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WHAT CAN THE UK LEARN FROM THE NORWEGIAN AND FINNISH EXPERIENCE OF ATTEMPTS AT WORK RE-ORGANISATION?

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Editor's Foreword

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Abstract

For at least twenty years, UK policy makers have defined the country's long-standing skills problem as essentially one of poor or inadequate supply of skills. Many critics have pointed out the limitations of such an approach, arguing that it neglects structural weaknesses in the UK economy which serve to depress British employers demand for, and usage of, skills. More recently, however, there are signs that parts of the UK policy making community may be beginning to take a wider perspective. Both the Performance and Innovation Unit's project on workforce development and the Learning and Skills Council's workforce development strategy, signal a growing awareness of the need to address 'demand-side' issues.

In light of this, the paper considers how UK policy makers might begin to go about the task of designing policy interventions aimed at supporting the development and dissemination of new forms of work organisation that make better use of employees skills and capabilities. The paper begins by examining the reasons why job redesign and the quality of working life (QWL) movement failed to make much headway in the UK in the 1960s and 1970s, only to then disappear from UK public policy debates in the years that followed. An attempt is then made to explain why issues of work organisation and skill usage have recently started to creep back into UK policy debates.

In contrast with the UK, the Nordic countries have carved out an international reputation in the field of publicly-supported programmes aimed at workplace and work organisation development. Drawing upon the literature currently available in English, the paper explores the successes, problems and challenges these programmes have faced in two countries (Norway and Finland), and asks what lessons the UK might usefully draw from these examples. While it is not altogether clear what these programmes have delivered in terms of the development of new forms of work organisation, progress has been made in terms of building-up a body of researchers with necessary skills and expertise to assist organisations in development activity. Were UK policy makers to become serious about the need to address issues of work organisation and job design, all the indications are that they would not find such a task at all easy and would, in addition, have to confront powerful obstacles rooted in the UK's social, political and institutional environment.

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What can the UK learn from the Norwegian and Finnish experience of attempts at work re-organisation?

Ewart Keep and Jonathan Payne

INTRODUCTION

Over the past twenty years (see MSC 1981), UK policy makers have defined the country's long-standing skills problem almost exclusively as one of poor or inadequate supply of skills (Keep and Mayhew 1999). In attempting to tackle the problem, the main policy response has been to concentrate on measures designed to increase the supply of skills and qualifications, mainly in the form of an expanded post-compulsory education system (Keep 1999). At the same time, many critics have pointed out the limitations of such an approach, arguing that it neglects a set of deeply rooted structural factors that depress British employers' *demand* for, and *usage* of, skills (see Finegold and Soskice 1988, Ashton and Green 1996, Keep and Mayhew 1999, Brown and Lauder 2001, Green and Sakamoto 2001, Lloyd and Payne 2002a&b). One result is that too many UK organisations are said to be locked into neo-Fordist, cost-based competitive strategies centred on relatively standardised goods and services, and associated Tayloristic forms of work organisation that make very limited demands on employees' skills and capabilities (Keep and Mayhew 1998, Ackroyd and Proctor 1998). Consequently, these commentators argue that UK skills policy needs to embrace a much broader range of 'demand-side' interventions, capable of changing the way firms compete, design jobs and manage their employees, if substantive progress is to be achieved. Getting policy makers to absorb the substance of these arguments, however, has proven to be extremely difficult.

Over the past year or so, there are signs that parts of the UK policy community may be beginning to adopt a somewhat broader view. A recently published report on workforce development from the Cabinet Office's Performance and Innovation Unit (PIU), for instance, raises the possibility of 'systems failure' with the result that parts of the economy may become trapped in 'a low skill/low wage equilibrium in which neither employers nor employees demand higher levels of skill' (PIU 2001: 7). The report argues that skills and workforce development are, in fact, a

‘derived need’ dependent upon firms’ wider business strategies. In a statement that would have been unimaginable in UK policy circles only a few years ago, it insists that, ‘Changes in skills will only lead to improvements in economic performance, competitiveness and living standards if organisations are able to make use of the enhanced knowledge and potential of their employees’ (PIU 2001: 24). Similarly, the Learning and Skills Council’s Workforce Development Strategy (LSC 2002), together with consultation documents currently being produced by the Department for Education and Skills in support of its forthcoming Skills Strategy (DfES 2003), suggest a growing awareness of the need to address ‘demand-side’ issues. The latter explicitly asks, ‘how can we encourage and support employers in moving to product strategies, new technologies and work practices that both raise productivity and the demand for skills?’

There is no disputing that at the level of policy analysis such statements mark a significant watershed. As Coffield (2002) argues, however, a better *analysis* of the UK’s skills problem does not mean that a new policy *approach* capable of getting to grips with its underlying causes will necessarily be forthcoming. Indeed, there are powerful political, ideological and policy obstacles to such a radical agenda in the UK (Lloyd and Payne 2002a&b). Nevertheless, it would appear that academics now have much more to play for, in terms of helping policy makers think about how they might start to tackle the problem of firms’ demand for skills. If they are to make headway, however, they will need to do more than just offer an accurate diagnosis of the problem; they will have to come up with practical policy recommendations for the here and now.

The purpose of this paper is to consider how policy makers might begin to address one element of the UK’s skills problem, namely that of poor work organisation and job design. Just persuading policy makers that there is a role for public policy in this area will be a significant achievement. In a country where ‘voluntarism’ remains firmly entrenched, the very idea that government may need to open up the ‘black box’ of the firm to interventions designed to target areas traditionally seen as the preserve of managerial prerogative, remains revolutionary, if not downright subversive. Furthermore, if past experience is anything to go by, such a project will not be at all easy. Indeed, there are a number of factors present in the UK’s social, economic and institutional environment which appear likely to impede progress from the start (see Keep and Rainbird 2000). These include:

- A ‘shareholder’ model of capitalism geared to short-term profit maximisation and inimical to long-term investment in people, plant and technology (see Hutton 1995).

- A weakly regulated UK labour market (see Blair 1998) which is said encourage ‘low road’ approaches based on cost-minimisation, long working hours and reliance upon a low wage, low skill and casualised workforce (Brown and Lauder 2001).

- Long standing and persistent cultural beliefs, linked the English class structure, that there exists a limited pool of intelligence or talent in the population which ‘must be nurtured to fulfil the most demanding roles in the division of labour, whilst the majority are capable of little more than menial and routine employment’ (Brown 1998: 22).

- Hierarchical management approaches, based on command and control, together with a culture of low-trust employee relations.

Faced with such a formidable array of obstacles, many will no doubt argue that the writing is already on the wall for any workplace development strategy in Britain. However, unless academics actually try to assist policy makers in designing interventions which seek to improve the way work is organised and skills are used, we shall never really know how much progress can or cannot be made. One difficulty is that having spent twenty years hammering away at the ‘supply-side’ of the skills problem, UK policy makers currently have little idea what a project to shape work organisation might involve, still less how to go about it. It seems sensible, therefore, to begin by asking where policy makers might usefully look for some clues as to how they might proceed. One obvious port of call is the Nordic countries which are generally seen as having been at the forefront of such experiments. With this in mind, the paper examines the attempts that have been made in Finland and Norway to develop programmes aimed at supporting workplace development, and tries to assess what we might learn from these.

The structure is as follows. Section one looks at why work re-organisation has tended to be relatively neglected in the UK, and what factors are likely to add to its salience as a policy issue in the future. Section two then explores the problems and challenges that Norway and Finland

have faced in designing workplace development programmes. In section three, the authors consider the lessons that UK policy makers might draw from these Scandinavian examples, before asking how they might feasibly initiate a programme of workplace development from within a very different and perhaps less hospitable social, political and institutional context.

I. WORKPLACE DEVELOPMENT IN BRITAIN: A CASE OF SORRY NEGLECT

The emergence of work organisation as a policy issue among western nations can be traced back to the 1960s and 1970s. At that time, the main focus of concern was on tackling problems of job dissatisfaction, absenteeism and labour turnover associated with Taylorism and 'scientific management'. Various experiments in job redesign emerged across Europe and elsewhere under the banner of the Quality of Working Life (QWL) movement. Since then, the focus of publicly-supported workplace development activity has shifted, as issues of competitiveness, quality and flexibility have increasingly come to the fore, and the concern has been to support innovation processes consistent with the development of the 'high performance workplace' (see Buchanan 1994, Ennals and Gustavsen 1998, Alasoini 2001b).

More recently, the issue of work organisation has also begun to figure prominently within policy debates at the European level. The European Commission's 1997 Green paper, *Partnership for a New Organisation of Work* (EC 1997), affords the development of new forms of work organisation a key role in promoting competitiveness, employment opportunities and the overall quality of working life. Nevertheless, some countries have clearly devoted more energy and resources to this kind of developmental activity than others. Whereas Germany (Fricke 2000) and Scandinavia (Ennals and Gustavsen 1998) have generally been at the forefront of such initiatives, the UK, by contrast, has come to be regarded as something of laggard in the field (Totterdill 1999). Why then has workplace development been such a neglected issue in the UK?

A poor start

Even in the 1960s and 1970s, when the QWL movement was at its height, UK experiments with job redesign tended to fall some way behind those that were being attempted in other European countries (see Elliot 1978, Lupton *et al* 1979, Geary 1994). In terms of government policy, the

then Department of Employment did establish a 'Tripartite Steering Group on Job Satisfaction' in 1973 (Wilson 1973) which culminated one year later in the creation of the Work Research Unit. The Unit's purpose was to persuade industry to introduce various 'job enrichment' schemes as well as offer advice and guidance as to how firms might actually implement them. Although the precise amount of activity that went into such experiments on the part of firms is difficult to quantify, all the indications are that it was restricted to a relatively small number of organisations and rarely involved more than very small groups of workers (Tipton 1982).

Even where 'job enrichment' experiments did take place, there was little to compare, for example, with the introduction of autonomous work groups at Volvo's celebrated Kalmar assembly plant in Sweden. In the UK, the main motivating factors had more to do with easing tensions in industrial relations or boosting efficiency than they did with improving the quality of working life or the 'humanisation of work' (see Elliot 1978: 199, Batstone 1989). As Geary (1994: 635, 636) notes, 'in the 1960s and 1970s, at least, it was more typical for British employers to redesign work according to specific efficiency criteria and any move towards new participative forms of work organisation was almost accidental and rarely informed by theories of the virtues of worker involvement'. Typically, most experiments were 'more concerned to tinker with individual jobs than to institute a fundamental reorganisation of the structure of work and employee responsibilities'.

Why was it then that issues to do with work redesign and the quality of working life put down such shallow and fragile roots in the UK? Part of the explanation has to do with the fact that such issues tended to lack resonance either with employers or trade unions. Historically, British employers have long resisted any formal negotiation with trade unions over 'production issues' which were felt to infringe upon their hallowed 'right to manage' (see Hyman 1995). One need only recall the vitriolic, sometimes hysterical, opposition mounted by UK employer organisations and 'the City' to the Bullock Report (Bullock 1977) on industrial democracy in the late 1970s which raised the prospect of worker representation on company boards (see Coates 1980: 131-142). The hostility of UK private capital towards any form of worker or union participation at the political level of the enterprise is indicative of a deeply-felt belief that managerial power and prerogative must be defended if economic efficiency and shareholder interests are to be

preserved. By the same token, forms of work organisation which disrupt managerial hierarchies and control structures by ceding greater autonomy to the workforce were far more likely to be seen by UK management as a ‘threat’ than something to be welcomed.

For their part, British trade unions also tended to show relatively little interest in initiating experiments in work re-organisation and job redesign, preferring to concentrate their energies on more ‘traditional’ forms of bargaining over wages and conditions (Elliot 1978, Brannen 1983). Nevertheless, while employers resisted any *formal* bargaining role for unions over production issues, powerful unions with strong shopfloor organisation were able, at certain times, to exert a degree of defensive control over job content, the pace of work, and the introduction of new technology. As Terry (1994: 228-229) notes, however, this was largely an ‘opportunistic’ response, premised upon a ‘managerially-derived division of labour’, that rarely involved a strategic challenge to Taylorist forms of work organisation.

Most British trade unionists in the 1970s remained extremely wary of being co-opted into areas of managerial decision-making which could compromise their position as a ‘permanent and independent’ opposition (see Lane 1986, MacInnes 1987). It is worth recalling that the Bullock proposals were ‘absorbed by much of the trade union movement to begin with as an aberration of Jack Jones’s [the then General Secretary of the Transport and General Workers’ Union] and one or two others which would involve them in changes of role and behaviour which they had not begun and did not much want to think through’ (Elliot 1978: 241). Beyond an opportunistic challenge to managerial prerogative through local workplace bargaining, the unions more or less accepted that it was for management to run the enterprise, organise production, and design work systems, while they got on with the really important business of collective bargaining. It would take another decade at least, during which the unions experienced political exclusion, plummeting membership and marginalisation at the workplace, before many would begin to question the wisdom of such a position and advocate a continentally-inspired ‘social partnership’ agenda (see Ackers and Payne 1998, Tailby and Winchester 2000).

A snail-like crawl to 'the demand-side'

If, partly for the reasons outlined above, work organisation and job-redesign failed to spark much interest in the UK in the 1960s and 1970s, then the last twenty years have seen such issues disappear almost completely from UK public policy debates. Broadly speaking, the overriding assumption has been that intensifying competitive pressures, rapid technological change and more sophisticated patterns of consumer demand, would propel firms to adopt high-quality, high-skill production strategies, linked to theories of HRM and the 'high performance work organisation' (HPWO), and that this would, in turn, involve a shift to less hierarchical management structures and more autonomous team-based working. Provided employers could be guaranteed enough of the right kind of skills, the design of work systems was assumed to be relatively unproblematic. In so far as policy makers committed themselves to building a 'high skills' or 'knowledge-driven' economy in the UK (see DTI 1998, Mansfield 2000), the solution was seen to lie primarily in a series of skills-supply initiatives. Only very recently have concerns around work organisation and the productive utilisation of skills begun to reappear as feint blips on the policy radar. How then are we to account for this new-found policy interest and why might we think that such issues will continue press their way into future policy debates?

Limited take-up of high performance workplace model in the UK

There is mounting evidence to suggest that the take-up of the OECD and EU's (see EC1997) much-vaunted 'high performance work model' remains extremely limited in the UK. According to the First Findings of the 1998 Workplace Employee Relations Survey (Cully *et al* 1998), only one in 50 organisations, or 2% of the sample, had ten or more of the sixteen practices which when 'bundled' together are thought to constitute a strategic approach to managing the human resource. The findings on team working contained in WERS are equally disturbing. Thus, although 65% of workplaces reported the use of team working for the majority of their employees, only 5% were found to have a more advanced form of semi-autonomous group working – arguably a key component of any high performance model. On this evidence alone, the high commitment, high performance model would appear, at best, to be confined to a very small minority of UK organisations, and, at worst, to be 'little more than a dream' (Bach and Sisson 2000: 36).

Persistence of low skill, low autonomy jobs requiring very little training

A number of studies have highlighted the persistence of low skill, highly routinised jobs in the UK economy affording limited opportunities for the exercise of employee skill, creativity or discretion. The presence of neo-Taylorist forms of work organisation involving scripted interactions with customers, high levels of surveillance (Collinson and Collinson 1997), tightly controlled and routinised forms of team working (Baldry *et al* 2000), and strict performance monitoring (Collinson *et al* 1998, Taylor and Bain 1999), have all attracted considerable attention. Similarly, Dench *et al's* (1998: 58, 61) investigation into employers' perceptions of key skills found a generally 'low level of autonomy' available in many jobs, concluding that 'in reality most employers simply want people to get on with their jobs, and not to challenge things'.

Data from the 1998 Labour Force Survey illustrates the extent of Britain's training problem, with 72% of employees reporting that they had received no training in the 13 weeks prior to interview, 48% of whom also claimed they had never been offered any type of training by their current employer (Coleman and Keep 2001: 28). This may be a further indication of the degree to which many British firms may be pursuing routes to competitive advantage that do not require up-skilling their workforce. The latest Skills Survey (Felstead et al 2002: 11) supplements this rather bleak picture by estimating that there are 6.5 million jobs in the UK which do not require a single qualification to obtain them. At the same time, it highlights a 'marked decline in task discretion', with the proportion of employees reporting a 'great deal of choice over the way they do their work' falling from 52% in 1986 to 39% in 2001 (Felstead et al 2002: 13).

The problem of over-qualification

Another factor which may cause UK policy makers to think more seriously about the need for workplace development strategies is the growing problem of 'over-qualification' among the UK workforce. The UK Skills Survey (Felstead *et al* 2002: 48) suggests that 'in 2001 around half of those qualified to levels 2 and 3 are in jobs that do not require these qualifications for entry compared to around a quarter (28 percent) with level 4 or above qualifications, and 34 percent of graduates'. Such findings not only question the efficacy of policy interventions designed primarily to 'pump-up' the education system and expand the supply of qualifications, they also

suggest that much more needs to be done to assist organisations in making better use of the workforce skills *already available* to them.

The UK's productivity gap

There are continued policy concerns surrounding the UK's long-standing productivity deficit relative to its major competitors (see HM Treasury 1999, DTI 2001). Poor skills are often claimed to be an important part of the story, along with other factors such as the lack of investment in capital equipment and R&D. At the same time, it should be noted that people in the UK work on average the longest hours in the EU with more than three million Britons working more than 48 hours a week in 1999 (TUC 2001). Another study finds the average full-time worker in Britain putting in 1737 hours a year, that is 229 hours less than the typical US worker, but 175 more than the typical German and a staggering 336 more than the average Norwegian (Mishel *et al* 2000: 400)! These findings suggest that for many employers working their employees longer and harder remains a viable, if not the preferred, option when it comes to raising productivity. The fact, however, that the UK's productivity gap shows few signs of diminishing, even after twenty years of skills-supply initiatives, and despite what would seem to be an underlying trend towards work intensification (see Green 2001, Warhurst and Thompson 1998), ought to give policy makers at least pause for reflection. Once again, this suggests that a different approach, aimed at developing smarter and more innovative ways of working, might pay greater dividends.

Continued lack of employer engagement with job redesign

There are good grounds too for believing that leaving work organisation and job design solely in the hands of individual employers may not produce the degree or pace of change that policy makers may wish for. Guest *et al*'s (2001) study of the limited take-up of progressive people management practices in the UK, based on interviews with 48 senior executives in a range of organisations, shows that job redesign continues to be viewed with extreme suspicion in many UK boardrooms. Indeed, job redesign was among the least frequently cited HR practices currently being implemented in these organisations and was seen as a relatively 'low priority area for improvement' (Guest *et al* 2001: 46-52). Furthermore:

> A number of interviewees were baffled by what job design and job redesign meant, and confused it with involving employees in initiatives to improve workplace productivity. Five interviewees said that their organisation was doing some kind of job redesign, although they tended to talk about maximising employee performance in their roles, rather than changing the jobs to allow greater responsibility and autonomy (Guest *et al* 2001: 48).

One CEO went further, questioning whether employees always wanted more interesting and varied work:

> Certain people want to have eight hours for work, eight hours for rest and relaxation, and eight hours in bed. And it wouldn't matter what you made their job, however interesting it was, that is the way they want to live (Guest *et al*: 48).

Such scepticism also extended to other forms of employee involvement, such as sharing information with employees about the financial position of the business and its overall strategy, or providing employees with a financial stake in the company (Guest *et al*: 38). As a rule, senior executives 'were much more likely to endorse relatively specific practices such as selection or performance appraisal' (Guest *et al* 2001: 73).

These findings suggest that senior management in many UK organisations remain unconvinced of the business case for widening employee participation, either through redesigning jobs or providing workers with more information about the business. On this evidence, the authors conclude that, 'Although one might expect a gradual take up of more individualised practices such as selection and performance management …we cannot necessarily expect to see the wholesale implementation of the high performance human resource management practices in the UK organisations' (Guest *et al* 2001: 76-77). By the same token, they warn that simply supplying firms with evidence that job redesign can deliver benefits for both management and workforce is unlikely to change the way many organisations approach work organisation, given that this runs counter to many senior managers' own ingrained beliefs and prejudices. At the very least, a more proactive set of policy levers will be required.

The fragility of current policy interventions capable of addressing work organisation in the UK

How far then do current policy initiatives in the UK measure up to the task ahead? A number of commentators have argued that the UK currently finds itself lagging behind much of Europe when it comes to putting in place a supportive infrastructure and policy framework for workplace development (see Totterdill 1999, Rees 2000, Ennals *et al* 2001). They point out that the UK is virtually unique in Europe in that it does not have a national institute or public programme concerned explicitly with the modernisation of work organisation. The reluctance to interfere in the market or encroach upon areas traditionally regarded as the preserve of managerial prerogative has meant that the present Labour government has chosen to make do instead with a mish-mash of miscellaneous initiatives, largely under the direction of the DTI, aimed essentially at exhortation, providing various forms of business support, and the dissemination of 'best practice'.

Chief among these is the DTI's Partnership Fund, launched in 1999 as grant award scheme 'designed to improve employer-employee relationships, workplace productivity and job satisfaction' (DTI 2002). By early 2002, 160 mainly small scale projects had been funded at a cost of £5 million. The projects address a galactic range of issues including new ways of working, health and safety issues, behavioural skills training, equal opportunities, service quality, bullying, sexual harassment and family-friendly policies. At present, a formal evaluation of the scheme is still awaited. Nevertheless, even allowing for some positive outcomes, there remain major doubts as to whether this constitutes a serious strategic attempt to modernise work organisation in Britain. The level of resources devoted to the scheme is perhaps one indication of the importance which policy makers currently attach to such efforts. It is also striking that the Fund's own promotional material makes hardly any reference to work reorganisation or the quality of working life, with the overriding emphasis placed on developing a new consensual-type psychological contract between employer and employees (significantly, the DTI appears indifferent as to whether 'partnership' should involve trade unions). A closer inspection of the actual projects listed on the DTI's website also reveals that only a small handful are explicitly concerned with work redesign.

The chronic neglect of work reorganisation and job redesign within the UK public policy framework has meant that the baton has had to be carried instead by small group of interested academics now to be found mainly among the UK Work Organisation Network (UK WON). Established in 1997, UK WON began life as a 'loose coalition of universities, business support organisation, employers and trade unions with a commitment to developing and disseminating new forms of work organisation' (Totterdill 1999). Although the network has managed to pick up intermittent, small scale funding from the European Social Fund and the DTI, its organisers concede that it remains hamstrung by the lack of core public funding, symptomatic of the low profile that workplace development continues to receive within UK policy (Ennals *et al* 2001: 269). Indeed, the Work Research Foundation (WRF), which manages the main functions of the network, is already 'prepared for a retreat into "power-save" mode' (*ibid*: 269) should its funding bids fail to bear fruit. Although UK WON aims, therefore, to be a 'powerful resource for dialogue between multiple partners, for knowledge capture and distribution, for networking and capacity building, and for disseminating leading-edge practice by using its diverse constituencies to drill deep into the business community' (ibid: 271), this is very much a statement of aspiration rather than an accurate description of the actual scope and influence the network currently wields.

In short, the measures presently available in the UK to assist employers in developing new forms of work organisation and job design appear weak and fragile compared with the size of the problem they confront. In the next section, we turn to the experience of two Scandinavian countries, namely Norway and Finland, in bid to see how far they are able to provide convincing answers as to what an institutional and policy framework for supporting workplace development might look like. The level of descriptive detail which follows is a response to the fact that very little is known about these programmes in the UK, a further reflection of the extent to which job redesign has become a marginal issue both for policy and academic research.

II. WORKPLACE DEVELOPMENT IN SCANDINAVIA

In contrast to the UK, the Scandinavian countries, particularly Sweden and Norway, have established an international reputation as world leaders when it comes to designing programmes aimed at improving work organisation and the quality of working life (Heller 1998). It is often

argued that the 'Nordic model' (Kjellberg 1998), with its well-established traditions of social partnership, deeply rooted practice of tripartite cooperation in economic and social policy making, and high degree of formal participation by workers and their representatives in decisions affecting the work environment, offers a relatively hospitable terrain for such efforts (see Mikkelsen 1997, Gustavsen *et al* 2001). Furthermore, in countries characterised by strong trade unions, relatively low levels of income inequality and comparatively generous welfare provision, the incentive to develop more efficient ways of utilising and retaining labour within a relatively decent and attractive working environment are often held to be somewhat greater than in the Anglo-Saxon world.

Norway

Norway has a forty-year history stretching back to the early 1960s of programmes, reforms and initiatives aimed at improving work organisation, job design and work life democracy (see Gustavsen *et al* 2001, Qvale 2002). Underpinning such efforts is a long established tradition of cooperation between the 'social partners' across a broad range of issues including industrial restructuring and productivity enhancement which can be traced back to the Basic Agreement signed in 1935 by the main employers' organisation (the NHF, NHO after 1989) and the trade union confederation (or LO). Forged after a period of intense industrial conflict and labour militancy, the agreement marks the beginning of 'social partnership' in Norway. [i]

The Industrial Democracy Programme

It has been the social partners that have been at the forefront of programmes aimed at workplace development in Norway. In the early 1960s and 1970s the social partners launched their famous Industrial Democracy Programme after being approached by a social scientist, Einar Thorsrud. A number of experiments with autonomous group working, based on the Tavistock Institute's 'socio-technical' approach (Emery 1959), were duly initiated in selected industrial plants (see Emery and Thorsrud1976, Qvale 1976). Although they met with some success, they also encountered a number of problems. In many cases, middle management proved reluctant to embrace change. Long-term commitment from senior management proved to be the exception, with progress often disrupted by restructuring, changes in ownership, or a switch in management philosophy and style (Qvale 2002: 38). With the exception of changes to the education system for

seamen and later management engineers, the universities also remained largely detached from such efforts.

Workplace-orientated democracy also met with scepticism from the unions, whose main strategy for industrial democracy at the time revolved around collective bargaining and legislation (see Dolvik and Stokke 1992: 154). Moreover, 'the direct effects of the project on work organisation and industrial democracy seem to have been limited partly because it was initiated from "above" without sufficient motivation at the workplace' (*ibid*: 154). Another problem to emerge was the failure of these pilot experiments to spread to other firms even within the same industrial sector (see Heller 1998, Qvale 2002). By the end of the 1970s, the results of these 'first wave' experiments, both in Norway and elsewhere in Europe, had collapsed amid 'an atmosphere characterised by lack of conclusions' and little agreement as to what an alternative to Taylorism might look like (see Ennals and Gustavsen 1998: 19). What then followed in Norway and Sweden was a process of reflection throughout the 1980s which would culminate eventually in a gradual revision of research strategy and methods (for a discussion, see Gustavsen 1992, Gustavsen *et al* 2001).

The SBA Programme

In the 1980s collaboration between the social partners in the area of workplace development deepened in Norway. In 1982, an agreement on enterprise development was included as part of a broader revision of, and appendix to, the Basic Agreement. In the new agreement the social partners committed themselves to supporting bi-partite local initiatives aimed at promoting new forms of work organisation by various measures including re-design projects, search conferences and fellowships (see Gustavsen et al 2001: 75-78). In 1991, the agreement on development was revised again. The NHO/LO Joint Enterprise Development Programme (or HF-B) was born which sought to give enterprise development with broad workforce participation, a key strategic role in the creation of economic value and enhancing the competitiveness of the Norwegian economy.

In 1980, a Royal Commission was established to investigate how the democratisation of working life in Norway might be best furthered. This was followed up in 1988 by a new national

enterprise development programme linked to the *National Work Life Centre (Senter for Bedre Arbeidsliv - or SBA*) designed explicitly to aid Norway's international competitiveness. A central aim of SBA was to use applied research institutes in the development of regional networks of firms and other public institutions that would act as channels for co-operation, learning and innovation. The centre would run for five years with an annual budget of $2 million, and was to be benchmarked against national productivity and industrial development programmes abroad. The main funding came from the Ministry of Local Government and Labour together with *all* the labour market organisations who received seats on the governing board and council. Its activities eventually grew to encompass 86 projects and around 300 enterprises across both the private and public sectors.

The report of the international evaluation group (see Davies *et al* 1993) revealed that, despite inadequate funding and a limited life expectancy, the programme did meet with some success, particularly at enterprise level. However, once again there was the problem of limited diffusion, with key firms notably failing to sign up (Heller 1998: 183). According to its Director, Thoralf Qvale, interest among firms did grow in the latter stages of the programme when the shortage of qualified action researchers became increasingly apparent. At the same time, he points out that progress came to be impeded by the centralised structures of national development agencies and the labour market organisations, both of which found it difficult to support local development efforts (see Qvale 2002: 41).

Enterprise Development 2000

There was no follow up to SBA. Instead, the social partners decided to move on their own, leaving behind the other labour market associations, and instead seeking a strategic alliance with the recently-formed Research Council of Norway (RCN). This culminated in a new seven-year R&D programme being launched in 1994 under the title, *Enterprise Development 2000* (ED2000). The programme was jointly funded through the two divisions of the Research Council - the Division of Culture and Society and the Division of Industry and Energy - and the NHO and LO, through their coordinating body, the HF-B. ED2000 took as its starting point the need to address a number of challenges facing Norwegian firms, including:

- Improving their performance in quality, logistics, customer orientation, productivity and flexibility;
- Increasing their product and process innovation rate;
- exploiting the potential for regional cooperation;
- extending the international contacts needed to be part of forceful product development and production networks;
- dramatically improving their inter- and intra-organisational solutions

(Gustavsen *et al* 2001: 25)

Thus, the primary aim of the programme was to:

> …contribute to the formation of value and help ensure employment by developing knowledge about strategies, ways of work and infrastructure which are necessary to create organizational and inter-organizational development processes that will enable an increasing number of Norwegian businesses to participate in the front lines of international competition' (RCN 1996: 4)

While the programme was seen to have an important part to play in promoting and developing 'the Norwegian model' of employee participation and labour/management cooperation (Gustavsen *et al* 2001: 14), it also represented an explicit attempt to integrate workplace development with industrial policy. Significantly, ED2000 was the first time the social partners had initiated, as opposed to being simply participants in, such a programme. In addition to sharing funding with the Research Council, the NHO and LO played an active coordinating and managerial role, receiving seats on the national management board and secretariat. In contrast to SBA which covered both private and public sectors, ED2000 focussed on value creation in the private sector, by striving to develop 'an infrastructure for social innovations in and between enterprises' (Mikkelsen 1997: 72).

Social science action research was granted a pivotal role in the development process. In order to increase the 'critical mass' of development work through an exchange of knowledge and experience, several enterprises were linked to one of seven research centres as part of a 'module'

(see Gustavsen *et al* 2001: 114-228). Some modules focussed on supporting innovation at the level of the individual enterprise; others took as their point of departure the need to nurture inter-firm networks. In all cases, it was felt important to focus upon 'local' development needs rather than try to import into the firm some grand, universal 'theory' or 'model' of development, as had been the case in the early experimental phase in the 1960s and 1970s. Nevertheless, emphasis continued to be placed upon promoting the 'broad participation' of employees in the development process based upon principles of 'democratic dialogue'. In total, around 100 enterprises and the same number of researchers came to be involved in the programme (Gustavsen *et al* 2001: 14).

There are indications that ED2000 met with some success. An evaluation carried out as part of the benchmarking process found that the vast majority of enterprises (86%) wanted to take part in future efforts, given the same level of financial and research support (Gustavsen *et al* 2001: 55). Positive outcomes were reported across a range of areas including labour/management cooperation, product quality and innovation, marketing and internationalisation (see Gustavsen et al 2001: 15, 41-66). However, as Gustavsen *et al* (2001: 15) also note, 'in assessing the impacts of the program, the benchmarking group as well as the social partners relied primarily on impressions gained through open interviews with management, union representatives and employees in the participating enterprises…On this basis…the program was given a highly positive evaluation'.

The next step was to invite the modules to 'evaluate themselves' in the light of their overall aims, the success achieved, and the challenges they faced (see Gustavsen *et al* 2001: 114-228). The result is a set of broad impressions which 'did not provide space for documentation of claims, or statements' and which, in light of the benchmarking report, it is suggested, may be 'taken at their word' (Gustavsen *et al* 2001: 116). Methodologically speaking, it seems important to emphasise that the evaluations, which paint a picture of general advance amidst ongoing challenges, come from those with a vested interest in ensuring continued public funding for such programmes. At the same time, the generalised nature of the reports makes it difficult to ascertain exactly what the programmes have achieved, particularly in relation to specific question of work re-organisation and job redesign.

A couple of examples may suffice. Commenting on a particular network project within the Rogaland module, Hansen and Claussen (2001: 123) note, 'the degree of direct and indirect employee participation in business development has increased', while the improvement projects have yielded 'positive effects on both productivity and the work environment'. Similarly, Pålshaugen *et al* (2001: 145) talking about the development process at an electrical fittings manufacturer, ELKO AS, conclude that 'the work organisation has been changed into a more flexible one, with a reduction in the number of levels, and the impacts on productivity as well as the work environment have been positive'. Not only is no actual evidence advanced in support of such claims, but the statements are so vague as to be unhelpful in determining what has really happened to the organisation of work and who has benefited. Indeed, in many cases, the question of 'what did the programme really deliver?' still seems unanswered.

At best, the module reports offer a collection of interesting vignettes concerning some of the challenges that researchers have faced. The Work Research Institute Module, having tried originally to work with 20 enterprises was eventually forced to start out with just five, given that management in the rest did 'not consider making use of some kind of development organisation a worthwhile investment. Rather, the great majority of them regarded broad participation as a risky option' (Pålshaugen *et al* 2001: 140). Researchers involved in the Agder Module, noted 'there are clear indications that the organizational development process is more sincere in organisations with strong trade unions than with weak ones' (Knudsen and Garmann Johnsen 2001: 86). The report on Rogaland module draw attention to difficulties researchers experienced in building relationships with firms, commenting that in the very beginning, 'some companies questioned the value of cooperating with researchers' (Hansen and Claussen 2001: 123). Despite initial scepticism, it seems that such relationships did develop as researchers turned their attention to local needs and practical problems. Nevertheless, as Qvale (2002: 43-5, *emphasis added*) notes, 'the fact that it *took years to develop a working relationship between enterprises and the research centres* was a significant experience both for the newcomers to the field among the institutes and the governing bodies of ED2000'.

Value Creation 2010

The latest initiative in the area of programmatic enterprise development in Norway is *Value Creation 2010* (VC2010). Once again, the main impetus came from the social partners who approached the government with the view to setting up a new programme. As Gustavsen *et al* (2001: 68) note, the social partners were keen to emphasise that broad employee participation should form the 'cornerstone' of ED2000's successor. Launched in 2000, VC2010 started with a ten-year life expectancy, a financial base three times that of its predecessor, and the participation of ten research centres (see Qvale 2002). It is important to note that the new programme did not emerge out of thin air and could draw upon the collaborative relationships built up between firms and research centres as part of ED2000. The programme takes as starting point the need to forge '*regional* development coalitions' (see Ennals and Gustavsen 1998). The intention is that research centres will now work in much closer partnership with employer organisations and the labour market associations at a regional, sectoral and national level. The county-level organisations of the NHO and LO are also said to be to be actively using their influence on various regional boards to help develop more 'joined-up' approaches to enterprise development (Qvale 2002: 49).

Casting a backward glance over the last thirty years of Norwegian efforts to promote workplace development, Qvale (2002) acknowledges that progress has occurred, albeit very slowly. On the positive side, the social partners are currently said to attach a high priority to issues of productivity, participation, and the creation of regional business-to-business networks, whilst recognising that social science research has a valuable contribution to make to such efforts. Concepts such as the 'regional development coalition' have reached a wider audience and now have greater purchase with local unions. Long-term collaborative relationships between researchers and enterprises have also begun to be cemented.

However, it is interesting that Qvale, a staunch advocate of such programmes over many years, holds major misgivings as to what they have achieved so far, noting that:

> …in spite of what formally seems to be positive cultural, political, and administrative conditions for success, the social science-based, research-supported approach to work life

development still has not reached critical mass nor given much international competitive advantage (Qvale 2002: 31).

He points out that Norway was still spending only 1.6% of its GNP on research in 2001 (below the OECD average), the bulk financed by government through the Research Council. Spending on research by Norwegian firms also remains relatively low. The links between universities and working life are purported to be weak and under-developed, with only one university participating in VC2010. Furthermore, Norway is considered to be lagging behind other European countries, notably Germany, with larger, long-term workplace development programmes (Ennals and Gustavsen 1999, Fricke 2000).

Finland

In comparison with Norway, Finland can be considered a 'late starter' when it comes to research-assisted workplace development, having moved into this area only in the late 1980s (Alasoini 1997: 53). Several factors seem to have been at work (see Alasoini 1997, 2001a). Rapid economic growth in the 1980s turned the policy spotlight on a range of problems affecting Finnish working life, notably labour shortages, job dissatisfaction, work fatigue, an ageing workforce, and a relatively low average age of retirement. A number of universities and research institutes, such as Centre for Activity Theory and Developmental Work Research at the University of Helsinki, had by this time also begun to develop action research approaches to the development of working life.

By the mid-1990s both government and the social partners had come round to accepting the need for a publicly-supported workplace development programme (see Alasoini *et al* 1997). The Finnish National Workplace Development Programme (FINWDP) was duly launched in 1996 by the first government of Prime Minister Lipponen, and has subsequently been extended to 2003 during the government's second term.[ii] A key strategic goal has been to locate workplace development as an integral facet of national innovation policy rather than viewing the latter primarily in terms of the application of new cutting-edge technologies or stand-alone investments in education and training (see Alasoini 1997: 57-59).

The Finnish National Workplace Development Programme (1996-2003)
The aim of FINWDP is to 'improve productivity and the quality of working life by furthering the full use and development of staff know-how and innovative power at Finnish workplaces' (Alasoini 1997a: 62). The lead actor is the Ministry of Labour who finances and coordinates the programme whilst managing it on a joint basis with the social partners. The programme funds expert support for workplace and work organisation development both in the private and public sector. Participating organisations are, however, expected to meet most of their own development costs. Between 1996 and September 2001, FINWDP funded 450 development projects involving nearly 1000 workplaces and an estimated 100,000 people. A total of FIM 140 million (EUR 23 million) was allocated to the projects during this period (Ministry of Labour *Press Release* September 2001).

All projects have to be 'workplace initiated' and are expected to promote both productivity and the quality of working life. FINWDP is also explicitly concerned to promote the development of high performance work organisations which is understood to require the 'bundling' together of a range of work, organisational and HRM practices into a coherent, mutually reinforcing package (see Huselid 1995, Pil and McDuffie 1996, Alasoini 2001). Thus, as Alasoini (1997: 63) notes, the programme supports projects striving to achieve a 'comprehensive transformation in their mode of operation. This entails [the] simultaneous development of technologies, forms of work organisation, management strategies, staff skills, working conditions and occupational health' (Alasoini 1997: 63). Successful workplace development is also seen to depend crucially upon the 'broad participation' of both management and workforce in the formulation and implementation of development goals.

Workplace projects typically focus on promoting new working practices (such as team working and multi-skilling), developing human resource management approaches, improving the work environment (especially for older workers), and promoting equal opportunities. Some projects include more than one enterprise. To assist the dissemination of workplace innovations and the accumulation of knowledge, special funds have been set aside for so-called 'network projects' involving several workplaces engaged in development activity In addition, the programme seeks to disseminate knowledge relating to workplace development by means of research publications,

seminars, workshops and focus groups. A further strategic goal is to build up the workplace development infrastructure in Finland by helping to forge closer cooperation between key stakeholders including workplaces, R&D institutes, funding bodies, other development programmes and the labour market organisations.

As with ED2000, FINWDP has received some positive evaluations based on the feedback provided by management and employee representatives involved in the projects. The self-assessment data suggests that in the vast majority of cases there have been gains in terms of product or service quality, team working, productivity, cooperation between management and personnel, worker participation in development activity, and the opportunities available for professional development (see Alasoini 1999: 8-9, 11). Another survey of the key stakeholders involved in the programme reveals that over 90% of respondents believed FINWDP to be necessary and that such a programme should continue in the future (Alasoini 1999: 13). As with the evaluations surrounding ED2000, such findings have to be handled with caution, given the difficulties of controlling for other factors that impact on organizational performance and the fact that they are based upon the subjective views of respondents with a clear stake in seeing such projects continue.

Reflecting on FINWDP, Alasoini (2001a) makes a number of observations in relation to both its achievements and the challenges still remaining. First, although FINWDP continues to enjoy significant political backing, the duration of the programme remains relatively short with funding dependent upon outside political forces outside its control. Secondly, FINWDP benefits from a broad consensus among government and the social partners around the need for such programmes as well as on their aims and content, broadly defined. Third, while Finland possesses about 30 R&D centres involved with workplace development, half of these have less than ten staff. Moreover, the majority of R&D working life experts are concentrated in the Uusimaa region around the capital of Helsinki, with very few to be found in the north and east of the country. There is a risk therefore that the programme will grow to outstrip the available research capacity. Fourth, technology and workplace development policy domains remain institutionally separated in Finland and require better integration.

Fifth, workplace development does not have a strong institutional base at regional level in Finland, remaining something of 'a grey area' between the work of different regional institutions involved in business support, technological development, labour market policy and regional development. In an attempt to address this problem, 15 regional Employment and Development Centres were established in September 1997 with the aim of creating better links between enterprises and public bodies involved in development work. A sixth concern is that the programme remains skewed towards 'traditional' sectors, notably the metal and engineering industry and the municipal sector[iii], with firms in the rapidly expanding ICT and telecommunications clusters, severely under-represented. If this bias continues, the fear is that the project may become associated with solving the problems of 'older' industries such that its relevance and legitimacy may suffer (Alasoini 2001b).

Although the self-assessment data available suggests that FINWDP has increased the participation of employees in development activity, there are also indications that 'broad workforce participation' may not be as deep or extensive as many of the programmes' designers would have hoped for. There is evidence to suggest that management exerted the greatest influence over the content of projects during the initial planning stages.[iv] Using material drawn from development projects in 54 Finnish workplaces funded by FINWDP between 1996-2000, Alasoini (2001c: 20) also notes that, 'there were only a few companies and public bodies which were successful in workforce mobilisation and achieving critical mass in support of development work', suggesting that 'a genuinely participatory approach…based on actual personnel participation, may still be fairly superficial at many Finnish workplaces'. In some cases, the problem was found to be 'a deeply rooted general atmosphere of distrust in the workplace or general uncertainty about how the project would benefit the employees' (Alasoini 2000c: 14). This was often the case among public service organisations which had experienced rationalisation and restructuring in the form of cost-cutting and staff reductions during the recession of the early 1990s (see also Kalliola and Nakari 1999). In some areas, such as teaching for example, the nature of the work process made it very difficult to find time for development work, while 'at least two service-sector enterprises found the large proportion of fixed-term or part-time staff an obstacle to employee commitment' (Alasoini 2001c: 15).

At the same time, however, it is important to be reminded of some of the success stories. According to Alasoini (2001c), nearly one third of the organisations examined above approximated to the 'concept-driven' model of workplace development used by Gustavsen *et al* (1996) to characterise development activity in leading-edge Swedish enterprises, such as ABB, in the 1990s. Kalliola and Nakari's (1999) edited collection of case studies looking at the attempts made to develop new forms of work organization in the Finnish municipal sector in the 1990s also provides number of noteworthy examples.

The first concerns a development project aimed at municipal meals services (Pesonen 1999). In this case, involving kitchen workers in the planning of menus, purchasing and budgeting, not only generated improvements in productivity but also helped boost staff motivation by making the job more involving and meaningful. Furthermore, there was a positive impact on the utilisation of skills. After two years of intensive development effort only 17% of kitchen staff involved in the project claimed that had skills they never used in the job, compared with a figure of 28% before the project started. In the 'control kitchens' (i.e. those not involved in the project) the figure had risen to 30%. One kitchen worker described the difference the project had made to her job as follows: 'We're now allowed to think for ourselves, earlier we were never allowed to change anything' (cited in Pesonen 1999: 95). It provides a concrete illustration of how, even in an area often considered ripe for Taylorist rationalisation on 'fast food' production line principles, there remains tremendous scope to redesign work in ways that provide improved productivity and customer service, enhanced cost-efficiency, and better use of employee's skills and potential.

Another study looked at a collaborative development project in a nursing home for the elderly (Syvänen 1999). This involved a shift from 'task-oriented nursing care', based on a strict division of labour and a highly routinised and monotonous schedule of work tasks, to a system of 'primary nursing care' focussed on the needs of individual elderly residents (*ibid*: 38-39). The result was both improved productivity, if measured in terms of enhanced client effectiveness, and a better quality working environment. The latter was 'most clearly reflected in the improved influence of staff members, in better conflict control and in better personnel management…According to staff evaluations, the climate of the nursing home changed:

previously described as oppressive the atmosphere in the workplace was now one of openness and confidence…Staff members felt they were given real responsibility and self-direction, as well as a chance to develop their own work and collectivity' (Syvänen 1999: 42).

Lahtonen's (1999) examination of an action research project aimed at developing home help and other services provided by a social centre for the frail elderly in the City of Helsinki similarly demonstrates how, in the context of scarce resources and heavy workloads, it was still possible to develop more efficient and better ways of working. In this case, development work focussed on experiments with 'multi-professional teams' of home-helpers and nurses. According to the staff involved, such an approach allowed for more comprehensive care, improved the flow of information, broadened skills as well as work contents, and helped them cope better with the pressure of work (Lahtonen 1999: 141-143).

While, in many of the above examples, the bureaucratic, hierarchical and divided structure of municipal services impeded diffusion, this does not itself detract from the successes that such projects encountered at local level. Indeed, as Kalliola and Nakari (1999: 149-150) conclude, these projects demonstrate 'how reliance on the personnel's own problem solving potential may bring substantial cost reductions and increase customer satisfaction without having to compromise on the quality of working life…The results lend strong support to the assumption that it is possible to fit together the demands of productivity and the quality of working life in a sensible way in the present-day development of work organisations.'

Evaluation

It is important to begin by noting some key differences between the Norwegian and Finnish workplace development programmes. The most recent Norwegian programmes – ED2000 and VC2010 – are aimed primarily at supporting innovation in and between enterprises. By contrast, FINWDP can be said perhaps to pay more specific attention to work organisation issues, spans the private/public boundary, and explicitly aims to improve both productivity and the quality of working life across a broader range of organisations. A further distinction is that whereas in Norway it is the social partners have driven these initiatives, in Finland the main impetus has

come from the Ministry of Labour, working in close association with the labour market organisations.

The burning question, of course, is what exactly have these programmes delivered in terms of developing better and more innovative forms of work organisation? On the strength of the evidence currently available in English, the answer remains far from clear, underlining the need for further in-depth case study research. What we can say is that despite a supposedly favourable institutional environment for programmatic workplace development, those closely involved with these programmes indicate that many problems and challenges remain, and that their generalisability across whole sectors remains an elusive goal.

If we are to evaluate these programmes more attention will also need to be given to what constitutes 'success'. One reading of the Norwegian experience, for example, might go something like this. Having started in the 1960s and 1970s with projects designed specifically to challenge Tayloristic forms of work organisation through targeted experiments in job redesign, attention has shifted to programmes aimed at promoting 'development', 'change' and 'innovation'. 'Change' now encompasses everything from firm performance, productivity, product quality, marketing, new ways of working, employee/management co-operation, employee participation, quality of working life etc. At the same time this is presented as a logical advance, one which avoids imposing 'grand, abstract theories' or 'rationalities' of work organisation, which starts from 'local challenges' and 'practical problems', and where the emphasis is not on 'copying others' but learning 'how to be innovative in the promotion of development coalitions' (Gustavsen et al 2001: 70). In this way, business goals are placed firmly in a central position, offering the prospect of greater employer 'buy-in', and making the strategy appear as an elegantly thought-out response to a new set of economic and social challenges.

The problem is that if organisational 'change' or 'innovation' is to be the measure of success, then in most cases it becomes relatively straightforward to demonstrate that at least some success has been achieved. This is indeed the story of the ED2000 modules. What is much less clear is how effective this new generation of programmes have been in terms of helping to design new approaches to work organisation that expand employees' opportunities for the exercise of skill,

discretion and autonomy and which, in doing so, also improve their quality for working life. One possible interpretation is that having started out with such clear ambitions in the 1960s and 1970s the Norwegians found the project to be so difficult that a reorientation towards much broader notions of organisational development was deemed necessary. If so, then Norway's own forty-year journey from job redesign to 'development coalitions' may serve as further testimony to just how hard and challenging a project aimed at transforming work organisation is still likely to be.

Furthermore, the problem of limited diffusion, or of how to achieve 'critical mass', which has haunted these projects from the very beginning, refuses to go away. Indeed, it would seem that these programmes have so far touched only a very small percentage of the workforce; a mere 2% in the Finnish case. Yet, Norway has been travelling down this road for forty years, Finland admittedly for less than a decade. Both countries, therefore, still have some way still to go if they are to 'catch the wave', challenge the legacy of Taylorism, and have a transformative impact upon working life in general (see Ennals and Gustavsen 1999). The Finnish Working Life Barometer, for example, indicates that while jobs have become more demanding in the 1990s, many employees still report that they have little opportunity to use their skills at work (see Ylöstalo 1999). This may be taken as a further indication that Taylorist forms of work organisation remain deeply rooted (see Kevätsalo 1997), even in a country where the institutional and regulatory environment might be thought to help 'close-off', to some extent, low cost routes to competitive advantage. Perhaps the main point to emphasise from a UK perspective, however, is that policy makers in Finland have at least been willing to acknowledge the problem as well as try to do something about it.

Another issue concerns the extent to which development initiatives in both these countries have been successful in winning workers' active commitment and participation. It is important to note that both the Finnish and Norwegian industrial relation systems offer employees and their representatives opportunities to participate in organisational changes, amidst a well developed collective bargaining system. In Norway, plant-level cooperation committees, or works councils, were set up in the mid-1960s, affording shop stewards a say in decisions regarding investment planning, changes to the production system, and questions relating to the product market. The *Joint-Stock Company Act* of 1973 (amended 1989) gives employees one third of the seats on a

two-tier system of company boards. Similarly, the 1977 Work Environment Act provides for employee participation through work environment committees and safety delegates (see Dolvik and Stokland 1992).

In Finland, the 1979 *Act on Cooperation in Companies* (with amendments) gives shop stewards negotiating rights in areas of managerial prerogative, subject to the final decision resting with management (Lilja 1992). In 1991, firms with more than 150 employees were required by law to establish worker participation at board level. A separate system of co-determination also gives labour protection delegates influence over decisions affecting health and safety at work (Alasoini 2000). Given such apparently favourable institutional conditions for worker participation, one might reasonably expect both these countries to be at a distinct advantage when it comes to involving employees in the design and implementation of workplace development projects.

Still, it would appear that 'broad work force participation' in development activity remains the exception rather than the rule. As Alasoini (2001c: 19) notes, where the critical ingredient of 'trust' was found to be lacking in Finnish organisations to begin with, the development process soon ran into difficulties. Hierarchical organisational structures, employee concerns over redundancy, tensions in negotiations between management and workforce, the short-term nature of certain forms of employment leading to instrumental attitudes to work, were all found to present significant obstacles to broad workforce mobilisation for which there were no quick developmental fixes. In Norway too, there are indications that many organisations view broad participation in development activity as both risky and dangerous. Thus, even in countries possessing a supportive labour market and institutional environment, the micro-foundations for successful workplace development are often found wanting.

A final point, common to both countries, appears to revolve around the need for major long-term capacity building to support workplace innovation. Progress appears to demand a range of actors external to the firm whose help and intervention may be necessary to act as catalysts for change and to support the development process. This pool of expertise is plainly finite in both Norway and Finland, and, as the Norwegian example demonstrates, the development of experts and

organisations capable of fulfilling this role is certainly a lengthy and demanding one. How best to go about this developmental, capacity building task remains unclear.

In sum, there are a number of areas where further research is needed before a full and accurate assessment of the impact of these programmes can be made. Much work remains to be done on exploring the micro-level conditions which make for broad employee participation in these development projects. Equally importantly is the need to establish how far employee participation is really 'key' to successful development (for some Finnish reflections on this point, see Alasoini and Heikkilä 1999, Salminen *et al* 1999), and what role other factors might play in achieving successful outcomes. Linked to this is the thorny question of what constitutes 'success' and 'who really benefits'? If workers do participate in organisational development, what evidence is there that this leads to better designed jobs, more effective utilisation of skills, an improvement in their quality of working life, and enhanced organisational performance? Some of the Finnish case studies of development projects in municipal organisations suggest that such goals can be successfully married together, but certainly not enough to provide a definitive assessment of the overall impact of these programmes.

III. WHERE DOES THE UK GO FROM HERE?

If the experience of Norway and Finland can be said to illustrate anything, it is that developing new and more innovative forms of work organisation is an extremely lengthy, difficult and challenging process. Precisely how much headway has been made in this particular area through these specific programmes remains unclear. Nevertheless, it would seem that progress has been achieved in terms of slowly building up networks of people with the research expertise, knowledge and practical skills to support workplace development. While it is certainly possible to dwell on the many challenges still remaining, there is little doubt that, in comparison with the UK, both countries recognise that there is a role for public policy in supporting the development of work organisations, alongside more traditional measures aimed at diffusing new technologies and increasing investment in workforce skills.

The challenge facing UK policy makers, were they to try to emulate such efforts, is compounded by the position from which they would now have to start from. The reality is that, having spent the least twenty years designing initiatives on the 'supply-side' of the skills problem, the UK currently finds itself without an infrastructure for promoting workplace and work organisation development that is in any way comparable to that which exists in either Finland or Norway. In so far as the UK possesses a community of researchers with the understanding, expertise and experience to assist firms with work reorganisation and job redesign, it remains relatively small and under-developed by comparison. This much alone suggests that if UK policy makers were serious (and that is a very big 'if') about trying to close the gap with the Scandinavians in the area of programmatic workplace development, then they would face a major challenge.

Where then does the UK go from here? Having finally come round to a tentative acknowledgement that job design and skill utilisation could matter, how might British policy makers actually go about developing public policy initiatives aimed at supporting better forms of work organisation? As suggested earlier, one possible avenue of progress might be to provide core funding to UK WON and to then see what progress it can make in terms of forging active 'coalitions' or 'networks' for development. At the same time, the DTI could itself take a stronger leadership role by launching a Finnish-style productivity/quality of working life programme. In doing so, it is vital that policy makers take a long-term perspective, and are realistic about what such a programme can be expected to achieve within a relatively short timescale. A key strategic goal must be to try to build up the research expertise needed to support workplace development activity, whilst also developing confidence among both the policy and the business community necessary for the project to take hold and expand into the future.

In designing such a programme, policy makers might usefully bear in mind the following:

- Begin gradually with a series of pilot projects in carefully selected sectors designed to demonstrate the benefits for both management and employees.

- Ensure that the programme is adequately resourced and that it has a long enough time span to demonstrate its achievements.

- Involve employers’ organisations, trade unions, business support organisations, training organisations, and academic researchers in the design and delivery of the programme.

- Encourage the newly formed Sector Skills Councils (SSCs) to develop and nurture of body of experts with the specialist expertise and knowledge to assist firms in particular sectors with developing new and innovative approaches to work organisation and skill usage.

- Carry out a systematic study of productivity and quality of working life programmes abroad against which the UK programme might be benchmarked.

- Undertake an ongoing evaluation of the programme and ensure that its results are disseminated.

In turn, these might be linked to range of broader policy measures aimed at stimulating employer demand for skills (for fuller discussion, see Keep 2000). These include:

- New forms of business support and advice aimed at helping firms shift their product market strategies towards higher value added goods and services.

- Developing the public sector as model for new and innovative approaches to work organisation, thereby allowing government to demonstrate its commitment to the way its wishes to see other organisations develop.

- The use of public purchasing policy to persuade private contractors to re-think their own approaches to job design and people management.

- Increasing the power of consumers and better consumer education to create a more demanding market place.

- Legislation and other forms of encouragement to create a more supportive environment for social partnership, employee involvement and consultation and information.

- Use of the National Minimum Wage and other forms of fiscal incentive to encourage firms to move away from low skill, low wage competitive strategies.

CONCLUSION

Having spent the last twenty years in a state of denial, UK policy makers may finally be beginning to recognise that work organisation does matter, and that the way many jobs are currently configured in the UK may constitute a serious obstacle to the optimal use of the skills being created. Policy makers may also be forced confront the rather unpalatable fact that leaving job design and work organisation solely in the hands of individual employers is unlikely to produce the level or pace of change required to make progress on achieving the high skills vision. In light of this, the paper has considered the lessons UK policy makers might draw from public policy initiatives in Scandinavia aimed at supporting new and innovative forms of work organisation that make better use of employees' skills and capabilities.

As with most things, cross-national policy learning in this area does not come easy. What makes the Nordic countries an apparently fertile terrain for programmes of this kind are a set of societal factors that may be especially difficult to replicate in the UK. These include an established tradition of institutionalised social partnership, strong trade unions, legally embedded channels for worker and union participation in decision making, access to relatively patient and competent capital, and a culture of active citizenship which accepts that workers have a right to be involved in the decisions that affect them and should not have to put up with dull, monotonous and unrewarding jobs. Yet, even allowing for such apparently favourable conditions, the experience of both Norway and Finland suggests that supporting the development of new forms of work organisation and inter-firm networks is still an extremely lengthy and complex activity.

Were UK policy makers to venture down such a path, the challenges they would face are likely to prove even more formidable. If there is one message to come out of the Scandinavian initiatives,

it is that workplace development requires the active consent and participation of the whole workforce if it is to succeed. As such, it requires a high level of trust, cooperation and commitment on the part of both management and workers, together with the ability to demonstrate that there are tangible benefits for both. In turn, this is said to depend upon 'high road' approaches which marry together an organisation's quest for improved performance through innovation in better quality products and services with employees' interests in more secure and rewarding forms of work.

Unfortunately, the UK business environment, with its emphasis on short-term profit maximisation, undermines the ability of many organisations to invest in long-term change projects consistent with the development of the full-blown high performance model. There are strong indications, too, that most UK employers not only remain unconvinced of the benefits of such a model, but are also deeply sceptical of any suggested links between productivity, employee participation and the quality of working life. The opposition mounted by UK employer organisations to recent EU directives on information and consultation rights and working time, along with the Labour government's extremely modest proposal to give statutory rights to union learning representatives, are but a case in point.

Another problem is the decline in collective bargaining in the UK since the 1980s. The fact that trade unions are now virtually absent from private sector services, while at least a third of British workplaces are without any formal structure for representing employees' interests whatsoever (see Cully *et al* 1999: 43), is a further sobering reminder of the problems involved in developing 'partnership-based' approaches to work re-organisation in the UK. If involving employees and their representatives in planning and implementing change is the hallmark of successful workplace development activity, then all the indications are that the UK hardly offers the best environment in which to try to grow such projects. As others have suggested (Bach and Sisson 2000), in the absence of a strong statutory framework for such things as social partnership, training and works councils in the UK, along with broader changes in corporate governance arrangements, persuading a 'critical mass' of firms to adopt 'high road' approaches is likely to be a labour of Sisyphus. With the current Labour government insisting that European models based on strong forms of labour market regulation, social partnership and collective bargaining are too

'inflexible' to survive in today's global economy, and anxious to avoid confrontation with employers' organisations over further employment regulation, it may not do to hold one's breath in anticipation of such changes. In the meantime, simply developing the kind of supportive national consensus across government, employers and trade unions that underpins publicly-supported workplace development and quality of working life programmes in Scandinavia will be far from easy in the UK.

All this suggests that we are still a long way off from a radical policy agenda capable of getting to grips with the roots of the UK's skills problem (see Lloyd and Payne 2002a&b). One danger is that peering over the abyss in this way simply results in paralysis. Another possibility is that having persuaded UK policy makers to have a go at tackling work organisation in the face of major structural constraints, the project backfires leading policy makers to conclude, 'we've tried that and it doesn't work'. As we have argued, much depends upon how such a programme is framed in the first place, what the expectations are, and how success is measured (and over what timescale). If such a programme could only demonstrate the potential that exists for enriching people's experience of work by allowing them to use and develop their talents in better quality jobs, then that itself would be no mean achievement. It is also our view that only by becoming engaged in such efforts, will policy makers shift their perception of *what else* needs to be done to address problems surrounding the demand for, and utilisation of, skill in Britain. In brief, there is a need to put policy makers on a different learning curve. To extend the metaphor contained in the paper's title, the time may now be ripe to try to get our policy toddler walking, see what lessons can be learnt in the process, and how much progress can be made on the basis of a few tentative first steps. A publicly-supported workplace development/quality of working life initiative may be one such step, and a long overdue one at that.

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[i] It is important to note that social partnership in Norway emerged following a period of intense industrial conflict in the 1920s and 1930s and is underpinned by strong trade unions, centralised collective bargaining and high degree of centralised joint regulation. It differs from the rather narrow UK version of social partnership which emerged at time of union weakness and tends to be about developing a more cooperative and consensual relationship between employers, employees and their representatives at the level of the workplace (see Ackers and Payne 1998, Tailby and Winchester 2000).

[ii] FINWDP is one of a series of public programmes in Finland, launched by government in cooperation with the social partners, aimed at improving productivity and the quality of working life. These include the National Productivity Programme (launched in 1993), the National Programme for Ageing Workers (1998) and the Action Programme to promote the 'ability to cope' at work (1999).

[iii] Manufacturing and construction account for nearly half of all project funding, with 29% going to the metal and engineering industry (Alasoini 2001a: 9-10).

[iv] According to the self-assessment data, management influenced the content of projects at the planning stage 'very much' or 'quite a lot' in 82% of cases and implementation in 76%. For employees the figures were 60% and 80% respectively, and for employee representatives, 37% and 40% (see Alasoini 1999: 11).