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ENTERPRISE RESTRUCTURING AND THE 'ENABLING WELFARE STATE'

A Search for Risks Sharing and Competitive Advance

How the Nordic model was created?

- The Nordic Model is only one solution in search for competiveness and risks sharing. Since the birth of welfare state systems these models have been in the process of internal and external pressures.
- In the first stage of its development capital market regulations, stabilization policies, wage regulations and other forms of control was packed into one box of collective agreement?
- The concept of active labour market policies is an good example of large concept of contractuality. It was seen as a strategy of a society.
- One important part of this model was the notion of national interests. National consent was looked for as an never ending process.

The end of national interest?

- The liberalisation of financial markets and the "Follow money –principle" led to new environments of banking and created new environment for competition and new actors appeared (Reich 2007; Morgan 2009).
- This kind a new context and power relation created also new questions for social scientist asking after the basis of contracts, contractuality.
- If we are phasing new kind of risks, do we need new methods, challenges of risk management?
- Or is the rebirth of protectionism in the context of prevailing economic crisis a substitute of national interests?

New Economic and Social Risks

- There are some new risks created by the globalizations of production, extension of global production chains and new methods of competition.
- Can these risks be buffered or managed by old methods like collective agreements, social security and welfare state systems, labour law or International agreements, democratizations of economy? or
- Do we need something new? New instruments, new type of global solidarity and contractuality like contract between capital and labour, producers and consumers, consumers and not-consumers, citizens and non-citizens?
- Taken this - what is then the freedom of maneuver in the industrial systems, collective agreements, national modes of innovation and competition policies.

Locational flexibility as corporate strategy

- In the recent years globally operating corporations use often the locational flexibility as a corporate strategy.
- Previously it was used mostly in the context of majour structural changes but now for competition on markets and to reduce costs.
- Compared with the old forms of flexibility, such as labour volume adjustments, outsourcing, salary- and work-time flexibility, companies are striving now for greater competitiveness through location flexibility.
- One reason for the repeated and fast relocations is that new technologies have allowed for it. Another explanation is that the costs of relocating production are fairly small for the companies and they can transfer the costs of relocation on to other actors such as subcontractors, and the greater society.

Who´s strategy ?

- In 2007 round 23 000 enterprises (7.9 % of whole number) seaced their production in Finland. Most of the was small enterprices.
- On the base of the literature Addison et al (2001) argue that single plants may be less likely to close in comparison to multi-establishment firms. On the other hand larger establishments are less likely to fail.
- There is some evidence that establishment with a larger share of manual workers have a higher probability of closure. The same is apparently also true where there are higher proportions of the professional or technical workers (Addison et al 2001, 18.)
- In case of Germany using data from the establishment panel, Addison et al (2002) found strong evidence of a positive association between works council presence and plant closings.
- In the Nordic countries available studies indicate that factors which increase the plant closings are multiple.

Effects on productivity and competitiveness

- There is also some information how the relocation effects the productivity and competitiveness of the corporation in short and long run.
- Cox, Michell & Kleinman, who studied stock market reactions to plant closings argue that according to the traditional view the stock-market prices of corporation should increase immediately after decision of plant closing but. this is not always the case.
- Having data of 9 closed plants in Sweden Wigbland et al (2007) found out a productivity change what they call as 'the closedown effect' and explain it, contrary to the explanations to the Hawthorne effect, that in such situation. Management's interest in the labour process were fading away and workers find more uncontrolled autonomy which leads to record the previous productivity and piece rate incomes. (Wigbland et al 2007).
- But once again, we don't know enough how the relocation policies of corporations may effect the individuals further productivity, aspirations and labour market positions.

Recommodification of risks

- Who covers ther social risks?
- As the insecurities and risks associated with the global competition have increased, states and governments have run to the rescue.
- Instead of placing more demands on companies, societies have accepted the responsibility of managing the costs of structural changes.
- The danger is that the risks of globalization are spread unevenly between companies and society as a whole, and the divisions within working life deepen further