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Workplace innovation and the role of public policy: evaluating the impact of the Finnish Workplace Development Programme: limits and possibilities

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Editor's Foreword

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Abstract

Academics from a variety of disciplines have recently begun to consider the role that public policy might play in encouraging the development of new and better forms of work organisation aimed at expanding employees' opportunities to exercise skill, discretion and autonomy. The paper explores these questions through an examination of the Finnish Workplace Development Programme, often regarded as a form of public policy intervention, *par excellence*, explicitly aimed at improving work organisation. Drawing upon interviews with policy makers, employer organisations, trade unions and academics involved with the programme, together with two case studies of development projects in the Finnish municipal sector, it considers how successful the programme has been in its attempt to develop better forms of work organisation that improve both productivity and the quality of working life (QWL). The paper concludes that even in a country which might be regarded as having many of the institutional and political conditions conducive to workplace innovation, there remain definite limits to how far such programmes can help to deliver the 'better job'.

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Introduction

In recent times, there has been considerable debate about the emergence of new forms of work organisation and their potential implications for economic performance, the nature of work and employment relations (see Edwards and Wright 2001, Murray *et al* 2002, Geary 2003). Many commentators have tried to capture these changes through a myriad of concepts such as 'the learning organisation', 'the high performance workplace' and 'the knowledge-creating firm'.[i] While the precise meaning of such terms is frequently very hazy, they all *promise* a more competitive firm often producing high-quality goods or services, with 'flatter', less hierarchical management and teams of skilled, polyvalent workers enjoying more autonomous, rewarding and learning-rich forms of labour. With potential 'win/win' outcomes on offer for management and employees, such concepts have proved attractive to management gurus, politicians and governments alike. Indeed, there is a commonly held view among policy makers throughout the advanced industrial world that the new 'post-Fordist', high performance mode of working is a vital component of a high skills, high value-added, 'knowledge-driven' economy, capable of withstanding the threat of competition from countries with lower labour costs. For many governments, this radical worldwide transformation of work is already underway, driven by the twin forces of intensifying 'global' competition and rapid technological change (see EC 1997, OECD 1996, DTI 1998). The main challenge, therefore, has been defined in terms of developing a highly skilled workforce now seen as *the* key to economic prosperity and social cohesion (see Ashton and Green 1996, Crouch et al 1999).

Despite such high-flown policy rhetoric, commentators in several countries point out that the new advanced forms of work organisation are still very much a minority movement (see Warhurst and Thompson 1998, Lloyd and Payne 2002a, Murray *et al* 2002). Most of the available evidence indicates that take-up of more advanced varieties of 'semi-autonomous' team working, not to mention the full-blown 'high performance work model', remains extremely limited both in the US and Europe (see for example EPOC 1997, Cully *et al* 1999, IRRU 1997, Milkman 1998). At the same time, many organisations continue to embrace low skill, standardised production strategies centred on cost-minimisation and neo-Taylorist forms of work organisation (Ashton and Green 1996, Keep 1999). It has also been suggested that these problems may be exacerbated by

certain national institutional environments. In the UK and the US for example, a combination of lightly regulated labour markets, weak trade unions and pressure on companies to maximise short-term *shareholder* returns, is frequently held to push many firms down a low value-added, low skills, low innovation route (Keep 2000, Lloyd and Payne 2002, P. Bélanger *et al* 2002, Geary 2003).

In light of this, several commentators from different disciplinary backgrounds have started to ask what role government policy might play in encouraging the development of new and better forms of work organisation. In the UK, for example, some commentators interested in skills issues have explicitly criticised current policy approaches for focussing narrowly on education and training initiatives, insisting that the skills of more qualified workers can be under-utilised and wasted in what often remain narrowly-scoped and routinized jobs (see Keep and Mayhew 1999, Keep 2000, Brown and Lauder 2001). Consequently, they call for a broader range of policy interventions aimed explicitly at targeting firms' choice of competitive strategy together with their approaches to work organisation, job design and people management in an attempt to raise the level of employer demand for, and utilisation of, skills. Writing from a labour process perspective, Warhurst (2003) has also argued that researchers need to move beyond the 'comfort zone of critique' and 'fatalistic futilism' and do more to push UK policy makers to develop, what Durand (1998) calls, 'the better job'.[ii] Elsewhere, other commentators on 'new production concepts' and 'the high performance workplace' have begun to explore what an institutional and policy framework for diffusing and developing the new model might consist of (see Kochan and Osterman 1994, Osterman 1999, J. Bélanger *et al* 2002, Chaykowski and Gundersen 2002). As Giles *et al* (2002: 11) note, however, '[these] are questions that have rarely been broached and still more rarely addressed in any substance'.

How policy makers might actually go about improving work organisation, therefore, remains largely uncharted territory. In a recent paper (see Keep and Payne 2003), the author has argued that it may be useful to begin with the Scandinavia countries, generally regarded as having been at the forefront of programmes aimed at job redesign and workplace development since the 1970s (see Ennals and Gustavsen 1999).[iii] In light of this, the present paper takes a closer look at the Finnish Workplace

Development Programme (FWDP). Launched in 1996, the programme has attracted international attention as a form of public policy intervention, *par excellence*, aimed explicitly at improving work organisation and skill usage (see Ashton et al 2003, Brödner and Latniak 2002, Kok 2003).

The Finnish case is particularly interesting for three reasons. First, unlike its Nordic neighbours, Norway and Sweden, it has, until recently, lacked any tradition of publicly-supported programmes in this area and is attempting such a strategy for the first time (see Alasoini 1997). Second, it offers a 'test-case' as to what policy makers can do to improve work organisation in an institutional context far removed from that of the UK and the US, and which many might consider more conducive to supporting workplace innovation. A third reason for looking at FWDP is that it focuses on both *private* and *public* sector organisations. This is interesting given that several commentators argue that the public sector is one area where government has more direct ability to influence approaches to management and work organisation, not to mention the quality of working life (see Keep 2000). What success then has the programme achieved in terms of improving work organisation and what might be learnt about the possible limits of such initiatives?

To answer this question, the paper draws upon interviews undertaken in the summer of 2003 with senior Finnish policy makers, trade unions and employer organisations involved with the programme. How do they see the importance of the programme and what do they consider to be some of the key challenges? The paper then moves on to look in detail at two 'local' development projects in the Finnish municipal sector, sponsored by FWDP. These are examined through interviews with managers and employees, and then used as basis for some further reflections about the significance of the programme. The paper concludes by exploring some of the broader lessons to emerge concerning the limits of such initiatives for improving work organisation, particularly in relation to countries with relatively weak institutional frameworks.

The Finnish Context

Finland is a small country of some 5.2 million people, approximately 2.5 million of which are currently in the labour force. Educational attainments are relatively high by European standards. In 1999, around 31% of 25-64 year olds held tertiary-level qualifications and 72% had completed upper secondary education, compared with EU15 averages of 21% and 60%, respectively. There is some evidence to suggest that Finnish employers have a relatively good record on training. According to 1999 figures, Finnish firms ranked fourth in Europe in terms of their investment in staff training (2.4% of labour costs devoted to training) behind Denmark, the Netherlands and Sweden (Statistics Finland 2002).

Finland's industrial relations model came to resemble that of other Nordic countries in the late 1960s (Lilja 1998). Union density is extremely high with approximately four-fifths of all wage and salary earners currently belonging to trade unions. The Finnish system of collective bargaining is one of the most centralised in Europe, notwithstanding relatively modest trends in recent years to expand the scope of local negotiations (Lilja 1998). An elaborate 'tripartite' machinery has grown up over the years for negotiating national incomes agreements, while the social partners are closely involved in the formulation of policies relating to the labour market. As in other Scandinavian countries, co-determination legislation provides employees (in companies regularly employing at least 30 staff) with the formal right to be consulted over major technological or organisational changes. A strong welfare state has been developed. In 1998, public social expenditure as a percentage of GDP was 26.5% in Finland, compared with OECD and EU averages of 20.8% and 25.2%, respectively. Finland can be described as a high wage country but also a relatively egalitarian one, having the third lowest level of income inequality in the EU after Denmark and Sweden in 1999[iv].

In the early 1990s, Finland was plunged into a deep economic recession with unemployment reaching almost 20% in 1993. In the mid-1990s, however, the economy recovered rapidly, in large part due to a strong ICT and telecommunications cluster, spearheaded by Nokia. Since then, Finland has carved out an international reputation as one of the leading high-tech economies in the world and a 'European laboratory for the knowledge society' (see Committee Report 1997). Recent years have witnessed a

determined drive on the part of the state to invest heavily in R&D, especially new-cutting-edge technologies. In 1999, Finland had the second highest investment rate in R&D (3.2% of GDP) in the world after Sweden (see European Commission 2001). Despite impressive economic growth in recent years, the highest in the OECD since 1997, unemployment has remained relatively high at about 10% in 2003 (Arnkil *et al* 2003: 2).

The context for workplace development

Over the last decade, Finnish working life has faced a number of key challenges that have focussed policy makers' attention on need for a public policy role in promoting workplace innovation.

Productivity

Between 1995-2000 Finland's average labour productivity growth rate soared to 3.2%, the second fastest in the EU behind Ireland. However, as Alasoini (2003) points out, the Finnish 'success story' reflected a rapidly growing ICT sector that tended to disguise more persistent productivity weaknesses across other sectors, not least service production. When the global telecommunications bubble burst in 2001, these weaknesses quickly became apparent as labour productivity growth fell to -0.9% (McGuckin and van Ark 2002, Alasoini 2003). In 2002, in terms of GDP per hour worked relative to a EU15 weighted average of 100, Finland scored 96.0, taking only tenth place ahead of Sweden (94.2), the United Kingdom (86.9), Spain (82.0), Greece (68.7) and Portugal (58.6) (Eurostat 2003).

A rapidly ageing workforce

In addition to concerns relating to productivity, Finnish policy makers are also acutely aware that the workforce is ageing more rapidly than in most other European countries. It is estimated that between 2000 and 2015, around half of those currently employed will have exited the labour force, in part due to a relatively low average retirement age of 59 (see Alasoini 2003). The spectre of serious labour shortages in the not too distant future

has turned the policy spotlight on the question of how to tackle problems of work fatigue and improve the working capacity of a 'greying' workforce.

Under-utilisation of skills in an increasingly pressured work environment

In light of the above, Finnish policy makers have become concerned about the under-utilisation of skills in what is often an increasingly stressful working environment. According to the Ministry of Labour's annual Working Life Barometer[v] employees report that while their jobs have become more demanding in the 1990s, the opportunities available to exercise their skills at work have progressed much more slowly (see Ylöstalo 1999). According to the Quality of Working Life survey, based on face-to-face interviews with 2,979 wage earners, the proportion of respondents reporting an increase in the pace of work rose from 46% in 1984 to 54% in 1990 and 62% in 1997 (Lehto and Sutela 1997: 41). One explanation for rising levels of reported stress at work might be that, with unemployment still at 9%, many employers are simply attempting to squeeze more effort from a relatively small and ageing workforce.

Hierarchical management and the persistence of Taylorism

As Alasoini (2004) notes, 'There is no reliable material on the extent to which many of the characteristics of the new [production] model have been introduced in Finland.' A number of studies, such as the Ministry of Labour's Flexible Enterprise Project (Antila and Ylöstalo 1999), its annual Working Life Barometer (Ylöstalo 1999) and Statistics Finland's Quality of Working Life Survey (Lehto and Sutela 1999) suggest that team working has spread extensively throughout Finnish working life in the 1990s. According to the last named survey, for instance, around 74% of respondents said team working was used at their workplace (Lehto and Sutela 1997: 18-19). As Alasoini (2004) points out, however, 'In Finnish studies, data on team working is based simply on subjective evaluation by the respondents themselves. These studies also make no distinction between different forms of team working.' As such, it is impossible to know what kind of team working is being used, or the extent to which it is associated with the enhanced skills and autonomy of employees.

Table 1: Percentage of respondents who can influence their work 'a lot' or 'quite a lot' in Finland

	Year 1984	Year 1990	Year 1997
Order in which tasks are done	68	67	69
Working methods	58	63	65
Content of tasks	25	37	40
Pace of Work	59	64	57
Division of tasks between employees	25	29	31
Choice of working partner	12	18	19
Equipment purchases	20	21	23

Source: Lehto and Sutela (1999: 25)

Current research indicates that it is the ICT cluster, followed by the electronics, metal and engineering sectors, which have experimented most in the 1990s with new quality management and innovative HRM strategies that devolve greater responsibility to teams of employees for various aspects of work organisation (see Lilja 1998, Alasoini 2004). According to the Quality of Working Life Survey (Lehto and Sutela 1997), the opportunities available to employees to influence their own work have been rising since the 1980s, but have deteriorated with respect to the pace of work (see Table 1). Employee opportunities for self-development at work have also improved, with the proportion of respondents who felt their potential for development was good increasing from 28% in 1977 to 32% in 1990 and 37% in 1997. Nevertheless, the opportunities

available to employees to exert influence over changes in work organisation would appear to be more constrained. Thus, in 1997, 41% of employees reported that they were informed about changes in the organisation of work 'at the planning stage', compared with 35% being informed 'shortly before the change', and 22% only 'at the implementation stage' (Lehto and Sutela 1997: 23-24). Despite formal co-determination legislation, it would appear then that many employers are implementing new work arrangements without offering employees any real say or influence over the changes (Hytönen 2003).

Evidence pointing to the relatively limited opportunities available to Finnish employees to exert influence over their work can also be found in the Nordflex project (see NUTEK 1999). According to this study, although team working was found to be more widespread in Finland than in Denmark and Norway, decision-making appears not to have been delegated to employees to anything like the same extent as in Denmark and Sweden (Table 2). On this evidence, Alasoini (2004) concludes that 'organisational changes have been implemented in a less participatory way in Finland.' To sum up, while there has been considerable experimentation with new working practices in Finland in the 1990s, it would seem that many workplaces continue to operate in a fairly traditional, hierarchical manner and make limited use of employees' skills and capabilities (see Antila and Ylöstalo 1999, Ylöstalo 1999). As one researcher with the Ministry of Labour explained in interview, 'Often we are dealing with a form of low trust organisation that is very hierarchical and bureaucratic, and not interested in open employee participation.'

Table 2: Decentralisation of responsibility, proportion (%) of work places with 50 employees or more which responded positively

	Sweden	Norway	Finland	Denmark
Daily planning of own work by individuals	57	20	40	62
Individual responsibility for quality control	44	17	53	-
Weekly planning of own work by individuals	24	10	18	35
Individual responsibility for product or service development	15	9	10	12
More than 50% of employees work in teams	58	na	30	10
More than 50% of employees with formal job rotation	22	na	20	6

Source: NUTEK (1999) compiled from different tables pp. 55-64

Challenges in the municipal sector

In the 1990s, the modernisation of the welfare state has emerged as an important political issue in Finland. Finland has one of the most devolved systems of local government in Europe, with its 452 municipalities responsible for nearly all basic education, health care and social welfare services. Following the recession of the early nineties, cut-backs in financial resources and personnel have combined with an ageing workforce to create serious problems of work fatigue and burn-out (see Kalliola 2002). At the same time, as part of the drive towards the New Public Management, 'management by results' has been implemented often in top-down fashion and in accordance with a highly bureaucratic and authoritarian model organisational culture (see Kalliola and Nakari 1999).

The political and policy environment for workplace innovation

Programme-based approaches to workplace development are recognised by both government and the social partners as having an important role to play in tackling the above problems. In the 1990s, several publicly-funded programmes have been launched aimed at improving productivity and the quality of working life in Finnish companies and public-sector organisations.[vi] These programmes, of which FWDP is one, take place against the background of a political system characterised by a high degree of cross-party consensus in recent years (see Alasoini 1997, Arnkil et al 2003: 4-5).[vii] Although such programmes enjoy considerable legitimacy among the main labour market organisations, this has not always been the case. In the late 1980s and early 1990s, employer organisations mounted strong opposition to attempts by the Ministry of Labour to introduce initiatives aimed at improving the quality of working life (QWL) (see Alasoini 1997).

Several factors seemed to have helped forge a broad consensus around the need for a programmatic approach to workplace development. First, Finnish employers have tended to adopt a fairly pragmatic stance and have been willing to support such initiatives in return for involvement in their planning and implementation (Alasoini 1997, Lilja 1998). Second, the economic stresses of the early 1990s shifted the emphasis of labour policy towards productivity goals, albeit alongside a continued concern with QWL issues (Alasoini 1997). Third, the tripartite working group that put forward the original proposal for FWDP was able to build legitimacy for the programme by presenting workplace development as a key element in the development of the Finnish 'national innovation system' (for the theory, see Lundvall 1992). As Alasoini (2003: 6) notes, 'Finland has probably adopted the development of a national innovation system and the concomitant reinforcement of knowledge-intensive growth as a key political objective more seriously than perhaps any other nation.' In its report, the working group criticised innovation policy in Finland for concentrating too narrowly on technological innovations. Its main argument was that 'bundles' of organisational, work and HRM practices make a crucial contribution to a company's economic performance and that a public policy role in supporting workplace innovation was essential if Finland was to take full advantage of its investments in new technology and education and training.

Underpinning the current consensus is the view that in an era of 'globalisation' Finland's institutional and macro-social arrangements can be modified to serve 'progressive' innovation-based, 'high road' strategies for economic competitiveness, without having to resort to a slash-and-burn, 'neo-liberal' de-regulatory approach (see Alasoini 2003, Kettunen 2002). In this way, Finland could look to build upon its existing advantages, such as well educated workforce, a high level of trust among the social partners and an emerging tradition of working life research in several universities, to develop a vibrant national innovation system with workplace development as a core element (see Alasoini 1997).

The Finnish Workplace Development Programme (1996-2003)

When the Finnish Workplace Development Programme (FWDP) was launched in 1996 its main aim was 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 1997: 62). The programme funds the use of external experts, such as researchers and consultants, in various workplace development projects, based on applications submitted. It is managed on a tripartite basis, with the Ministry of Labour playing the role of main initiator and coordinator. FWDP is informed by several key principles (for a full description of the programme, see Alasoini 1997, 2003):

- All projects have to be 'workplace initiated' and are expected to *promote both productivity and the quality of working life* in accordance with the principle of 'sustainable productivity growth'.
- The programme supports projects which aim to achieve a *comprehensive change in an organisation's mode of operation* and which allow companies to develop the capacity to meet their own future development needs. At its best, the programme supports the simultaneous development of technologies, work organisation, management strategies, staff skills, working conditions and occupational health.[viii]
- Successful workplace development requires the *broad participation of employees* in the formulation, planning and implementation phases of development activity.

- There is assumed to be a close link between organisational innovations and employment growth.
- The programme seeks to build 'critical mass' and organise knowledge dissemination by supporting the creation of various 'learning networks' involving workplaces, the labour market organisations, researchers and consultants. The aim is to generate examples of 'good practice' which other workplaces can learn from and adapt to their own organisational settings. One example is the Municipal Quality Network (see Kalliola 2002, Kalliola and Nakari 1999), a forum for bringing together researchers, employers organisations and trade unions involved in workplace development in the municipal sector, and coordinated by the University of Tampere's Work Research Centre (for other examples, see Alasoini 2003).

FWDP is involved in three main types of activity:

1. The *funding of expert support for workplace development projects* in both the private and public sector organisations. Projects typically focus on one of the following areas: promoting learning-supporting forms of work organisation (especially teams), developing human resource management approaches, improving the functioning of work communities (with special emphasis on older workers) and promoting equal opportunities.
2. The *dissemination of knowledge about workplace development* by means publications, workshops, seminars etc.
3. The *strengthening of the workplace development infrastructure* in Finland via measures designed to promote cooperation between key stakeholders.

The first programme period ended in 1999 when the decision was taken to extend the programme over a further three year period (2000-2003). Funded by central government, the budget of around EUR 44 million over the two phases is relatively small both in relation to the Ministry of Labour's overall R&D spend and in comparison to development programmes in other European countries (see Arnkil *et al* 2003). During

the whole programme period (1996-2003), FWDP granted funding to 668 projects in which some 1600 workplaces and around 135,000 employees took part. The most common development targets for projects during the programme period from 1999-2003 were as follows: interaction, internal co-operation and social relations within the workplace (53%), work processes (47%), personnel management (34%), team working (34%), development of skills and competence (29%), external networking (26%) and work ability and employee well-being (23%).[ix] The most heavily represented sectors in the programme were the metal, engineering and construction industry (45% of projects), followed by the local authorities (30%).

Evaluations

Several recent evaluation studies suggest that project results have been extremely impressive. These evaluations tend to based on self-assessment questionnaires sent to a representative of the management, employees and experts at the end of a project. A study by Ramstad (2001) of 502 questionnaires covering 186 projects completed by July 2000 found that a majority of respondents considered projects to have had a positive impact on range of areas including productivity (66% of respondents), product or service quality (76%), and responsiveness to clients' needs (70%). Projects were also considered to have positive effects on team working (89%), cooperation between management and employees (78%), social interaction in the workplace (67%), as well as the opportunities for employees to develop their skills (74%). Lower scores were recorded in relation to aspects connected with the QWL. Nevertheless, 58% of respondents felt that mental well-being at work was better, while 35% reported an improvement in working conditions. Only a handful of projects (6%) recorded any deterioration in these aspects of working life. Although projects are meant to be planned jointly by management and employees, there are strong indications that projects tend to be driven by management and external experts. Thus, while 88% of respondents indicated that management had great or high influence at the planning stage, and 83% felt the same was true of experts, only 57% and 35% agreed that this was the case with staff and shop stewards respectively.

Another evaluation study looking at the long-term impact of development projects two and half years after reaching completion has confirmed this picture of positive and sustainable gains across a wide range of variables broadly commensurate with the aims of FWDP (see Rissanen *et al* 2002). The recent programme-level evaluation (Arnkil *et al* 2003: 69-117) echoes the positive findings of earlier evaluation studies and confirms that the programme continues to enjoy a high degree of legitimacy among key stakeholders who value its flexibility and strategic relevance. These official evaluations suggest that most projects have met with considerable success, although their impact has been greater on organisational effectiveness than the QWL. The next section of the paper draws upon interviews with key policy makers, researchers, employer organisations and trade unions, in an attempt to test the accuracy of these evaluations and find out how those closely involved with the programme view its significance and what they consider to be some of the key challenges.

Key issues and challenges

In this section, we look at some key issues and points of controversy raised during interviews with those closely involved with the programme. The interviews were conducted in June 2003 during a study visit to Finland arranged and coordinated by the project team responsible for managing FWDP. These included interviews with the director of the programme, Tuomo Alasoini, two senior labour market analysts with the Ministry of Labour, and a researcher involved with the recent programme-level evaluation of FWDP. A further interview was undertaken with Professor Yrjö Engeström of the University of Helsinki's Centre for Activity Theory and Developmental Work Research. In each case, the persons were interviewed individually. Interviews were also conducted with employer organisations and trade unions involved in the programme. This took the form of a joint meeting, involving three representatives of the Commission for Local Authority Employers and two union officials, one from the Trade Union of Municipal Workers (KTV), the other representing the Union for Health and Social Care Services (TEHY).

Although interviewees were allowed to range freely across areas they considered to be relevant, the interviews sought to elicit views in relation to five key areas. First,

how far do they trust the accuracy of current evaluations? Second, how do they view the importance and significance of the programme? Third, what do they consider the added value of the programme to be and is it targeting the right kind of organisations? Fourth, what role do trade unions play in the programme? Finally, to what extent is the programme really about 'job redesign' and in what sense?

What can current evaluations tell us?

Despite the fact that official evaluations of FWDP paint a very positive picture of the programme's overall results, several interviewees expressed major reservations concerning the reliability of self-assessment methods. A researcher within the Ministry of Labour remarked:

> When a questionnaire is sent to a manager who has got some money for a project, it is easier to say it went well and that something positive came out of this.

A representative of the Commission for Local Authority Employers also noted problems of positive bias:

> It's nice to be involved in a project. You receive an advisor, a consultant, some money. They visit your workplace. They show an interest in what you are doing. So people tend to be generally positive about the projects as a whole. Productivity has improved in 75% of cases – no, I don't believe that either.

Another representative from the same organisation added:

> You only have one representative of the personnel giving feedback. They can just be answering for themselves rather than other employees. At the end of the day, we have no real way of knowing what the workforce involved in these projects really thinks.

One interviewee, closely involved with the recent programme-level evaluation, acknowledged that the reliance upon self-assessment data had tended to generate mainly 'soft' measures:

> Overall, I would say that as far as hard evidence in relation to productivity and QWL are concerned, it's fairly limited. We don't have much evidence other than the questionnaires from people saying they think this has improved.

Nevertheless, he contended that the overwhelmingly positive feedback from a variety of different evaluation studies, helped confirm the programme's overall success:

> We have a pretty positive picture of the programme and we would be surprised if, from all these different windows, we were to see a different animal altogether emerge. Also, we don't detect any strong counter currents or negative views.

It is somewhat surprising, however, to find that there is remarkably little case-study research seeking to document workers' own responses to the projects. Rissanen *et al* (2003) used ten case studies to identify features of 'successful' projects. The recent programme-level evaluation draws upon a handful of earlier Finnish case studies, supplementing their findings with 14 case studies of its own (Arnkil et al 2003: 90-92, appendix 4.4) The latter focus on the extent to which the project was anchored in the strategy development of the organisation, how far employees actively participated in the projects, the role of research, and the use of external and internal networking. Again the results are overwhelmingly positive with the projects often relying on extensive workforce participation and personnel cited as 'beneficiaries' in twelve of the fourteen projects. However, it should be emphasised that the case studies are based on telephone interviews with 'project coordinators', while the results take the form of only brief 'working memos' arranged in table format. What is not clear is whether these more 'in-depth' studies provide any real insight into how workers themselves viewed these projects. Did employees believe these projects had brought more opportunities to use their skills and exercise autonomy at work, for example? Certainly, the project team responsible for managing FWDP could point to very little evidence of this sort in either in English or Finnish. As the director of the programme, Tuomo Alasoini, noted:

> There are articles in various magazines written by journalists and these tend to include interviews with employees. It is subjective but they give a flavour of what the workforce felt about the project. So there is data of this kind but I suppose it amounts to a lot of splintered messages from isolated cases.

Given the obvious limitations of existing evaluation methods, this would seem to be a major lacuna. Fortunately, there are signs that those involved with the programme are beginning to recognise that a gap exists in the evaluation material. As Alasoini remarked:

> The programme evaluation has given us quite a good overview I think but I would agree that the evaluations are perhaps not going deep enough into employees' actual experiences. We must develop systems to get better information on the impact of projects from the perspective of employees.

The significance of FWDP

How then do Finnish observers evaluate the significance of the programme? For Professor Yrjö Engeström, it was important to locate the programme in a broader policy context. Although it was 'often very difficult to pin down any short-term impact these projects are having on someone's job being redesigned', for him the significance of the programme was that it was part of the state's commitment to develop working life:

> What's positive, I think, is that it is part of a general movement or wave of investment in R&D in Finland, and a general interest on the part of the state in supporting the idea that developing work and working life doesn't have to be separate from investment in new technology and skills. If nothing else, it has strengthened the idea that working life can be developed. Various strands of activity are now coming together, whether it is researchers talking with employers, or employers working with trade unions. The fact that some managers are now willing to try to do that is in itself significant.

Several other interviewees similarly stressed that the significance of the programme lay in its attempt to 'get inside' organisations and change managerial approaches. As the programme's director explained:

> We see that for a growing number of companies work organisation is becoming an increasingly reflexive topic subject to ongoing discussion, redefinition and assessment. The programme gives us a way of being part of those discussions that are taking place in organisations. If the programme can engage with those discussions, you can start to have the *possibility of influencing management thinking* about new paths to development and ultimately new forms of work organisation (*emphasis added*).

A researcher with the Ministry of Labour agreed, adding that the key lay in trying to bring employees and their representatives inside those discussions:

> To me, its importance is that it comes inside the organisation and tries to *influence the management culture* by making it more humane and democratic … A really important thing is you get managers to understand that you can't just have the skeleton of the high performance work organisation, such as teams, you also need the flesh and blood to make it live and breathe. And the only way to do that is to bring employees to the table and ask them 'what do you want?' so that they have some influence over the changes and some say in all of this.

FWDP clearly has important *symbolic* value, therefore, as a counterweight to technology-focussed innovation policy and reflects policy makers' desire to see organisations in Finland follow a 'high road' strategy (see Lilja 1998). The critical question, however, is how successful the programme is it proving to be in real workplaces. To what extent does it succeed in shaping management decisions about business strategy, work organisation and people management so as to permit performance gains to be pursued through better designed jobs that bring genuine benefits to employees in terms of their skills, autonomy and job satisfaction?

What organisations to target and why?

One area of controversy concerns the extent to which FWDP can be said to 'add value' and whether it is targeting the right kind of organisations (see Alasoini 1999, Ylöstalo 1999, Arnkil et al 2003: 73). As Alasoini (2003) notes, the added value of a programmatic approach to workplace development can be justified on several grounds. For instance, it can lower the threshold for companies to begin to develop their operations, influence the aims and scope of development activity, help spread 'good practice', and build up the available stock of research expertise. However, there are legitimate concerns in relation to the problem of 'deadweight', namely that the programme may simply end up funding projects in workplaces that would develop their operations even without external support. As one senior labour market researcher with the Ministry of Labour put it:

> The firms in these projects are often quite special. They already have a certain basis of trust in the company and are often working quite well to begin with. They have a good starting point for development work and for obtaining public funds. That doesn't mean the programme is without meaning, it certainly makes it easier for these companies to make the changes, but it's more difficult to say what value the programme is really adding. Many of these organisations would still develop themselves even without FWDP (interview 6/6/03).

In his view, it was necessary to ensure that:

> Government support gets to those who really need it not just those with an eye for free public money. We need to reach out to the more typical Finnish company. With that, however, comes a huge risk of failure.

Indeed, it is important to emphasise that 'voluntary' programmes, like FWDP, have only very limited impact on those organisations that remain wedded to low cost, low skill strategies. It is not just that such organisations are effectively excluded by the programme's selection criteria, but they are, in any case, unlikely to show very much interest in programmes of this nature. As Ylöstalo (1999) notes, the goals of development activity in such organisations are likely to coalesce around a very different set of issues to do with pay, job security, working hours and learning opportunities which often clash with the competitive strategy of the organisation. While employees may welcome such initiatives, it is not clear why employers should be in favour of them. This serves to underline the limits of such programmes in terms of their ability to address the problem presented by those organisations which remain stuck on the 'low road', a point we return to later.

The limited role of trade unions

The broad participation of employees and their representatives in the development process is often seen as a critical success factor, helping to build trust and commitment by ensuring that employees' concerns are taken into consideration (Alasoini 2003, Geary 2003). At national level, Finland's trade unions have clearly welcomed FWDP as an opportunity to broaden the scope for union action and catch up with their Norwegian and Swedish counterparts who have been involved with similar programmes over many years (see Ennals and Gustavsen 1999, Gustavsen et al 2001, Qvale 2002). The labour market

parties also play an important role in the tripartite management group that oversees FWDP. In the municipal sector, trade unions such as the Union for Health and Social Care Services (TEHY) and the Trade Union of Municipal Workers (KTV) have also supported local development projects, with trade unionists sometimes acting as researchers and consultants (see Pesonen 1999, Pokki and Vuoriluoto 1999). Faced with harsh economic conditions, fiscal cutbacks and limited scope for wage bargaining, these unions have revised their strategies more towards 'production issues' and 'an integrative bargaining' approach by participating in the development of services and the quality of working life (Kalliola 2002: 166).

One union official with the nurses' union (TEHY) outlined how she had become involved in action research through participating in the Municipal Quality Network (see above). As she explained, it was the existence of this support network that 'gave me the confidence and courage for this kind of work. Without this, I don't think I would have been able to do it'. However, she also acknowledged in a written communication that not all trade unionists shared her enthusiasm for this work, noting:

> In those trade union organisations that have not participated in these development of working life projects, projects are shunned because representatives do not consider this work relevant to trade unions (Vuoriluoto 2001: 7).

Indeed, trade union participation in local development activity remains relatively rare in Finland. For the programme's director, this was one of the most disappointing aspects of FWDP:

> With the exception of one or two unions, like KTV or the nurses union (TEHY), trade unions haven't showed as much interest in the projects as we would have liked. They say we have the projects, our members are involved, and we want this work to continue. But it often stops there. That is something of a disappointment.

It is important to note that in the 1960s and 1970s, unlike in Sweden and Norway, issues concerning the quality of working life and the 'humanisation of work' did not figure on the agenda of Finnish trade unions (see Alasoini 1997). Not only is there very little tradition of trade union involvement in QWL/production issues, therefore, but many

trade unionists at local or branch level may lack the necessary support, skills or experience to engage with this kind of work (see also Lilja 1998). Some question the objectivity of those unions that do become involved, asking whether they will favour projects in the interests of their members, as well as fear potential conflicts arising from the divergent interests of their membership (Kalliola 2002, Vuoriluoto 2001, Alasoini 2003).

Is the programme about job redesign and what do employers think job design means?

In light of the problems with the way that FWDP has been evaluated, it seems vital to explore whether the programme is really helping to deliver better jobs with more scope for the exercise of skill, discretion and autonomy. If one takes the overall aims of the programme itself and the categorisation of projects according to their targets, this would certainly seem to be an important goal. But is the programme really about 'job redesign' and what do key players, like employers, understand this to mean?

A representative of the Commission for Local Authority Employers, involved with the Municipal Quality Network, argued that:

> Our aim is to spread best practice. 'Strategic HRM' and 'the high performance work model' are things we want to see. What we wanted to do was to raise the level of knowledge so that organisations and managers in particular became more aware of the possibilities. In my view, this [i.e. HPWO] model can be applied everywhere.

However, he stressed the softer aspects of HRM such as winning workers' commitment rather than the harder elements of job redesign, adding:

> Rather than job redesign, I think it is more about changing management styles and winning workers' commitment, to get them ready for the changes that are coming in. So, yes, we're talking about something different to job redesign when we speak about improving the QWL.

Interestingly, he added:

The projects have not been evaluated in terms of whether the job has been redesigned.

Another representative went further, questioning whether the programme was about changing job design at all and seeing this as an issue of managerial prerogative:

> The objective is not job redesign … What the projects strive for is better communication between management, personnel and researchers … Ultimately, the design of the job rests with the employer and, in that sense, we are very traditional. We don't allow employees to make decisions about how services are organised.

The above suggests that some employers in the municipal sector do not regard such initiatives as being fundamentally about job redesign, and may hold a fairly limited conception of what this process actually involves. To what extent these development projects actually succeed in delivering better forms of work organisation that expand the scope for employees to exercise skill and discretion in their jobs remains unclear and a matter for further inquiry. This is the subject of the next section of the paper.

A tale of two projects

In this section, we look at two development projects in the municipal sector, sponsored by FWDP, to see how well they have fared in terms of helping to deliver better and more innovative forms of work organisation.

Project A: the development of municipal meals services

The first case study involves a project aimed at the development of municipal meals services in a city close to the Finnish capital, Helsinki. The findings are based upon interviews with an officer from the central personnel office of the City's Food Services Department and employees at two kitchens, one located in a care home for the elderly, the other at a secondary school.

There are about 400 people currently employed by the City's Food Services Department. Most work in kitchens preparing meals for kindergartens, schools and care homes for the elderly. Kitchens are usually located on site at a particular school or care home. Until recently, kitchens were under the control and direction of the school

principal or care home manager. In the early 1990s, pressures to reduce costs resulted in shift towards a more centralised management structure, with all kitchens being brought under the direction of the Food Services Department. Kitchens were duly grouped into three geographical areas, and area managers responsible for each 'district' appointed.

The project began in the late 1990s when a consultant approached the municipality with a view to launching a workplace development project with funding from FWDP. The subsequent decision to begin a project in the area of meals services reflected a number of managerial concerns. The kitchens tend to vary in terms of their size. In the bigger kitchens, employees prepare large volumes of food which are then taken to smaller kitchens where workers concentrate simply on putting portions together into finished meal. Some job rotation is used, mainly as a way of sharing tasks such as washing dishes and heavy lifting. In some of the smaller kitchens, however, employees can find themselves working entirely alone. Despite the job being highly routinized and monotonous as well as physically demanding, many employees take pride in their work and see it as providing an important public service. Most of those employed in the kitchens are women with an average age of over 50. Back, shoulder and hand problems along with other repetitive strain injuries are therefore quite common. In recent years, management has had to grapple with the problem of an increasing volume of sick leave and how to arrange adequate personnel cover.

During the first phase of the project, a development group was set up comprising the manager of the Food Services Department, an area manager, two supervisors from the larger kitchens, and an employee representative from the smaller kitchens. The aim, however, was to encourage all 400 staff to actively participate in the project and so larger meetings were organised in which employees were invited to discuss the project. According to a manager with the Food Services personnel department who was present at these meetings, employees raised a number of concerns:

> They felt that staffing levels were too low and that the work load was increasing. They also talked about the problem of absences and the fact that some workers had very little social contact in their jobs. They also voiced concerns about the state of equipment and the working environment.

Although 'there were long discussions about what to do', it was management who eventually took the initiative and set up a new team structure on the recommendation of the project's consultant. As the same manager explained:

> The idea was to put the smaller and larger kitchens together as part of a team. Representatives from the different kitchens would then meet every month for couple of hours to discuss practical problems with food delivery etc.

One aim of the new structure was 'to give social support for those working in smaller kitchens so they could meet with others and share problems'. It was also hoped that the teams would help arrange adequate cover for absences. There were some signs in the meetings that although staff had been 'trained to be passive and lack the skills for these meetings', they nevertheless wanted to move beyond management's agenda:

> There are some signs of striving for autonomy, I think. Some kitchens would like to have more responsibility for budgeting etc but that is not possible at the minute. Some would like to make their own menus, devise their own style of menus, and we have had discussions about the possibility for doing that. But the head manager of Food Services reacted negatively saying that decisions about menus had to be taken centrally, not in the kitchens.

For this personnel manager, lack of managerial commitment to the project was a key factor in explaining why progress had been so limited:

> The main boss of Food Services doesn't really trust the personnel. She used to be in the army. Her attitude is that she knows best and the workers cannot be trusted with responsibility. She's not motivated for this project. She doesn't attend the development group.

Another factor was the lack of trade union interest and involvement:

> 97% of staff belong to the trade union for municipal workers, KTV. But the union hasn't been at all active in the project. There is one union official on the supervisory board. He tries to make sure nobody loses their job but he's not interested in the project. I would say the union isn't engaged. It just follows what happens.

Asked to sum up what the programme had achieved so far, he remained relatively pessimistic:

> I suppose you could say there has been a kind of awakening, a chance to do something with your own work. But we don't see much in terms of concrete results…OK, we have these teams now but someone needs to decide what to do with them.

In light of previous concerns expressed about the reliability of evaluations based on self-assessments, it is interesting to observe that despite holding major misgivings about the project's overall achievements, his final assessment would nevertheless be positive:

> You know, after three years, it's very difficult to say nothing has been achieved or very little. Of course, something positive will have come out of this. We can always say that.

For kitchen employees, their assessment of the project drew different reactions, often depending upon whether or not they were actively involved in the project. For a kitchen supervisor involved in the development group, the teams were a step in the right direction:

> We had teams before, so they are not completely new. But the project has made them more stable. The meetings are more planned and organised. We also have the chance to meet people from other kitchens in other cities … We have noticed that our voice is heard more among upper management and that the bosses are coming to the meetings. The assistant manager of the City Food Services Department is sitting there with the workers.

However, she admitted:

> I wouldn't say the project has really affected the job itself. That's pretty much the same, I think. The difference is we have more meetings, more discussions and more communication between kitchens.

An employee within the same kitchen commented that the project had brought very few real benefits:

> I wouldn't say the project has done anything very much for me. Sometimes these big people make projects for themselves. If we ask for something they always say we don't have the money. Then someone suddenly decides we will have teams. The meetings are a burden if anything because the work load is the same. If you go to the meeting, it means there is more to do when you come back … I wouldn't say it has allowed me to use my skills or make decisions or anything like that. The job is basically the same, only getting harder all the time.

Another employee felt that 'it was nice to have meetings and discuss things with others' but added that 'the day-to-day work is basically the same. Our autonomy is very limited. Everything is centralised. The budget is decided centrally'. For a supervisor from a different kitchen, the main result was 'the setting up of the teams. It's a good thing. But the teams cannot decide much. They can't decide the budget or the number of personnel.'

Project B: The development of cleaning services in the municipal health care sector

The second case study looks at a development project, funded by FWDP, aimed at cleaning services in the Helsinki Health Department (HHD). HHD is divided into seven districts each of which contains a number of local health care centres totalling 30 in all. Since 1999, health centres have purchased their cleaning services from the central Helsinki Cleaning Department (HCD) based on a fixed contract price. In total, HCD employs 30 managers and around 700 cleaners working across the seven districts. This study is based on interviews with the head manager of HCD, two other managers and three cleaners.

The project started in May 2000 and initially ran until June the following year, after which the project entered its second phase from September 2000-2003. The project attempts to address a number of key challenges. These include an ageing workforce (mainly women) where the average age of cleaners is now 46, but in a context where there are also many younger employees looking to combine part-time/temporary cleaning work with study. The combination of low salary, physically demanding work, limited education and other socio-economic problems linked to lifestyle, is said to have resulted in a situation where managers are confronted with a high rate of absenteeism and sick leaves. Another issue concerns the hierarchical culture of health care professions where

clear status boundaries exist between doctors, nurses and ancillary support staff, including cleaners. Taken together, the factors are felt to contribute towards a situation where cleaners feel that they lack a sense of involvement as well as the skills and confidence to deal with other persons on the wards, particularly nurses. As the head manager of the Cleaning Department explained:

> The nurses have a huge impact upon how cleaners feel about their work. If nurses ignore or are impolite to them, they have much less satisfaction at work. Thus, the communication between nurses and cleaners is very important.

The main aim of the project, therefore, has been to provide cleaners with a stronger occupational identity and status by promoting communication at all levels i.e. between workers, between workers and managers, and between workers and nursing staff. The project is informed by several key principles:

- To focus on everyday work
- To make management more meaningful and give better support to managers
- To facilitate good, open communication and involvement in ways which support a better QWL.
- Give support for problem solving.
- Use an interactive work conference to plan and evaluate the project.

To support these aims, there have been three main forms of activity. The first has been to provide cleaners with a course designed to improve communication skills and 'manage anger'. The second has been the attempt to systematize a schedule of meetings between managers, between cleaners and managers, and between cleaners and nurses on particular wards. Third, attention has been focused on educating managers in terms of general management skills, how to plan and organise meetings, as well as dealing with conflict. So, what benefits has this project yielded for employees in terms of the development and utilisation of their skills and their overall QWL?

Interviews with managers revealed that they were committed to a project which they believed had been successful in achieving its objectives. For the head of HCD:

> Cleaners now have a certain level of professional education that can promote their QWL. If you have professional skills, like communication, you know the work better, you feel more in control, more sure of what you are doing, and better able to handle situations with other workers.

For another manager, it was also the case that:

> When people receive this education, they feel they know better what it is they're doing and that they can negotiate with nurses on a more equal level.

Although work redesign did not figure explicitly within the project, it is interesting to observe that the work itself was becoming more managerially controlled and routinized. As the head manager explained:

> We have introduced a schedule or timetable for cleaners. We are measuring how many square metres you have to clean in a certain time and also scheduling the work more.

While the new timetable was not a part of the project, there was an acknowledgement that cleaners now had less autonomy in relation to how they went about their job. As the head manager put it:

> You could say that the work is more programmed than before. You have to follow the new timetable very strictly so there is less space to plan by yourself. Breakfast comes at 8.00am, lunch at 12.00. These times are fixed by the nurses. Between these times we plan what the cleaners will do, what rooms they will be cleaning.

One manager noted how some cleaners had expressed disquiet with the system during the development meetings:

> They want to change things about the timetable. Their feeling is that the nurses could do more. Some feel that work is being off-loaded on to them, that they are being given more to do like helping to give out meals at meal times.

Another remarked:

> The meetings are quite popular. But yes, workers complain that their workload is too heavy. When someone is sick they say they have to manage by themselves often. They also say the nurses could do more.

Interviews conducted with three cleaners suggested that the project may not have generated a strong sense of involvement or ownership among employees. One was 'aware of the meetings' but had not attended any. Another commented, 'I really don't know much about this project. I've just heard the name, that's all'. A third said, 'I haven't been involved in the work conference – nobody has asked me.' At the same time, the cleaners interviewed all remarked how the pressure of work was mounting. One noted that 'the job is becoming harder. There is more pressure. There are fewer cleaners now and nurses expect you to do kitchen work on top, helping with meals.' For another, it was a case of 'more work, more pressure', problems that the project had seemingly done little to address.

Evaluation of the projects

The first observation is that the projects did not seem to have very much impact on job design or the *utilisation* of employees' skills, knowledge or capabilities. Essentially, they were not designed with this objective in mind. The meals services project (Project A) aimed at putting in place a new team structure for bringing kitchens together and coping with, amongst other things, issues relating to absence cover and employee isolation. Ostensibly, therefore, it was a project 'about teams' but not about changing job contents. Project B focussed mainly on improving cleaners' communication and interaction skills. It is also worth emphasising that the project existed in a context where cleaners' work was, if anything, becoming more routinized and subject to increasing managerial control.

It should be pointed out that both these projects were directed at employees in highly routinized, low skill jobs where the possibilities for expanding workers' task discretion and use of skills might be felt to be relatively limited. There is no disputing the fact that redesigning work with a view to levering-up employee autonomy and skill-utilisation is considerably easier in organisations that are pursuing, or moving towards, a high value added strategy that requires substantial discretionary effort and task knowledge on the part of employees (Keep 2000). Clearly, these jobs were not of this

order. This is not the same as saying, however, that low skill jobs *cannot* be redesigned and made better within certain limits. What is striking about both projects is that management did not even consider implementing changes in work organisation that could have made better use of employees' skills and capabilities. Indeed, Project A would seem to contrast with other developments projects in Finland's municipal catering services in the early 1990s aimed at giving kitchens greater responsibility for budgeting and the planning of menus so as to overcome the separation between 'planning' and 'execution' characteristic of mass food production (see Pesonen 1999).

One can ask, however, to what extent these projects improved employees' experience of work or their quality of working life, if not the precise content of the job itself. There is some evidence to suggest that some employees in the meals services project welcomed the changes, although others expressed openly negative views. In both projects, interviews with employees and managers revealed that they took place in a context of cost-cutting, staff shortages and increasing workloads. Although some employees felt that the projects had yielded certain benefits, their impact on the quality of working life was clearly outweighed by these other factors. The conclusion would seem to be that trying to improve or simply maintain workers' quality of working life in a sector experiencing major cutbacks in resources and personnel is not only extremely difficult but is unlikely to make very much headway without some relaxation of these external constraints.

A second observation is that both projects displayed limited participation on the part of both employees and their representatives, being driven either by management or an external consultant. In the case of Project B, managers were clearly committed to the development work and were instrumental in defining its goal and aims. In Project A, an external consultant played an important part in shaping the project, while progress was said to be impeded by lack of senior management commitment. There were few signs in either project of active trade union involvement in the development activity. It is interesting to observe that the union, KTV, played virtually no part in the meals services project, despite being one of the unions usually regarded as most committed to workplace development in the municipal sector.

A final point worth noting is that despite apparently limited success, the manager responsible for the meal services' project felt that at least 'something positive' had resulted, and that this would be reflected in any future evaluation. Similarly, in the case of the cleaning project, managers regarded the project as having brought positive improvements, even though these were not necessarily recognised by employees. This may once more point up the limitations of evaluations based on self-assessment, as well as emphasise the need for Finnish policy makers to reconsider how the impact of these programmes might be better measured and evaluated.

Conclusion

The paper has explored the impact of Finland's National Workplace Development Programme as an example of a form of public policy intervention designed explicitly to improve work organisation. What success has it achieved and what might we learn about the limits of such interventions? The first point to make is that there is very little concrete evidence available to answer how effective the programme has been as a vehicle for helping to deliver new and *better* forms of work organisation. A major problem concerns the reliance upon evaluation methods based on self-reporting and the lack of 'hard measures' of the impact of projects on productivity, skill utilisation or the quality of working life. As this research indicates, many of those involved with the programme tend to regard the results of existing evaluations as being almost 'too good to be true'. The two development projects studied in this paper indicate that even where projects are viewed as positive by managers, they may not be impacting upon the organisation of work or improving the quality of working life in the eyes of many employees. Although it would be wrong to draw sweeping conclusions from just two projects out of over 500, they suggest that there is a need to dig a little deeper beneath current evaluations.

With FWDP about to enter its third phase, it seems important that policy makers give more thought to how the programme might be evaluated to provide both harder and more in-depth measures of its overall impact. One useful activity would be to gather more case study research of the kind attempted in this paper that can go deeper into projects and *recover employees' own voices and reflections*. There are some encouraging

signs that policy makers involved with the FWDP are beginning to recognise the need for more in-depth studies capable of eliciting employees' responses to projects.

All we can perhaps say with any surety at present is that despite an apparently favourable institutional and political environment for workplace innovation in Finland, making progress in this area of policy is far from easy. Taylorist forms of work organisation and hierarchical management remain not only deeply rooted but also extremely difficult to displace. Current evaluations, for all their aforementioned shortcomings, suggest that the programme is having rather less impact on the quality of working life than expected. One explanation may be that projects are often being implemented in a context where many employers continue to make use of cost-cutting measures, 'lean staffing', short-term contracts, and work intensification.

Such problems are recognised as being especially acute in the municipal sector where hierarchical and bureaucratic management is seen as a major problem and employees experience heightened insecurity and work stress following the cutbacks of the 1990s. It has been argued by some commentators (see Keep 2000) that since 'government is the employer' in the public sector, this may provide one arena where policy makers can take the lead in championing modern management practices and better forms of work organisation. This study suggests that even in relatively high tax country like Finland, the challenges facing workplace innovation in the public services are certainly no less than in the private sector, and may well be even greater.

A further observation concerns the very definite limits to using initiatives like FWDP to tackle problems of low skills. The voluntary nature of such programmes, coupled with the criteria for project applications, means that they tend to draw in above average companies who are already interested in development work. As such, they are unlikely to reach those organisations that remain locked into competitive strategies based on cost-minimisation and a low value-added, low skills approach. In such organisations, development goals would need to begin with issues surrounding low pay, lack of training and limited progression opportunities, and are likely to face substantial resistance from the employer. Neither is it clear why such organisations would choose to make use of the 'good practice' examples of development activity demonstrated by the programme. This underlines the limits of using initiatives, like FWDP, to tackle the problems presented by

low skill jobs, particularly in countries with 'weak' institutional frameworks such as the UK and US, where short-term financial market pressures, weak trade unions and lightly regulated labour markets are often held to drive many firms down the low quality, low skill, low trust, 'low road'. Even *if* policy makers in these countries could be persuaded to launch similar initiatives, supporting workplace innovation simply on the strength of a Finnish-style workplace development programme would be rather like trying to push a train up-hill with the brakes on (see Keep and Payne 2003).

Equally, however, it would be a mistake to under-estimate the enormous challenges facing workplace innovation in more regulated economies. Even in a relatively advanced social democratic country such as Finland, there are many indications that management craves power for itself and is often reluctant to cede control over the work process. Trade unions may be relatively strong and institutionally embedded but still struggle to develop a strategic response at local level to new management initiatives in the sphere of HRM and work organisation (see Lilja 1998). Indeed, with perhaps one or two exceptions, Finnish trade unions do not appear to have seen FWDP as an opportunity to build up their knowledge and expertise in this area.

It is also the case that the conditions under which the 'better job' becomes possible are far more contingent and rarer than is commonly assumed by those proclaiming a paradigmatic shift in the nature of work. What would seem crucial is a particular mix of institutional arrangements as well as product market and labour market factors that force employers to think about improving productivity through more participative and humanistic work systems (see Durand 1998). It is worth recalling that it was a combination of low unemployment, strong trade unions and changing product demand which led to some of the most innovative and advanced experiments in work reorganisation among Swedish car manufacturers, Volvo, in the 1970s and 1980s (see Berggren 1993). In the end, employers develop 'better jobs' because, faced with a combination of such pressures, they *have* to. It should be emphasised that new forms of work organisation in Finland, as elsewhere, are likely to take many different forms depending upon particular organisational circumstances (Geary 2003) – a further reminder perhaps of the need for more thorough case studies of the impact of workplace development projects.

More generally, the fact that the Finnish labour force is ageing more rapidly than most, bringing with it the prospect of labour shortages, is one important lever that may push some employers to think seriously about developing more attractive and sustainable forms of working. However, there are also pressures working in the opposite direction. These include intensifying international competitive pressures, the tertiarisation of the economy, the trend towards more casualised forms of labour and a two-tier labour market, relatively high unemployment, and the underlying shift in the balance of power towards employers (Kettunen 1999). Another challenge is the opening up of vast reservoirs of cheap but relatively skilled labour in Eastern Europe and the Far East, making the choice between 'high quality' versus 'low cost' competitive strategies no longer the bi-polar alternatives they were once considered to be (see Ferner and Hyman 1998, Geary 2003). This means that even in economies like Finland opting for the 'high road', success is likely to depend upon achieving an effective balance between quality and labour costs. Not only does this put added pressure on the social accords under which economies like Finland have for so long prospered (see Coates 2000), but it also suggests that balancing productivity and the quality of working life may become still more problematic in the future. The road to 'the better job' is likely to be long and hard…

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Notes

[i] There is no universally agreed definition of what constitutes a high performance workplace but the following elements would seem to be key: flexible work assignments, self-managed teams, employee involvement, a strong focus on extensive training and skill development, supportive HR policies (such as job security) and reward systems linked to skills and performance. For some of the literature on 'high performance work systems', see Inchionowski et al 1996, Huselid 1995, Appelbaum et al 2000.

[ii] Durand (1998) defines the 'better job' as giving employees greater autonomy, responsibility and control over their labour and the opportunity to develop themselves through their work.

[iii] It should be noted that the search for universally applicable, best-practice models of how public policy can support and promote workplace development that are capable of being imported into varying national contexts, irrespective of their existing workplace and industrial relations traditions, is both utopian and misguided. Rather the value of looking at how one country approaches this problem, given its own particular starting point, is that it may serve to illuminate more fully the often very different challenges that others face when trying to make progress in the complex area of workplace and work organisation development.

[iv] Inequality of income measures as a ratio of the total income received by the top 20% of the population compared to that of the 20% of the population with the lowest income was 3.4 in Finland in 1999. This compared with, for example, Sweden (3.2), Norway (3.3) and the United Kingdom (5.2) (see Eurostat 2003).

[v] This involves a computer-aided telephone survey of a representative sample more than 1000 Finnish wage and salary earners

[vi] These include the National Productivity Programme (launched in 1993), the National Workplace Development Programme (1996), the National Programme for Ageing Workers (1998) and an Action Programme to promote the 'ability to cope' at work.

[vii] For example, the government of Prime Minister Lipponen that launched FWDP in 1996 was a broad coalition government comprising the Social Democratic Party, the Coalition Party (the Conservatives), the Left Wing Alliance, the Green League and the Swedish People's Party.

[viii] As Alasoini (2003) the programme shares some common theoretical affinities both with the literature on 'high performance work systems' (Appelbaum et al 2000) and Scandinavian notions of concept-driven development (Gustavsen *et al* 1996).

[ix] It should be noted that compiling the lists of development targets is somewhat problematic as many projects have several goals on different levels and of different importance.