

# Globalization and the Nordic Model:

Towards enabling welfare states and  
experimental systems of economic  
organization?

Findings from the EU FP6 Project: Translearn

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# The Enigmatic Bench-marks of the Nordic Welfare States

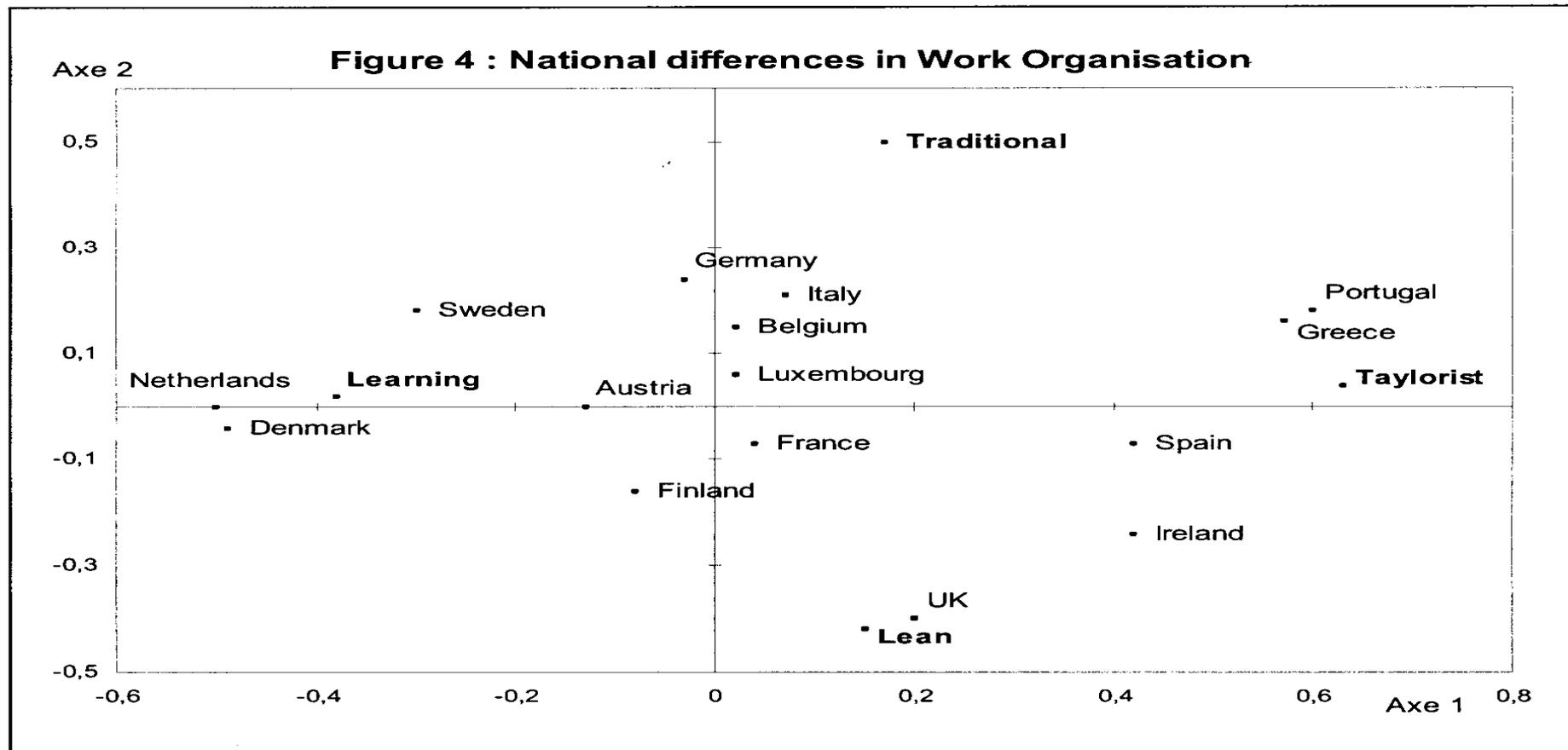
1. Still Highest on: Tax levels, unionization-rates, wage levels for employees.
2. Despite Strong growth in balanced globalization (FDI) in the 1990s
3. Paradoxical but Quick improvements in WEF competitiveness index since 1995
4. Highest positions in macro-economic health (unemployment, budget-deficits, debt, inflation, trade-balance)
5. Highly positioned on Index on Human Progress.
6. Highest participation rates for young, women and elderly on the labour-market
7. Lowest differences in incomes and educational levels

# What happens in Firms?

- Living with and being highly responsive to the changes in ownership, in benchmarks, scorecards, etc. from owners, financial markets, customers and regulatory institutions.
- Yet A New Strategy for Industrial firms:
  1. Combining products with services,
  2. Doing continuous improvement and innovation for customers'/owners' organization
  3. Searching for increasingly sophisticated and demanding customers or owners

# Transitional forms of organization

- Firms are able to change their role towards customers, owners and suppliers continuously
- A capability that is rooted in integrating planning and execution and constantly experimenting with High Performance Work Organization and Learning organizations
- Which are a mess in constant flux, but often consist of a dual structure of operational teams and ad hoc teams – mutually reconstituting each other (most extreme case Unimerco)
- The legacy of Industrial Relations for creating negotiating restructuring.

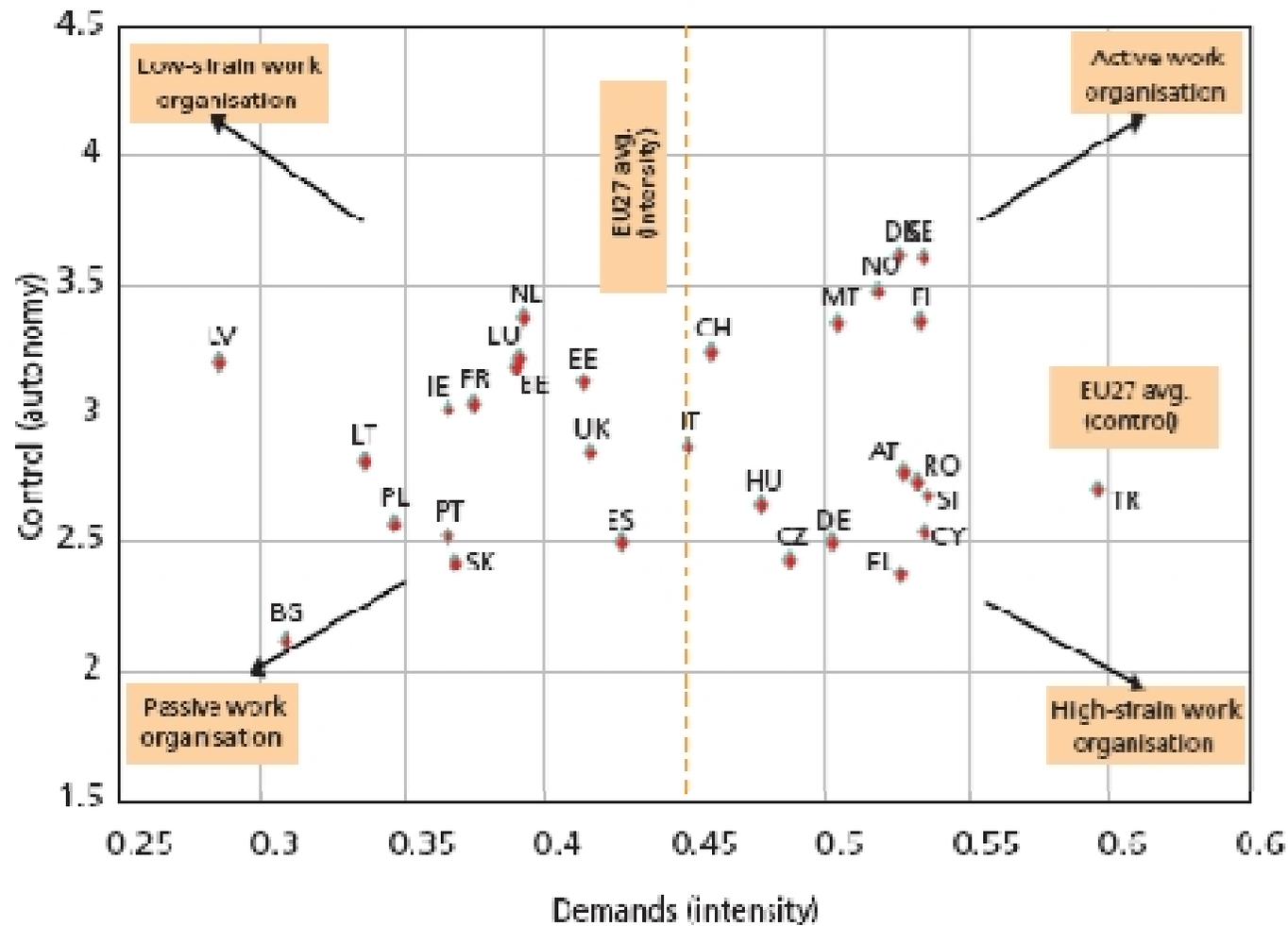


**Table 6**  
**National Differences in Organisational Models**

(percent of employees by organisational class)

	Learning organisation	Lean production	Taylorism	Traditional organisation
Belgium	38,9	25,1	13,9	22,1
Denmark	60,0	21,9	6,8	11,3
Germany	44,3	19,6	14,3	21,9
Greece	18,7	25,6	28,0	27,7
Italy	30,0	23,6	20,9	25,4

Figure 6.12: Job demands and control, by country

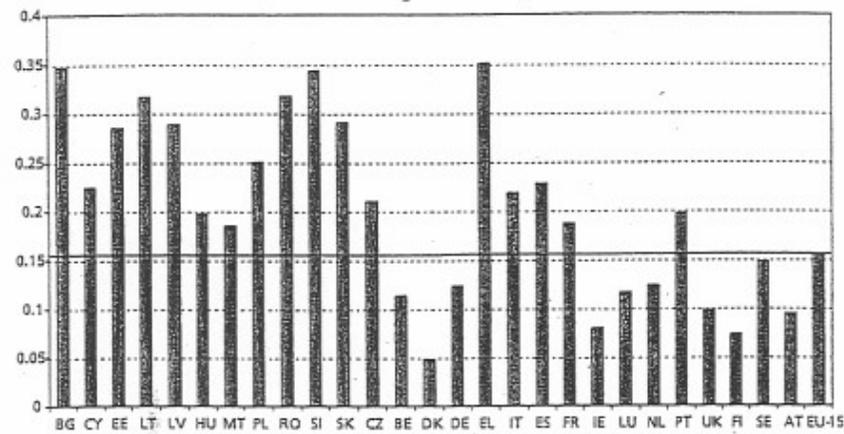


# The Autonomy of Danish Employees

Do you apply your own ideas at work?

	"Often"	"Now and then"
1985:	34%	21%
2000:	69%	20%

**Figur 2: Utilfredshed med arbejdet i udvalgte EU-lande (andel af arbejdere, som er utilfredse med deres arbejdsbetingelser) 2000-2001.**



Kilde: European Commission 2004: Industrial Relations in Europe 2004. Bruxelles: Directorate-General for Employment and Social Affairs, s 166.

**Nordic countries, Slovenia, EU27, UK  
and Germany:  
Pace of work depends on  
direct demands from customers..  
monitoring of boss**

Fourth European Working Conditions Survey



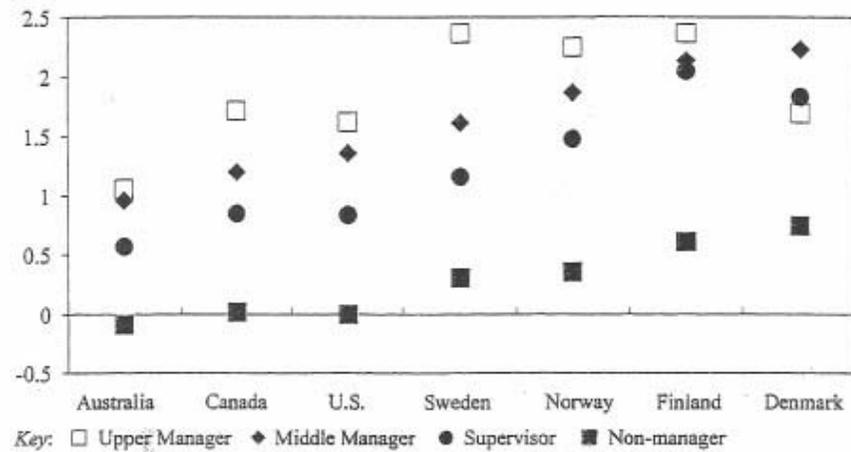
# What are the root-causes for this micro-situation?

- Work-autonomy was traditionally high in universal welfare states with IR traditions for negotiations.
- Transitions in policies and developmental logics during the 1990s:
  - Finland: Innovation system, engineers drawing industry into high techs and combining it with work-autonomy
  - Denmark: Active Labour Market policy upskilling people and enlarging the space, where mobility de-selects unchallenging workplaces (tailoring labour market institutions to local firms).
- Reconciling the ambiguities of HPWO by IR negotiations
- A new metamorphosis between the Welfare State and work-organization and strategies of firms.

# How does the Nordic Welfare states make a difference to the New Economy?

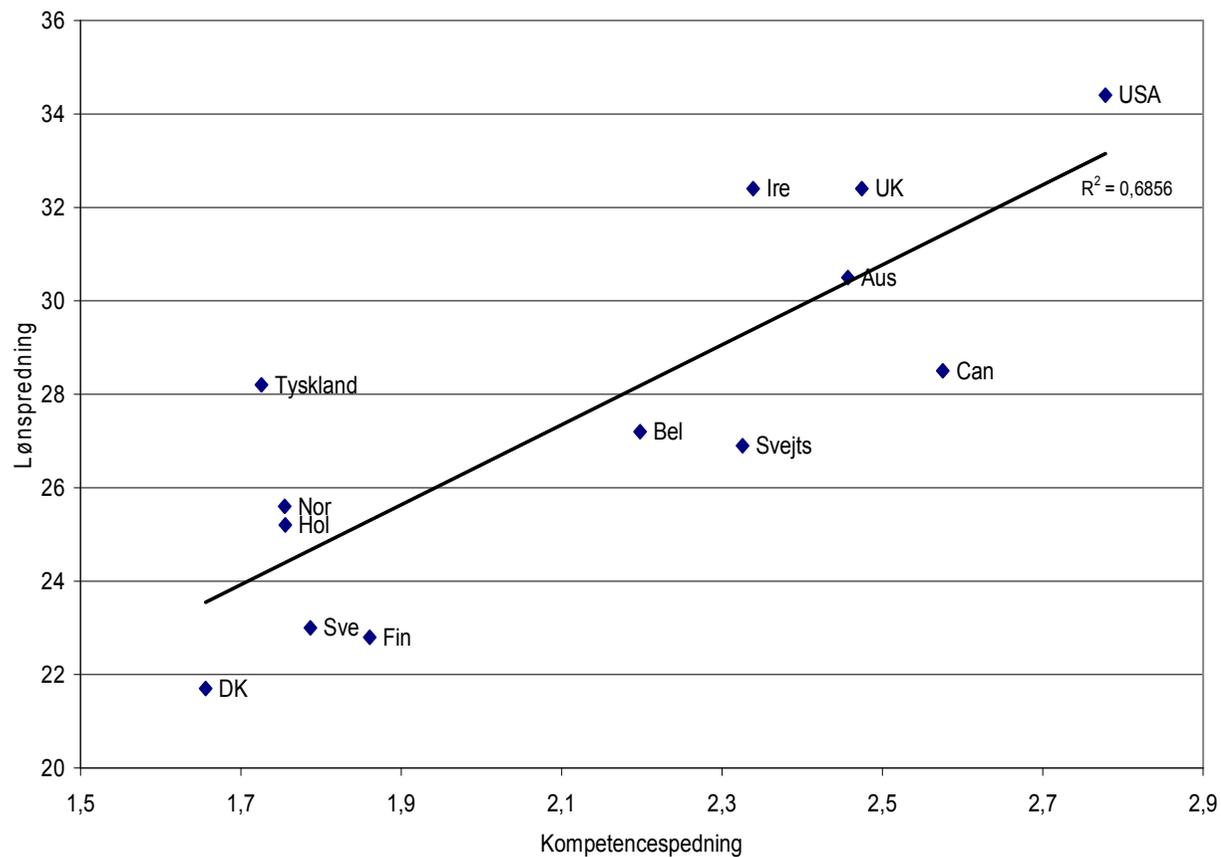
- Employee autonomy dependent on universalistic WFS and freedom to mobility.
- Access to the “Projective City” and mobility dependent on
  - Education
  - The liberated family: access to personalized services for kids, the elderly, unemployed, etc
  - Lifelong learning, distant projects, unpredictable life-courses
- The Big Wheel of Enabling Welfare States:
  - Decentralized innovation in the interface between the decentralized public and private sector

Figur 1: Effekten af ledelsesniveau på arbejdsautonomi.



Kilde: Frank Dobbin and Terry Boychuk 1999: "National Employment Systems and Job Autonomy: Why Job Autonomy is High in the Nordic Countries and low in the United States, Canada, and Australia. *Organization Studies*, 20:2, s 257-291.

**Figur 2. Lønspredning og kompetencespredning. Kompetencespredning målt som de 95 procent bedste i forhold til de 5 procent dårligste. Kilde: OECD**



**Table : Public spending as percentage of GDP on families and on elderly 1998 (1):**

	<b>Public spending on families</b>	<b>of which Services</b>	<b>Public Spending on elderly</b>	<b>of which services</b>
<b>Denmark</b>	<b>3.77</b>	<b>2.23</b>	<b>9.77</b>	<b>2.95</b>
<b>Finland</b>	<b>3.36</b>	<b>1.44</b>	<b>8.53</b>	<b>1.54</b>
<b>Sweden</b>	<b>3.31</b>	<b>1.68</b>	<b>11.17</b>	<b>3.71</b>
<b>United Kingdom</b>	<b>2.22</b>	<b>0.49</b>	<b>10.58</b>	<b>0.81</b>
<b>United States</b>	<b>0.51</b>	<b>0.29</b>	<b>5.20</b>	<b>0.05</b>

(1): Cash amount for a two-earner family with two children as a percentage of GDP.  
Source: OECD, 2007 B, p 66.

## Table 2: Social protection as share of GDP and share of other in-kind benefits within it

Source: Eurostat, 2008, p. 3 and 6

Country	Social protection as % of GDP (2000-2005)	Share of other in-kind benefits
Slovenia	24,6 – 23,4	4
Italy	24,7 – 26,4	3
Greece	23,5 – 24,2	11
UK	26,9 – 26,8	12
Denmark	28,9 – 30,1	21
Sweden	30,7 – 32,0	23
Norway	24,4 – 23,9	18
Finland	25,1 – 26,7	16
EU-15	27,0 – 27,8	9

# The Virtuous Circle of Nordic Economies

- The welfare state provides families with services enabling them to live unpredictable (space, time, content), entrepreneurial working lives, and further training that enable for redefinition of professional identities.
- This allows firms to organize work in fluid ways, that constantly explore new and recombine old skills and competences
- In this way changing demands from customers, owners and stakeholders serves rather as an impulse for re-evoking the life pattern of families and firms and globalization becomes a reservoir of possibilities rather than of threats.

# Defensive and Offensive Risk Sharing: Towards Enabling WFS

- From Compensating for consequences to search for future comparative advantages:
  - The turnaround of the Danish Model by active labour market policy: risk sharing through further training and mobility. A solution with limitations?
  - The Finnish duality between the NIS and the WF. Prospects and limitations.
  - Breakdown and Resurgence of the Swedish model?
  - Norway: A successful failure or succeeding through failure in the periphery?

# The Challenge in developing the Nordic Model

- How can public services and education gradually become improved and tailored to continuously lift the level and robustness of the entrepreneurial vitality of families, citizens and firms?
- How may public institutions be governed in new ways to search experimentally for their future roles?
- How is it possible for firms to carve out spaces globally in terms of relations, ownership, management and governance that fully exploit and cultivate the entrepreneurial potential of its citizens?
- What are the comparative strength and weakness of Nordic and Anglo-Saxon risk-sharing systems in the current crisis?