 2001; Dörrenbächer and Geppert 2006). The particular conflict with which we are concerned here, triggered when a 'technological surplus agreement' was implemented in the Serbian brewery, leading to a reduction in the workforce from 368 to 235 employees, is primarily resource-driven; but it also spills over on to issues of identity and habitus, as different fates are seen to befall different types of actor, unequally empowered, in the Serbian subsidiary.

Identity and Habitus in an Uncertain World

Identity, Bauman argues, was once largely determined by employment (Bauman and Vecchi 2004), as the high incidence of surnames relating to occupation, such as 'Smith' (Schmidt, Forgeron) or 'Miller' (Müller, Meunier), across different societies reflects. This was arguably especially so in the former communist bloc, where individuals were assigned roles designed to match their abilities, at least in theory. More recently, however, with the transformation wrought by globalisation, we increasingly inhabit liquid times, in which 'a stable identity [is] even more desperately sought after and more difficult to achieve' (Bendle 2002: 16). Past certainties have given way to a new flexibility in the workplace, accentuating feelings of insecurity and disorientation (Bauman 2000; 2007). This is accompanied by a new awareness that communities, once the bedrock of any society, are no longer indissoluble and welded together, but on the contrary are polycultural, variegated and shifting:

> One becomes aware that belonging' and 'identity' are not cut in rock, that they are not secured by a lifelong guarantee, that they are eminently negotiable and revocable; and that one's own decisions, the steps one takes, the way one acts… are crucial factors of both. In other words, the thought of 'having an identity' will not occur to people as long as 'belonging' remains their fate… (Bauman and Vecchi, 2004: 12).

A primary characteristic of the accelerating liquefaction of social frameworks is that it implies a process of 'disembedding without re-embedding' (Bauman and Tester 2001: 89; Lee 2006: 357). The 'disembedding' of social institutions is viewed by Giddens (1991: 17) as a major influence on modernity. As the binding power of traditional social structures and ways of life ebbs away, agencies of collective action are swept aside by a new form of power, 'increasingly mobile, slippery, shifty, evasive and fugitive' (Bauman 2000: 14). The new, unpredictable and inexorably transient world left in its wake is marked by 'the falling apart, the friability, the brittleness, the transience, the until-further-noticeness of human bonds and networks' (ibid.), disembedding or 'lifting out' social relationships from their local contexts (Giddens 1991: 18), and instilling feelings of dissonance amongst the dispossessed (Bacharach et al. 1996; Lee 2006: 360; Hollinshead and Maclean 2007). As Bauman puts it, this is a world which ultimately 'goes back on its promises' (Bauman and Vecchi 2004: 52). The massive upheavals engendered by globalisation are by no means restricted to the former communist bloc (Verdery 1996). But the socialist economies were particularly outmoded (Jowitt 1992), suggesting that the pernicious effects of the rapacious change driven by global capitalism may be felt there especially keenly. This was exacerbated in the case of Serbia due to the upheavals it had experienced, including the economic collapse of the country in the 1990s, UN sanctions, NATO bombings, and shock therapy privatisation.

Habitus, for Bourdieu, is a system of lasting, transposable dispositions, informed by the earliest experiences of childhood. It serves as a system of cognitive and motivating structures which orient and direct the individual. As such it provides the individual with a practical sense of how to act, suggesting 'procedures to follow, paths to take', albeit without entirely predetermining these (Bourdieu 1990a: 53; Emirbayer and Johnson 2008; Maclean et al., 2010). As a 'product of history' (ibid: 54), both individual and collective, being rooted in a present past which extends into the future, it is understandable that an individual's notion of habitus might be deeply affected by the growing instability of a post-traditionalist, individualising society (Adams 2006). Habitus, Sweetman (2003: 532) observes, 'is a product of our upbringing and more particularly of our class'. Identities, in this sense, are often 'classed' (Bourdieu 1977); though to identify with a class, one needs to prove one's membership continually through deeds, otherwise one risks becoming *déclassé* (Bauman and Vecchi 2004: 49). Viewed in this light, a more accurate definition of class or stratification, Bottero (2004) suggests, might be the ability or otherwise *to escape from the field*. In this regard, the experience and prospects of the subsidiary managers and the indigenous workers in our case study below are revealed as dichotomous. While the former are able to exercise a degree of choice and agency, and a measure of control over the direction and development of their careers, the latter lack both choice and agency, emerging as powerless to influence their employment (other than through the ‘Hobson’s choice’ of exit).

Relations between management and workforce, of course, are normally asymmetrical. The point to stress here, however, is that in a former socially-owned production plant, this would not necessarily have been the case, the Yugoslav self-management model – characterised by state control yet endowed with a measure of decentralisation and imbued with an ethos of equality – which obtained during the Tito era being regarded as something of an ideal type in terms of employee participation.

In the elaborate setting of a transnational MNC, it is also clear that issues of power and control are rendered more complex across borders, giving rise to a subtle interplay of informal and formal power relations between parent and subsidiary (Ferner 2000; Bouquet and Birkinshaw 2008). Informal systems in the subsidiary and the power relations they represent are magnified in importance, since the MNC actually needs local managers to function, to occupy crucial bridging roles (as Cerdin et al. explore in the present volume) as ‘cultural go-betweens’ or as ‘interpreters’ of the local context (Ferner 2000: 530). This may result in a potential disjunction between the formal system of rules endorsed by the MNC and the practical operation of the system at local, subsidiary level. At the same time, low-power subsidiary actors may enhance their power resources *vis-à-vis* the parent company through such informal means, enabling them to increase their influence over time, potentially at least (Bouquet and Birkinshaw 2008).

Nevertheless, this cannot disguise the fact that in this relationship, and notwithstanding the tendency of the foreign-owned subsidiary to engage in strategies to enhance its influence with the parent over time, the power resources available to parent and subsidiary are inherently unequal. Internal competition may exist between different sister subsidiaries, which are effectively in competition with one another for resources from the parent company. It may even suit the parent to allow a particular subsidiary to decline while the capabilities of others are strengthened through additional investment (Birkinshaw and Hood 1998). Ultimately, the parent may choose subsidiary divestment (Boddewyn 1979; 1983). All of this instills a fundamental asymmetry at the heart of the relationship between the two parties (Bouquet and Birkinshaw 2008). At Weisser, this asymmetry arguably existed on two main levels, between the MNC headquarters (HQ) and subsidiary management on the one hand, and between the subsidiary management and its workforce on the other.

Research process

The fieldwork for the present study was conducted by one of the authors of this chapter, with the assistance of a Serbian academic. The involvement of a native academic proved to be invaluable to the research process. Gaining access to organisations in transitional economies is often difficult for Western 'outsiders'. Local participation helped the Western researchers to adjust to the culture and politics of the company under investigation, with the Serbian academic acting as a cultural informant, while enhancing their acceptability to insiders (Clark and Michailova 2004; Soulsby 2004). The Serbian academic also assisted with simultaneous translation during interviews with employees – thereby slowing down the questioning at times, and allowing the researchers an opportunity to observe respondents' reactions to particular areas of questioning (Soulsby 2004) – while helping to authenticate ideas and findings emerging from the research.

Invariably the researchers themselves contribute to the milieu of the research environment, impacting on the social contexts under study (Johnson and Duberley 2003). This is arguably particularly the case in conditions of societal transience. Soulsby (2004) argues that it is important not to stereotype respondents as passive beings, whilst assuming the researchers to be neutral, unobtrusive observers to proceedings. The reality may be starkly different, the researchers occupying a critical position in the research process which deserves to be acknowledged (Steger 2004), at times even creating quite a stir in the transitioning case organisation, becoming 'objects of curiosity and discussion' among the workforce (Soulsby 2004: 50).

The fieldwork for the present study was based upon three sets of semi-structured interviews, conducted in Belgrade and the brewery in Pančevo, 10 miles from the capital, in the course of three separate visits to Serbia during 2004 and 2005. The first set of interviews took place in Belgrade in May 2004, and involved five in-depth semi-structured interviews with Serbian experts and government officials in the privatisation process. The purpose of these interviews was twofold: first, to gain technical insights into the privatisation process; and second, to acquire qualitative observations regarding the speed of privatisation and the principle and practice of foreign ownership in a country where, until recently, all industry had been state owned (cf. Howard 2001). Insights provided by interviewees, and derived from related published material, helped to sharpen the authors' understanding of the political and economic setting of the case study (Lofland and Lofland 1995).

The second set of interviews was conducted at the Weisser Brewery near Belgrade in February and March 2005, and involved semi-structured interviews with senior managers, including the Human Resource Manager, Company Lawyer, Production Manager and the Sales Manager. These managers served as key internal informants, providing valuable information on the case study organisation, and acting as ‘guides to insider understandings’ (Lofland and Lofland 1995: 61, cited in Soulsby 2004: 50), especially necessary in a post-socialist transitional setting. The purpose of these interviews was both to acquire factual information concerning the organisational effects of the takeover by Eden, and to obtain reflective observations from the managers concerned regarding their personal experience of the joint venture, and the nature of the strategic relationship between Weisser and Eden. The interviewees spoke in English, an indication of their education and international experience, obviating the need for translation.

The final set of interviews took place at the Weisser Brewery in May 2005, involving six lay representatives of the trade union Nezavisnost, which represented a majority of the workers. The purpose of this interview (which involved all six individuals concurrently) was to gain the benefit of worker perceptions as to the organisational implications of the takeover at shop-floor level, and to elicit their feelings as to the future prospects of Weisser. Interviewing low-power actors in an MNC in a post-socialist transitional setting in this way is relatively uncommon (Bouquet and Birkinshaw 2008), and strengthens the grass-roots, bottom-up aspect of the present study (Clark and Soulsby 1999; Michailova and Clark 2004). The interviewees spoke in their native Serbian, with simultaneous translation provided by the Serbian academic. The approach adopted by the researchers in all cases was informed by Weber’s notion of *Verstehen*, seeking to access the different cultures of respondents through a heightened understanding, thereby gaining first-hand insight into their perceptions, interests and contexts (Johnson and Duberley 2003).

Following Czarniawska (1998: 47), we believe it is important to hear and heed the ‘voices of the field’. Kostera (2002: 113) gives poignant expression to the fundamental importance of doing so, stressing the need to ‘give voice to the fears, dreams and struggles of people who have entrusted me with stories about them’. This is especially necessary in a world which, as Bauman highlights, seems intent on going back on its promises – as exemplified by the subsequent demise of the Weisser brewery in 2008, its few remaining employees subsumed into the sister subsidiary at Zaječar.

The Internationalisation of Brewing

The brewing sector has seen dramatic shifts in ownership in recent years, away from indigenous interests and towards internationalised cadres of professional managers. Serbia represents an increasingly important market for Europe’s major groups, not least because per capita consumption is still relatively low, with scope for improvement. Total Serbian beer consumption per capita stands at around 60 litres per annum, compared with an equivalent volume in neighbouring Croatia and Slovenia of around 75 litres and 100 litres respectively. There were twelve breweries in Serbia at the outset of this study, all previously state or socially owned, but which rapidly became subject to foreign ownership; within a matter of years, however, several of these had closed. The Belgian MNC Interbrew entered a strategic partnership with the Apatinska Pivara brewery in Apatin in 2003, acquiring ownership of 50 per cent of its shares. Interbrew also acquired a major stake in Niksicka Pivara. Carslberg and Celarevo Pivara became strategic partners in October 2003, with the Danish giant acquiring 51 per cent of the brewery’s shares. Belgrade-based Beogradsku Indusrija Piva (BIP), in combination with Vrsacka and Jagodinska breweries, was privatised and purchased by Dutch MNC Heineken. The Turkish-owned beverage group Eden, meanwhile, bought up two Serbian breweries in 2003-2004: Weisser, the subject of this study, in August 2003, followed by a second brewery, Sava, at Zaječar the year after, which thereby became the sister subsidiary of Weisser. Within a short time of these takeovers, the total annual brewing capacity of the two breweries had risen to 1.4 million hectoliters – 0.4 million hectoliters in Pančevo and 1 million hectoliters in its sister subsidiary in Zaječar.

The Joint Venture

The Parent: Eden

Eden is an 85 per cent subsidiary of Turkish-owned food and beverage producer Eden Ark, a system of companies producing and marketing beer, malt and soft drinks across a territory ranging from the Adriatic to China, consisting of 14 breweries, four malteries, and nine Coca Cola bottling facilities across 10 countries. To date, Eden Ark has exhibited a pronounced strategic orientation towards Central and Eastern Europe, its field of operations concentrating on Russia, Ukraine, Kazakhstan, Romania, Moldova as well as Serbia. State-of-the-art brewing facilities in Moscow were developed with the assistance of the European Bank for Reconstruction and Development (EBRD), which contributed a €20 million loan in 2001. The group is amongst the ten largest European brewers by sales volume. In 1989, Eden Ark group management set itself a long-term goal to generate 50 per cent of its beer sales internationally by 2004, an objective it achieved in 2003, a year ahead of target.

The Subsidiary: Weisser

At the time of our study, Weisser was the oldest brewery in Serbia, having been established in May 1722. A critical stage in its development occurred at the end of the nineteenth century, when a German family, Weisser, took charge and developed the first steam brewery. The brewery's international connections were useful in learning brewing techniques from abroad, particularly from Austria and Germany.

During the Tito era, Weisser was nationalised, family ownership giving way to the socialistic organisational form of 'social ownership'. Accordingly, while the state remained a powerful actor in the process, the brewery was nevertheless owned by the workers themselves and managed by their representatives. In 1970, the brewery became a subsidiary entity within the Hamis holding company, which also possessed interests in agriculture and other sectors. In the 1980s, Weisser enjoyed rapid development and increased capacity, serving markets in Serbia, Montenegro, Macedonia and Croatia through the establishment of distribution centres in these regions. In June 1989, Weisser became a legal entity through the provisions of the first law on companies.

During the 1990s, however, in common with other Yugoslav enterprises, Weisser suffered as a result of war and UN sanctions. Indeed, the community surrounding the brewery was particularly badly affected by NATO bombings, which caused the local refinery to leak carcinogens into the environment. As well as losing valuable markets as the former Yugoslavia disintegrated, the brewery was unable to attract new investment from government or to import new technology and equipment. Nevertheless, there remained a sustained demand for beer throughout the period of crisis, and local producers held a stranglehold over the market.

In 1991, the brewery became one of the first privatising organisations in Serbia, with shareholders acquiring 60 per cent of socially owned capital. This figure was raised to 90 per cent seven years later, in 1998, as a result of the new privatisation and transformation law. Accordingly, although the general assembly overseeing the company continued to comprise of appointed individuals, the general manager operated in a relatively independent capacity, with a primarily professional, as opposed to political, orientation.

The Process of Merging

Heralding the new joint venture, Eden-Weisser (hereafter referred to in its shortened form as Weisser), in August 2003, the President and CEO of Eden Ark, Mahmed Kari, stated: ‘We will integrate Weisser’s 250 years of brewing heritage with Eden’s proven technological as well as marketing capabilities to be a leading brewer in Serbia. We will act with speed to fully leverage our advantage of being the first international brewer to enter Serbia’. Eden acquired a 63 per cent stake in Weisser through its acquisition of €6.5 million. This was followed in 2004 by a further investment of €5 million. The new owner also repaid the brewery’s debt to the state of €3 million. Fresh capital injected into the joint enterprise was used to enhance product quality and the technical infrastructure of the brewery. Subsequent important developments included the introduction of pasteurisation, product rebranding through the use of a new logo, the reshaping of bottles and crates, and the introduction of new plastic bottles. In December 2003, the company’s main ‘Weisser’ brand was relaunched, followed by strong marketing support.

In the case study which follows, we pick up the story following the implementation of a ‘technological surplus agreement’ in 2003, which had the effect of reducing the workforce from 368 to 235 employees in the first instance. In agreement with Nezavisnost and a smaller independent trade union recognised at the brewery, and in accordance with the relevant labour laws and collective agreements, surplus staff were redeployed or transferred wherever possible. Eden set aside €1 million to pay the 133 redundant workers, each of whom received €330 (before tax) for every year of service at the brewery.

Contesting Social Space from Grounded Perspectives

The locus of our study in Serbia, which may be considered an 'extreme variant' of other post-socialist settings (Eisenhardt 1989; Hollinshead and Maclean 2007), arguably offers the potential for distinctive, and perhaps idiosyncratic, analysis of the structuring of the strategic interactions of the social actors involved in the international joint venture (Crozier and Friedberg 1980). As highlighted by the present volume, recent departures in the study of MNCs depict the MNC as a site of micro-political contestation and pluralistic tension (Dörrenbächer and Geppert 2006; Morgan and Kristensen 2006; Dörrenbächer and Geppert 2009), rather than as a nexus of bounded rationality – the result of a 'clash between different actors within the firm utilizing resources derived from their institutional and organizational context to pursue their own agendas' (Morgan and Kristensen 2006: 1468). In keeping with this theme, we seek to expose the basis for micro-political 'game playing' (Doz and Prahalad 1991) on the part of key organisational actors by reflecting upon their primary interests and grounded positions.

The Parent: Cost and Cultural Consonance

While access to senior managers of the Turkish parent company Eden Ark was not available, the authors were able to gain insight into the strategic motivation of the Turkish-owned 'red' MNC from secondary and web-based sources. In a published interview with the company's Marketing Director in October 2002, the following statement was made:

> We are the major player in Turkey, but that will not be enough in the future. Especially when Turkey eventually becomes part of the EU and we will not have the protection of the monopoly system. We already produce Becks and Miller beer under license in Turkey, as one means of avoiding too many competition concerns when Turkey joins the EU, but we need to do more to ensure that our business continues to thrive after that date. We have focused on Eastern Europe for one main reason – money invested there goes a lot further than it does in the West. Of course, Turkey has also had traditional links with that part of Europe as well, so it makes it the ideal place to start expanding sales of Eden. (FoodandDrink.com 2004)

The importance for cultural consonance between home and host environments is underlined also by Barrett (2002: 21), who points out that whereas US or European investors were put off the entire Balkan region by repeated televised images of war, investors from more proximate countries, in contrast, formed a more realistic picture of the possibilities for doing business there. As Barrett explains, ‘The whole environment was more familiar to them. They had historical links – the Hapsburg Empire once stretched into today’s Croatia, Bosnia and Serbia, while Turks occupied much of the area for hundreds of years. History fosters cultural links that facilitate contacts and even trust between business people’ (ibid.)

In analysing the strategic intent of Eden Ark in Serbia, it is evident that the potential for building a normative ‘bridge’ through the subsidiary provides a powerful rationale for initiating the joint venture. This corroborates the assertion by Martinez and Jarillo (1991) that ‘cultural consonance’ serves to lubricate the dynamics of the parent-subsidiary relationship, particularly given the contextual specificities of the Balkan region. It is, of course, also the case that Eden Ark's interest in the area is driven by a powerful economic logic: the lure of cheap, skilled labour (Barrett 2002). A concomitant of this economic rationality, however, is an underlying political 'asymmetry' in the power relationship between MNCs and local stakeholders, including government, in the post-socialist region (Clark and Geppert, 2006). The structural weighting of power in favour of the MNC is heightened in the Serbian case by the retarded macro-economic status of the country and the general climate of political volatility. This was borne out by our interviews with privatisation officials, who revealed that a primary governmental concern was to relieve the debts incumbent upon the state by selling off publicly-owned enterprises to foreign buyers at artificially low prices as rapidly as possible; Eden being a direct beneficiary of this process. The Serbian government unquestionably falls into the bracket of 'low-influence national governments' referred to by Bouquet and Birkinshaw (2008: 478). As a low-power actor in its own right, in need of funds from privatisation and inward investment, it can do little to bolster the status and influence of indigenous actors in foreign-owned Serbian subsidiaries.

Local Management: Managing in a Zone of Uncertainty

As the protocol for merging was formulated, a 'transition team' of senior managers from Eden Ark and Weisser were appointed to steer the process of organisational integration, replacing the former senior management team. The team included the former General Manager at Weisser, as well as legal, sales, technical and finance managers. It was joined, on a project-by-project basis, by temporary expatriate experts offering assistance and advice on matters such as information technology and quality control.

At the time of the first set of interviews at the premises, eighteen months after the takeover, the transition team had been replaced by a new team of managers at what was now called Eden Weisser, following the joint venture. Although the General Manager, appointed immediately after the establishment of the joint venture, was of Belgian nationality, having been recruited from the senior ranks of the Belgian-owned MNC Interbrew, the majority of senior management team at EW was of Serbian origin, from Belgrade, with good local knowledge of the region. All three out of the four top managers interviewed (excepting the Company Lawyer who was a time-served employee at Weisser) were relatively young business graduates of Serbian higher educational institutions. All had ‘worked their way up’ in other MNC drinks producers based in Serbia, one (the Human Resource Manager) at Coca Cola and two (the Plant Manager and Sales Manager) at Interbrew. The Plant Manager had acquired significant international managerial experience in the sector, having worked for some time for Interbrew in Belgium and the UK. All three were fluent in the English language. In classifying the new cadre of managers at Weisser, they were clearly professional and specialist practitioners, who, although Serbian nationals, had acquired through their international experience extensive command of their functional areas. Their appointment effectively marked a final end to the legacy of worker self-management which had characterised the brewery during the Tito era.

Our primary focus in interviews with local managers was on their perceptions of the degree of control exerted by the parent on the subsidiary, and their consequent room for manoeuvre with regard to initiatives (Birkinshaw 1997). All management interviewees were asked about the frequency and form of contact they experienced with representatives of the parent in Istanbul. The Production Manager, who was also responsible for coordinating the financial investment from Eden, contrasted the rigorous scrutiny he had experienced whilst working at Interbrew with what he described as the greater room for flexibility and autonomy permitted by Eden: ‘We discuss everything with them, but they leave us to develop things for ourselves, and for me that is the right way of doing things, because I know this market much better than people sitting in Eden’. This was due, he maintained, not just to the smaller size of Eden Ark (owning 14 breweries at the time as opposed to the 300 owned by Interbrew), but also to the cultural compatibility resulting from Eden Ark’s East European origins and zone of operations. According to the Plant Manager, a ‘positive’ form of monitoring by the parent was apparent whereby it always ‘kept an eye on you’. This was understandable, he explained: ‘They are never going to leave me alone, because this is a property of theirs’. At the same time, the parent had confidence in the work of local managers, and was prepared to delegate to them and allow them to ‘formulate their own strategies’. The Plant Manager explained that he had frequent conversations with his line manager at Eden, which were typically cordial, covering subjects such as the weather and holidays, but which were also focused on the achievement of pre-set targets and deadlines, betraying the existence of a tighter leash. This included ‘reporting to them every day about how much we sold yesterday’.

Despite the Weisser team being able to develop plans and policies ‘in a personal way’, the Group Sales Manager at Eden monitored results rigorously, expecting daily reporting on sales volumes. In addition, if the subsidiary wished to stage a large promotion or event, costing in the region of €100,000, it was necessary to gain Eden approval. There is clearly a tension here between what the subsidiary managers describe as decentralised control and evidence of quite detailed surveillance by HQ.

Whilst the above conversations indicated that, at the very least, a 'soft' form of corporate control was being exerted by the parent over subsidiary managers in an organisational climate of relative cultural consonance (Larsson et al. 2004), it nevertheless became clear that local managers were mobilising tacit and culturally specific non-transferable knowledge resources to optimise their organisational legitimacy (Gertler 2003). The following observations from local managers are instructive in this regard.

According to the Sales Manager, it was necessary for him to convey to his team that the Serbian market was different from the rest of the world. Macro-economic and political instability created an environment which was highly charged and rapidly changing, with a high risk of inflation and devaluation. Furthermore, it needed to be understood that business dealings were not always conducted with propriety, a major problem being delays in payment for delivered items: 'Payment conditions are 60 days or 90 days, and I'm collecting my money in three months, but I have to pay tax and excise in advance'. Since his appointment in 2003, the Sales Manager had concentrated on building up the sales profile of EW from a very low base, Weisser having been in debt, and having failed to invest in branding and marketing. In conjunction with the previous Human Resource Manager, the Sales Manager had recruited a sales force from scratch by 2004, covering all major Serbian sub-regions, and embracing Bosnia, Montenegro and Macedonia. Members of the sales force were typically inhabitants of major Serbian cities, who had experience and a good track record in sales, and who were committed to forming a 'chain' between EW and customers in a direct and personal fashion. One activity, for example, was to visit stores to observe and negotiate the position of Weisser beers on shelves: 'You have to fight for the market every single day, to get a good position on a shelf in a store'. In gradually building the market, it was necessary for the EW sales team to be acutely aware of distinctive Serbian tastes in beer, which could be discovered through market research and 'blind' tasting. According to the Sales Manager: 'You have to adapt to the market if you want to survive, if you do not you will die in two months'.

The Human Resource Manager and Company Lawyer had been primarily involved in introducing the programme of employment changes at EW following the takeover by Eden. The single most significant development had been the technological surplus agreement which involved a workforce reduction of over one third. This agreement had been implemented with adherence to Serbian employment law and established collective agreements, as mentioned, which require consultation on matters such as redundancy and levels of compensation, as well as providing for the redeployment of redundant workers where possible for a period of three years. Thus, a number of redundant workers retained their association with the brewery, including former drivers who bought trucks with severance pay and thereafter operated on a self-employed basis.

Thus, a vital strategic contribution of the Human Resource team had been to ensure that Serbian employment law was properly applied in change programmes, the law remaining the primary determinant of the substance of the employment relationship. Accompanying the administration of the more technical aspects of change, the newly established HR department devoted considerable attention to communicating and explaining new policies to workplace representatives in a manner which took account of distinctive Serbian expectations and sensibilities. Thus, following Clark and Geppert (2006), a vital attribute to enable local managers to negotiate and uphold their social space within the enterprise was aptitude for learning. This strikes a chord with the arguments presented in the chapter by Williams and Geppert, who underline the importance of national resources, including employment laws, to provide actors with social space in MNCs. In the Serbian plant, however, this space seemed rather limited, despite their protestations to the contrary. These managers were walking something of a tightrope, having to combine effectively two distinct forms of knowledge. Firstly, through their dealings with the parent, and through their accumulated experience of Western companies and educational/training institutions, they needed to demonstrate ideological acceptance and proficiency in the application of 'universal' Western management concepts in the fields of strategy, production, HRM and so on. Secondly, in order to functionalise the peculiarities of operating in the 'insecurity zone' (Crozier and Friedberg 1980), they needed to capitalise on the rare, tacit and inimitable knowledge resources derived from their subjective experience of the uniquely challenging and potentially impenetrable Serbian institutional and cultural milieu (Gertler 2003). It was through the competent personal mixing of these discrete knowledge repertoires that the Serbian managers could maximise their organisational status and career opportunities.

Thus, in seeking to understand the micro-political 'game playing' occurring between parent and subsidiary management groupings, we should recognise that, in an organisational and macro-political climate of considerable asymmetry, local managers were nevertheless seemingly able to protect some valuable social space within the enterprise by mobilising two primary knowledge-based resources. Firstly, Westernised managerial and technical acumen was required to ensure competitiveness in the new market-orientated business environment. Demonstration to the parent of profitability would allow indigenous managers considerable latitude within a relatively high-trust, culturally consonant parent-subsidiary relationship (Ferner 2000). Secondly, in pursuit of the above, local managers could bolster their positions in inimitable fashion through the interpretation (Ferner 2000; Dörrenbächer and Geppert 2006) of universalistic fields of managerial knowledge in the highly particularistic Serbian business context.

Employee Interests: the Expression of Dissonance

While the social space between parent and subsidiary managers possessed a 'loose-tight' dynamic, a conditional degree of latitude being permitted to host country management, within the enterprise itself a widening gulf of contested social space was opening up between local managers and the organisational rank and file. It was the latter grouping that bore the brunt of the asymmetrical power distribution by the parent and its associated cost-cutting agenda, the victims of a 'hollowing out of democratic institutions and the privatization of the public sphere' (Bauman and Vecchi 2004: 5), which they were effectively powerless to resist. While the particularistic and tacit skills of the elevated managerial cadres in the enterprise were of value to the parent, the technical skills and proficiencies of (particularly older) production workers were viewed as dispensable. It is instructive to reflect briefly on the 'workers' story', conveyed during the third phase of fieldwork and second visit to the brewery.

Taking issue with management's perspective on the takeover, the worker representatives stated that a climate of secrecy had prevailed at Weisser, with little information having been forthcoming on specific work changes or the future direction of the business. Indeed, it was alleged that important financial data had been manipulated to bolster the interests of the incoming management. The lay officials of the union Nezavisnost asserted that the Weisser brewery had been undervalued to reduce its purchase price, thus lessening the value of payments due to workers according to their status as 'social owners'. At the same time, Eden had allegedly changed the product, reducing the quality of the beer, which likewise had the effect of lowering the value of the factory. Furthermore, it was alleged that the profitability of the enterprise, now highly productive according to the workers, was continually underestimated in order to justify low average pay for workers (approximately €150 per month, a sum too low to live on, compared to €1,300 for managers).

Turning to the technological surplus agreement, although severance pay had been acceptable by Serbian standards, allegedly the process of selection had been far from ethical. According to these representatives, 'psychological pressure' had been brought to bear on many older workers to quit; these time-served individuals, who possessed greater legal and social protection at work, being replaced with student workers denied pension or employment rights. 'New' machinery that had been introduced was in fact second hand, as one employee reported: 'A lot of what is coming is used machinery, it's not new. It's imported from Germany or somewhere. It's all used. Only the plastic bottling machine is new'. The temporary workers employed in the subsidiary were ill equipped to use this machinery, producing inefficiencies and creating something of a hazard.

Turning to broader issues concerning organizational culture, the worker representatives referred to the higher, managerial stratum of the brewery as 'Eden', indicating a perceived dichotomy in identity between themselves and the incoming professional cadres, despite their predominantly Serbian nationality. If the new and youthful management grouping were offensive to a workforce steeped in the principles of self-management, this was exacerbated by the removal of social benefits which had been enjoyed prior to the takeover. According to the representatives: ‘We used to get free sport and other welfare assistance, but now there is nothing’.

Thus, at a micro-political level, profound changes had occurred in the configuration of social spaces within the enterprise following the merger. Previous notions of egalitarianism and collectivism in the enterprise, binding management and workers together as a legacy of socialism, had given way to a polarisation of power and status. Although a productive and reciprocal normative relationship was now enjoyed by parent and subsidiary managers as a product of newly negotiated knowledge repertoires, workers tended to operate in a cognitive and normative organisational ‘black hole’, giving rise to feelings of helplessness. A comment by one shop steward is insightful, revealing the workers as feeling adrift and bereft following a string of broken promises:

> Before Eden came there was good communication in the factory. We all decided together, management and workers, about everything… now we are happy to have the possibility to work, end of story. We can’t plan anything. Nobody knows what will happen tomorrow. Social security doesn’t exist. Although we have been promised everything, including apartments and schools, nothing has happened. We have had a bad experience with promises.

At the same time, the representatives pointed to the sister subsidiary at Zaječar, Sava, which had received very different treatment from the parent company, and where the workers had benefitted from far higher redundancy payments: ‘Eden bought another company in Serbia, and the workers were much happier. The workers in other companies had a better agreement, a better deal, averaging €40,000 based on shares. But Pančevo workers didn't get the shares. They got some shares, but the value of them was very small, around €300'. By the time of our third field visit to the brewery, the plant had become much less active, prompting the researchers to reflect that things could not go on in this way.

Discussion and Conclusion

This chapter contributes to our understanding of MNCs as complex micro-political systems, dominated by the interplay of power and politics, by turning the spotlight on a 'red' joint venture in Serbia, which manifests both universal as well as particularistic tendencies in international organisational behaviour. Reflecting on 'cultural consonance' as a lubricating force in the devolution of strategic authority, it is clear that the normative factors that contribute to such consonance possess regional specificity. Thus, a Turkish-owned corporation was prepared to overlook ethnic tensions and political volatility as a serious risk factor in the host environment, in a situation where a Western corporation might have demonstrated a more cautious approach, highlighting the power of history and the cultural empathies it spawns as a precursor to international business activity and understanding, suggestive of a strong country-of-origin effect (Ferner 2000; Harzing and Sorge 2003; Tüselmann et al. 2009). The Turkish-owned company was clearly prepared to give the brewery the benefit of the doubt in its investment decision. However, in a context of political and institutional fragility, our study would suggest that the MNC is bound to place a particular, perhaps exceptional, reliance on locally based and tacit indigenous knowledge. Viewed in this light, the MNC may be particularly compelled, perhaps counter-intuitively, to devolve strategic authority to 'savvy' local managers in politically and institutionally uncertain environments.

Returning to our first research question specified above, it is clear that the power base of Serbian managers in the subsidiary was essentially fivefold. In the first place, the indigenous managers demonstrated prodigious language proficiency (cf. Ferner 2000). One, indeed, had begun his career as a translator, a role he abandoned as soon as practicable, but which had nonetheless served as the basis of his corporate career. In contrast, language proficiency was something the workers were singularly lacking, confining the latter to a relatively low-power position in the enterprise (Bouquet and Birkinshaw 2008). Secondly, the local managers possessed a striking familiarity with Western management discourse, demonstrating a formidable mastery of its concepts and practices. The 'tool kit' of Western managerial concepts which they had built up and assimilated allowed them to converse fluently, employing up-to-date management rhetoric in their day-to-day roles with reference to strategy, marketing and HRM, as evinced by their use of such terms as 'key performance indicators', or a new style of work based on 'polyvalence'. The third source of power on which local managers were able to draw was their wide-ranging experience, combining internationally acquired knowledge of new techniques to do with, for example, downsizing with their aforementioned fluency in management rhetoric. This experience had been acquired through management training programmes as well as through time served with other MNCs. Fourthly, they were able to consolidate their power base through their local knowledge of the Serbian market, as exemplified by the Sales Manager's efforts to secure top-shelf positions for Weisser beer in local supermarkets. In contrast, expatriate managers from the parent company would have been incapable of managing the realities of selling the product at this practical, grass-roots level, essentially giving local managers a monopoly in this regard. And finally, the Serbian managers had accumulated varying degrees of social capital acquired during their employment at Eden or other drinks MNCs, providing them with an international network of useful contacts and acquaintances on which they were able to draw (Granovetter 1973; Burt 1997).

The local subsidiary managers interviewed were able to exploit this repertoire of power sources in various different ways. In particular, they were able to marry together their grasp of newly acquired, ‘Western’ managerial techniques with a deep-seated tacit knowledge of local culture, and, at the same time, a more traditional, Serbian, pluralistic concept of enterprise. This was underlined in particular by the HR Manager, who at interview displayed a strong grasp of concepts such as downsizing while simultaneously engaging with a local union representative at every stage of the conversation; or by the Sales Manager, who stated that one of the workers at the brewery was also his neighbour, suggestive of a pre-existing, implicit equality between the two despite the asymmetrical salary differentials which now divided them.

This brings us to our second research question, namely to what extent might the relationship between subsidiary managers and workers be regarded as asymmetrical, founded on a habitus which is no longer shared but dichotomous? Habitus, as Bourdieu (1990b: 116) observes, is not set in stone but, on the contrary can be transformed and transcended ‘by the effect of a social trajectory leading to conditions of living different from initial ones’. As the examples cited above imply, the habitus of workers and subsidiary managers which used to be indivisible and shared according to the spirit of the traditional Serbian model of ‘social ownership’, emerges now as both shared and dichotomous, with the two co-existing in an ambivalent fashion. While the workers were displaced, marginalised and dysfunctional, the managers required their continued cooperation to shore up their own position, being in need of the workers' skills and knowledge of the local market. The local, subsidiary managers therefore had to pursue something of a double agenda, undertaking the cost-cutting measures required of them by senior managers at Eden, while maintaining good relations with the workers at Weisser. Workers who had been made redundant through cost-cutting measures designed to maximise efficiency were therefore regularly re-employed in the enterprise, albeit on a different contractual basis. Likewise, cordial relations with the workers were maintained as before, since these represented a *sine qua non* to the ability of the managers to implement the cultural shift required by Eden, which required the transference of international practices on to the domestic mentality. The degree of cordiality in evidence in the HR Manager's office, for example, as she chatted with an in-house union representative (a time-served employee who might well have been at the brewery during the Tito era), was an essential prerequisite to securing the workers' cooperation concerning the introduction of the new measures.

Moreover, while the managers were able to negotiate their patch with the parent company, at least to a degree, there is a sense in which the subsidiary managers and workers were 'all in the same boat', the local managers themselves being also relatively low-power actors in the sense implied by Bouquet and Birkinshaw (2008), albeit less so than the workers. The disadvantaged position of workers in the new micro-political 'game' being played out in the Balkans would suggest that, even in a 'red' joint venture, apparent cultural consonance is partial in its embrace of organisational actors, and is powerfully compromised by the imperatives of capital accumulation and profit maximisation. Likewise, in a fundamentally stratified world, the local managers, although needed by the parent company, may have little credibility ultimately with senior managers at Eden, partly because operations at

Weisser are so small (Birkinshaw 1999). Though production had increased at the brewery, it did not exceed 0.4 million hectoliters annually, less than half of that produced by the nearby brewery, Sava, in Zaječar. So while the subsidiary managers were clearly able to strengthen their relative position *vis-à-vis* the parent company by having recourse to the various power sources enumerated above, at the same time they too were operating under the severe constraints of the volatile Serbian macro-economic and political environment, where issues to do with the destabilising effects of inflation and devaluation and the extradition of war criminals, over which they had no control, loomed large over their collective future, undermining their view of their own position.

Nevertheless, what differentiates the local subsidiary managers and workers most of all is their *ability to escape from the field* (Bottero 2004). Ultimately, the subsidiary managers have the wherewithal to escape their current fate, through their university degrees, language proficiency, international experience, social capital and transferable skills. The workers, in salient contrast, being rooted in the field, have far fewer options, starkly illustrated by their reemployment on less favourable terms following redundancy. This underlines the fundamental asymmetry in the relationship between management and workers: while the former had exit options, the only real exit option available to the latter was redundancy.

In January 2008, it was announced that Heineken and Eden were to merge their breweries in Serbia from June 2008, forming a new joint venture, Ujedinjene Srpske Pivare (United Serbian Breweries), with Heineken becoming a 72 per cent majority owner of the joint venture, and Eden having a smaller 28 per cent stake. At the same time, it was announced that the brewery at Pančevo would close in October 2008, its remaining employees being transferred to Sava, its sister subsidiary at

Zaječar; a sad end to the oldest brewery in the Balkans, which had survived for almost 400 years, only to succumb to the hostile winds of change brought by globalisation.

At the time of our visit to the brewery, productivity, as mentioned, had risen and profitability, according to the workers, had also increased. However, where there is internal competition for resources from competing subsidiaries, it is not always clear how the rules will be interpreted by senior, host company managers. As Morgan and Kristensen (2006: 1479) observe: 'It is a common story in the closure of multinationals that the local plant did everything that was asked of it and yet still became the victim of the MNC's axe'. Conformity to the new rules set by the parent company does not mean that subsidiary managers will keep their jobs (Dörrenbächer 2007). Nor does it guarantee survival. Head office support is a necessary condition for subsidiary development; but on its own it may not be sufficient (Birkinshaw and Hood 1998). 'Boy Scout' behaviour on the part of subsidiaries eager to please is as likely to result in parent-driven divestment as more 'subversive' strategies pursued by alleged 'misfits' or 'problem children' (Boddewyn 1979; Boddewyn 1983; Delany 1998; Morgan and Kristensen 2006). Parent companies, as Mueller (1996) points out, often attempt to play subsidiaries off against one another in pursuit of further investment or preferential treatment. Clearly, Eden had demonstrated considerable commitment to Weisser in the initial stages of the joint venture, paying the company's debts, installing a transition management team, purchasing new equipment, and so on. But centrality to the parent company is not guaranteed in perpetuity, and is bound to evolve over time. While some subsidiaries will improve their centrality, strengthening their influence *vis-à-vis* the MNC – perhaps through the use of local and national resources to create spaces for local actors to shape events, as illustrated by the two other chapters in this section – others will find on the contrary that 'in the face of changing environmental contingencies… their connections may tend to vanish over time' (Bouquet and Birkinshaw 2008: 486).

Foreign subsidiaries may be established for a number of reasons, as Birkinshaw and Hood (1998) assert; and it is by no means clear that the subsequent development of the foreign-owned subsidiary is necessarily viewed as desirable from the parent company's perspective. Subsidiary evolution can lead to the depletion of the foreign-owned subsidiary's capabilities, which may be allowed to atrophy, and ultimately to the demise of the subsidiary itself. The dynamics of internal competition between individual subsidiaries are a decisive factor in the prosperity or failure of individual subsidiaries (Almor and Hirsh 1995). Despite the positive statement by the President and CEO of Eden cited earlier in this chapter, namely that Eden intended to build on Weisser's capabilities to ensure that it became a leading brewer in Serbia, it is clear that the brewery in Pančevo was competing internally for parent company resources with its sister subsidiary in Zaječar from an early stage of the joint venture. There was not necessarily any hidden agenda on the part of Eden to merge the two sites. Eden had, after all, given the brewery five years to return to profitability. It is also unlikely that early integration of the breweries was politically blocked, the Serbian government being too weak and impecunious an actor to take such a stance (Bouquet and Birkinshaw 2008). The market for beer was clearly crucial in what transpired. Serbia is a small market, and primarily a wine-drinking region to boot, and one can surmise that with two sister subsidiaries in close proximity to, and in competition with one another, the writing may have been on the wall for some time. Weisser was the smaller of the two, producing less than half the volume of beer produced by Sava, and equipped with outmoded machinery, with the exception of a German pasteurising machine (which the workers claimed was not new, but had been purchased second-hand) and a new bottling machine. An awareness of the other subsidiary at Zaječar was constantly present. Notably, both subsidiary managers and employees at interview expressed their fear regarding the future: as one union representative bluntly put it, 'We're scared, we live in hell'. One could argue that the seeds of decline were already detectable in the levels of dissonance and suspicion felt by the workers; the widening gap between subsidiary managers and employees in terms of salaries and status; and the expedient replacement of time-served employees with temporary workers, with few rights.

By the time of the closure of the brewery in October 2008, the numbers of employees there had been whittled down to just 30 remaining workers. With many former employees displaced and dispossessed by the chill winds of globalisation, our Serbian case study emerges as potentially archetypal. The corollary of globalisation is frequently a 'lifting out' of social relationships from their local contexts (Giddens 1991), an all too familiar process of disembedding without re-embedding (Bauman and Tester 2001), in a world which constantly rescinds on its promises (Bauman and Vecchi 2004). In our Serbian case study, this entailed a severing of links with the local context and the disconnection of managers and workforce, despite the former legacy of worker self-management.

One question which arises is why some individuals are more likely to become the 'atomized' subjects – as Bauman puts it – of powerful forces beyond their control, while others are better equipped, through education, skills, experience or new technology, to emerge as winners in what Habermas (1990) terms the 'catch-up modernisation'. Examination of this issue must be the preserve of future research. Nevertheless, it is important to observe that in a post-socialist country such as Serbia, which saw rapid and extensive privatisation, the competence of unions remains a concern. Unable to adapt to market liberalism or to withstand unilateral management decision-making, untrained in negotiation, losing their membership, yet stuck in the mentality of a bygone era, the protection they offered workers was ineffectual, leaving a vacuum in terms of worker representation.

The case study we have presented here provides a poignant illustration of the vicissitudes of globalisation. Weisser was not the only Serbian brewery under foreign ownership to close in the past few years. It may be the case that Eden effectively made use of young, Serbian managers to secure a relatively smooth transition in ownership and in the execution of HQ plans. The volatile Serbian context seemingly provides limited political resources for local actors to construct a power base they could truly exploit. Ultimately, largely due to factors beyond their control – including the Serbian market for beer, and decisions being taken elsewhere, in Istanbul or Amsterdam – the joint venture failed.

The dangers of Balkanisation, however, are not limited to the region which gave the term its name (Meštrović 1994). Our story doubtless resonates with British and American readers in particular. We conclude this chapter with a warning from Bauman of what may lie ahead if such issues are not addressed:

> And what are the abandoned, desocialized, atomized, lonely individuals likely to dream of, and given a chance, do? Once the big harbours have been closed or stripped of the breakwaters that used to make them secure, the hapless sailors will be inclined to carve out and fence off their own small havens where they can anchor and deposit their bereaved, and fragile, identities. No longer trusting the public navigation network, they will jealously guard access

to such private havens against all and any intruders. (Bauman and Vecchi 2004: 46).

Acknowledgement

The authors wish to thank Professor Ankica Borota Tišma of Belgrade Business School, the research participants who agreed to be interviewed, and the British Academy for funding research visits. We also wish to thank the editors and reviewers for their insightful comments.

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Note

[1] The names of case companies and individuals have been changed to preserve anonymity.