ALL GONE BUT STILL THERE: THE SWEDISH MODEL AND SWEDISH MANAGEMENT.

On Scandinavian Perspectives on Management in Swedish Working Life.

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Abstract

Even though important actors such as the Swedish government publicly claim to favour the Swedish model, at least when suitable, the model has lost much of its support. Instead, there has been a growing public interest in ideas about a distinctive Swedish style of management, which is argued to be in line with new forms of management and thus competitive in a proclaimed new working life. In this paper, it is however argued that much of what is attributed to Swedish management and part of new working life in fact is the historical outcome of bargaining, union influence and participation actually included in the Swedish model. With reference to the Swedish model and Swedish management, the purpose of this paper is, first, to map out the historical characteristics of Swedish working life, which we argue is characterized by five features: change and innovation; participation and union influence; consensus and open dialogue between levels and parties; autonomous work groups and; value based management. Second, we discuss to what extent the Swedish model has prevailed and, third, argue that much of that which is hailed as new forms of management already exist in Sweden, but is presented as part of individually and culturally based Swedish management rather than the Swedish model. Swedish managers and to a lesser extent Swedish culture is thereby given credit for conditions that result from union negotiations and broader labour market struggles: it is the (Swedish) managers that, by practicing Swedish styles of management, are to celebrate for state of the art management systems and ultimately Sweden’s current economic success. The Swedish model and the unions are thereby rendered superfluous.

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Introduction: Change and Stability in Swedish Working Life

What is work, organization and management like in contemporary Sweden and Scandinavia – is there such a thing as a new working life? To what extent does it differ from other countries? Is Sweden undergoing changes and becoming more like other countries due to e.g. pressures of globalization, foreign ownership and the international diffusion of popular management ideas? These are some of the issues dealt with in this paper.

Given that Sweden is just one of hundreds of countries with little more than nine million inhabitants, and even within the European Union a midget representing less than two per cent of the population, the broader relevance of the paper can rightfully be questioned. But we would argue that Swedish working life is of significance as it historically has represented and in some cases still does represent an alternative institutional arrangement and way to organize work. The practical and theoretical value of investigating Sweden is thus not based on its size or global economic impact, but that it illustrates the practical possibilities of an alternative working arrangement as well as the limits of being different in an increasingly interconnected world. It further shows how those (currently) victorious try to marginalize opposition by rewriting both history and contemporary Sweden. This paper then not only contributes to shed light on Swedish conditions but also aids an understanding of work and organization in general.

Sweden – A Different and Successful Case?

This is obviously not the first time Sweden and its similarities and differences from other countries is examined. Work, organization and management in the Scandinavian countries in general, and arguably in Sweden in particular, has received extensive international research attention at least since the publication of ‘Sweden: The middle way’ by the American journalist Marquis Childs (1936). As hinted at in the title, Childs argued that Sweden had managed to develop an effective consensus-based economic and social middle way in between the socialist system of Soviet and the extreme capitalism of the USA (Svensson 1993, p. 145). The issue that seems to have fascinated Childs and several later writers the

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2 This paper is intended as an introductory background description to an edited volume focused on management, work and organization in Scandinavia.
3 In this paper, we for matters of simplicity focus on and refer to Sweden, even though there are many similarities to the historical developments and current situation in the other Scandinavian countries.
4 The label socialism, not to mention communism, is by now heavily politicized to the extent that it is nearly unusable as a scientific definition of a particular type of social system, especially in the international debate where Sweden at times is referred to as a socialist country( Giddens 1998). We make no moral valuations on
most (especially during the ‘golden years’ of the Swedish model of the 1950s and 60s) was perhaps not so much that Sweden was different, but that the country seemed to have managed to find an efficient way to combine on the one hand rapid and long-term economic development with, on the other hand, relatively equal resource distribution and extensive public benefits, something generally viewed as more or less impossible (Cole & Smith 1938; Lundberg 1985; Meidner 1994, p. 341; Strode 1949).

Childs’ influential image was later criticized for being an uncritical and to some extent faulty generalization of the Swedish situation (Ruth 1984). Be that as it may, the international image that the Swedish welfare system differs from most other countries has to a considerable extent prevailed, at least abroad. Direct references to a middle way are, however, more scarce after the dismantling of the Soviet and eastern European socialist systems. Furthermore, from the 60s and onwards, more critical views of Sweden were published (Huntford 1971; Nott 1961) and even Childs (1980) was skeptical about the merits of the Swedish model (cf. Svensson 1993, p. 153-7) The economic crisis in Sweden during the early 1990s and the relegation of Sweden on the UN’s and OECD’s lists on Human Development Index and GNP per capita, respectively, further contributed to weaken beliefs in the effectiveness of the Swedish system (Ramaswamy 1994; Sölvell et al 1991).

Sweden has since then to some extent regained its former positions on international rankings and been placed at or near the top regarding e.g. business quality, innovation capacity, implementation of technology and quality of living. In the mid and late 1990s, Sweden was for instance internationally viewed as being in the forefront of IT-development and the new economy (Augustsson 2005), a position it largely seems to have maintained although much of the hype surrounding the new economy is far gone. Sweden has further so-far suffered less than most comparable countries from the global financial crisis originating in the US in 2008, in part due to the massive restructurings following the early 1990s crisis. These later positive developments are however generally often depicted as having occurred despite of, than due to, the effectiveness of the Swedish system with e.g. strong unions.

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either socialism or capitalism, but merely use socialism as a term to describe systems similar to those earlier found in e.g. Eastern Europe and Soviet. The left-wing governments of Western Europe are more adequately labeled social democratic.

5 The methods used by OECD and the UN have rightly been criticized as presenting a narrow and to some extent distorted view of welfare. Still, the lists are influential and repeatedly used in e.g. political debates to evaluate countries and their policies.
In the eyes of the outside world, Sweden and Scandinavia are perhaps (apart from cold weather) still mostly known as somewhat peculiar welfare states in Northern Europe with extensive social programs covering childcare, parental leave, education, health care, pensions, unemployment benefits and an active labour market policy. Per Albin Hansson, an early representative of the Social Democratic Party (which dominated Swedish politics during most parts of the 20th century) described this extensive welfare state as an essential part of and necessary for the establishment of the Swedish Folkhem (the people’s home).

It is true that in comparison to most other (non-socialist) countries, the welfare systems of Sweden and Scandinavia have stood out as being more extensive both in terms of the areas they cover and the level of coverage, involvement and compensation. To a larger extent than in many other countries, the systems have furthermore historically been both funded and carried out by the state and local authorities, in some cases as legal or de facto public sector monopolies (Eriksson et al 1987, p. vii). Subsequently, the countries have been characterized by comparatively high tax levels and large public sectors, at times either marginalizing or infiltrating and co-opting voluntary sector organizations and social movements (Ahne 1998; Papakostas 1995). As discussed further down, the role of the state is however currently undergoing change in Sweden due to extensive privatization and deregulation.

With the declining belief in and influence of socialism as a viable alternative to capitalism, Sweden has, as mentioned, to a decreasing extent been described as a middle way and instead as one of several alternative forms of capitalism or welfare regimes – albeit with more ‘socialist’ aspects than in most other forms of capitalism (Korpi 1978; Swenson 2002). In Esping-Andersen’s (1990) influential typology of welfare-state regimes, for instance, Sweden and the Scandinavian countries make up a distinct ‘social democratic’ type differing from the historical corporatist regimes of central Europe, and the US and Anglo-Saxon liberal regimes. In their study of the end of organized capitalism, Lash and Urry (1987, p. 7) portray Sweden as the most corporatist and ‘socialistic’ of the leading capitalist nations, depicting it as a hybrid of the British and German systems (with the USA as the most capitalistic and Germany as the most ‘organised’). Similar ideas are found in several other classifications, like Hall and Soskice’s (2001) separation between liberal and coordinated market economies: even though the vocabulary differs and although Sweden and the Scandinavian countries are not always

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6 The direct translation of the term does not fully capture its meaning and might convey nationalistic ideals. Folkhem is better understood as a home for and by the common people characterized by, in Per Albin Hansson’s words from 1928 ‘equality, consideration, cooperation and helpfulness’ (Korpi 1978; Lash & Urry 1987).
singled out as a category of their own, they are invariably placed among the countries depicted as the most organized, coordinated, corporatist, mixed, and so on (Giddens 1998; Hollingsworth & Boyer 1997; Oskarsson 2005).

In the following sections of this paper, we discuss what is thought to characterize work, organization and management in Sweden with reference to two central concepts: the Swedish model and Swedish management style. In order to grasp the development of Swedish working life, the discussions circle around both the historical changes and actual situation with regard to the two concepts. Our aim is, in other words, on the one hand, to describe what characterizes the Swedish model and Swedish management, respectively, and on the other hand give a brief overview of the changed influences and practices shaping them. This is followed by a brief discussion about the increased influence of international – and especially US – management ideas and beliefs in new forms of organization globally.

**The Swedish Model**

At the heart of characterizing Sweden’s overall labour market and welfare regime and its difference to other countries lies the Swedish model, which domestically has been used as a term to describe the Swedish welfare system, and especially those parts that are related to the labour market. The Swedish model is a contested label aimed at describing central features of aspects of Swedish working life and thus by nature a simplification of complex actual institutional settings and practices that, in turn, are intertwined with other organizational and managerial aspects.

As often is the case with politicized concepts, there is a lack of general consensus on the meaning of the Swedish model, or, rather, the aspects that should be considered as part of the actual model and those that have more to do with general historical trajectories. This is in part due to a confusion of the intentions and more or less intended consequences of the Swedish model, as well as differences in opinion regarding the desirability of these means and ends – opinions that furthermore have changed over time (Lundberg 1985; Meidner 1994; compare Merton 1936). Strong unions and central framework agreements for wage determination have,

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7 The Swedish model is at times called the Rehn or Rehn-Meidner model after two influential economists of the Swedish Trade Union Confederation, but then usually referring mainly to their proposed system for wage-setting under full employment (Furåker 1976). Internationally, the system is at times referred to as the ‘Nordic’ or ‘Scandinavian’ model due to the similarities between the welfare systems in the Nordic and Scandinavian countries, respectively (Eriksson et al 1987). There are, however, some institutional, organizational and practical differences between the systems and their historical development in the respective countries, but they will not be further discussed here (Andersen et al 2007; Kjellberg 1998).
for instance, been characteristic of Sweden during the 20th century (Kjellberg 2001) – to the liking of some and disliking of others. But they are means to realize a restrictive general economic policy which in turn aims at inflation-free growth in order to, finally, reach almost full employment, economic equality and solidarity (Sandberg et al 1992, pp. 38-9). From another perspective, Rudolf Meidner, one of the proponents of wage earner funds (Meidner 1975), argues that the Swedish model in order to function is dependent on low unemployment (or, rather, high levels of employment), constant innovation and a competitive and strong export sector, but at least the latter two are not ends in themselves.

The initial meaning of the Swedish model, which still makes up the core of the definition, limits it directly to the functioning of the labour market and the role played by the labour market parties (the union and employer organizations) and the state, especially for wage setting. Most (e.g. Andersen et al 2007; Korpi 1978; Sandberg et al 1992) seem to agree that the Swedish (as well as Nordic) model at least consist of the following characteristics:

- A set of labour market institutions including strong unions and employer organizations with significant wage coordination through centralized collective agreements independent of the state, and limited government involvement in labour market negotiations in general.
- A solidaric wage system (equal pay for the same jobs, irrespective of the profitability in the individual company) contributing to industrial restructuring by promoting efficient firms in internationally competitive sectors at the expense of less efficient ones, thus repeatedly creating needs for retraining workers.
- Large public investments in human capital through formal education and recurrent training of workers.
- Strong emphasis on low levels of unemployment and an active labour market policy consisting of high unemployment benefits coupled with demands on the unemployed to seek employment and/or participate in retraining.
- Relations between the labour market parties characterized by consensus and negotiation rather than conflict (i.e. restrictive use of strikes and lock-outs).
- A comprehensive welfare state with an emphasis on transferring resources between households through taxes.

As argued by e.g. Andersen et al (2007), some of the most crucial features of the model are however more difficult to capture, being more intangible and referring to a shared perspective,
norms, trust, and so on (compare Papakostas 1995). The symbolic foundation of the Swedish model is the ‘historical compromise’ of the Saltsjöbaden agreement between the trade union confederation LO and the employer confederation SAF in 1938. The agreement followed a period where Sweden, due to the 1930s depression, suffered from massive unemployment, political tensions and labour markets conflicts (strikes and lock-outs).

According to Korpi (1978), the ‘historical compromise’ meant that labour and capital were to cooperate to support economic growth through technological change and distribute the rewards (as well as the costs and problems) through means of negotiations. The labour movement would permit capital and management to exercise their power in companies, and the labour movement should be permitted to use their political power (through unions and the social democratic party) to build a welfare society (cf. Sandberg et al 1992, pp 40-1).

It should be emphasized that the Saltsjöbaden agreement and the subsequent collaborations and negotiations between the labour market parties largely came about and worked independent of the state (although the state were prepared to enforce laws if an agreement could not be reached; Johansson 1989). Even though state representatives and political leaders generally publicly endorsed the agreement, it was not until the 1960s that state involvement in labour market and industrial relations issues grew to be more profound, a development that was and still is politically disputed.8

The Saltsjöbaden agreement can be understood not only as setting the rules for peaceful collaboration between parties with conflicting interests, to some extent by uniting the interests, but also as establishing the legitimate parties and thereby as an attempt to marginalize the communist and fascist movements that were influential in Europe at the time. A distinctive feature of Swedish labour legislation is therefore that it largely rests on collective agreements between the labour market parties at the expense of judicial law. There are, for instance, no government regulations or laws concerning minimum wages in Sweden (but yet comparatively high entry level salaries). Most disputes between employers and employees are consequently handled by the Labour Court (Arbetsdomstolen) dominated by representatives from the labour market parties, rather than through the ‘normal’ court system.

A Changing Swedish Model

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8 Sven Otto Littorin, former labour market minister in the current right wing government, last year used the limited state involvement as a basis for criticizing the union (but not employer organizations), claiming that they alone were responsible for the problems facing immigrant workers lacking residence permits.
Given the lack of consensus on the meaning of the Swedish model, there are differences in opinion as to what extent it in practice ever was that prominent in the first place, if it has prevailed, as well as if it can (and should) be sustained in a globalised world model (Kjellberg 1998). There is even among those that contend that the model used to be prominent disagreement considering whether it was beneficial before but is no more, if it was and still is beneficial, or whether the model was wrong from the outset (Lundberg 1985).

Even though models by definition are simplifications, there is little doubt that the Swedish model as a concept captures essential parts of policy and the practical situation of Swedish working life and the labour market at least up until the 1970s (Eriksson et al 1987; Huzzard 2003; Visser 1996). Since then, it has however come under pressure for a number of reasons: changes in the employment structure, the abandonment of self-regulation through extensive labour legislation in the 1970s (e.g. the Co-determination Act in 1976), the union-initiated attempts to establish wage-earners funds and the subsequent extensive anti-union and neoliberal ideological campaigns launched by employer organizations, the erosion of the system for centralized wage bargaining and the employer strategy of decentralization in the 1980s and 1990s, increased direct government intervention in collective bargaining in the 1980s, the withdrawal of SAF from almost all government bodies in 1992 (which effectively ended tripartite collaborations), the economic crisis of the early 1990s, the political decision to replace an earlier Keynesian focus on minimizing unemployment for low inflation in the 1990s and the decrease in union density from the 1990s and onwards (Kjellberg 1998; 2001; Lindvall 2004; Murhem 2001).9

Another change in Sweden, more directly related to the public sector and the folkhem idea than the Swedish model, but with consequences for the latter, is extensive deregulation, marketization and privatization of former public sector monopolies and practices. Based on neoliberal and new public management ideas, Sweden has from the 1990s and onwards deregulated and privatized considerable parts of the welfare state: child-, health- and elderly care, schools, telecommunications, public transports, postal services, pharmacies, labour market intermediaries, and so on. To this can be added the outsourcing to private companies of supportive functions such as cleaning and maintenance within the public sector organizations, as well as the transformation of former government agencies into state owned companies (at times coupled with establishment on the stock market and IPOs).

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9 For a journalistic account of the decisions behind the fall of the Swedish model, see Elmbrant (2005).
The speed and extent of the changes are so profound that Sweden, together with e.g. New Zealand, internationally has come to function as a role-model and benchmarking case for privatization, as opposed to previously as a model for welfare state building. Although these changes in ownership and organization in themselves are not an alteration of the Swedish model, they seriously limit the influence of the state by shifting decisions from the political to the economic sphere and altering the inner borders of the state (Ahrne 1989), hence making it less possible to affect, for example, the transfer of resources, solidaric wages and equality.

Regarding the possibility of sustaining the Swedish model, it has been argued that internationalization and globalization, in terms of e.g. Sweden joining the EU in 1995, the globalization of capital markets and to a lesser extent labour, as well as increased foreign ownership of companies, will make it very hard or impossible to sustain the Swedish model, or at least that the costs for doing so will be very high (Ramaswamy 1994). This argument has largely rested on the idea that globalization and the economic interdependence of nations will result in a convergence of industrial relations regimes (as well as organizational forms and management styles). The convergence is at times depicted as a ‘race to the bottom’ based on assumptions that all but the cheapest and most insecure forms of employment will prove less profitable in the face of international competition and thus undergo changes to avoid outsourcing and offshoring to the low(est) cost countries. Labour security is in other words presented as a cost that Swedish employers cannot afford to pay if it does not burden their foreign competitors, which will result in the globalization of worker insecurity.

Industrial relations regimes have however proved to be quite slow-moving and path dependent, giving highly limited empirical support for a global convergence (compare Ahrne & Papakostas 2002; ETUI 2009; Smith 2005). It rather seems more appropriate to talk of a global divergence (Kjellberg 2002, p. 260-1). The ideas of convergence are nevertheless still influential in the public debate and repeatedly used by politicians and other stake-holders and policy makers wishing to justify less popular decisions with references to the inevitability of global imperatives (Oskarsson 2005, p. 161).

Despite the lack of research evidence for a convergence and the shortage of thoughts on how a Swedish model could survive through e.g. redesign, we can safely state that it has changed and become more like the rest of Europe – although still differing in several important respects and even more so from the USA (not to mention large parts of Asia, Africa and South
America). Many of the preconditions, such as high union and employer organization density, and agreements, laws and regulations are however still in place.

**Swedish forms of Management and Organization**

The concept of the Swedish model largely refers to a combination of labour market and social security conditions. Over time, discussions related to the Swedish model have however come to include other aspects originally not conceived as inherent in the model, mainly related to the organization of the labour process and management styles. Thus, whereas Childs and other writers focused on the overall economic and social system, proclaiming a distinctive Swedish or Scandinavian ‘macro-level’ model, later discussions have incorporated or focused on ideas about a corresponding distinctive ‘meso-level’ Swedish and Scandinavian organization design, as well as a distinctive Swedish management style at the ‘micro-level’. Following this, it has been argued that the Swedish model contains, is dependent upon, leads to, or in some other way relates to, specific forms of organization and management (Birkinshaw 2002; Hart 1987).

Similar to the discussions of the Swedish model, the Swedish management style has been argued to be part of but somewhat differing from a Nordic and Scandinavian style of management, which in turn is said to be part of a German and finally a North Western European cluster (Döös & Waldenström 2008, p. 40), all of which implicitly differ from management styles in the rest of the world.

Others have claimed the existence of a distinct Swedish management style and way of organizing work *without* relating it directly to the Swedish model, instead making references to e.g. tradition or cultural attributes such as the pre-Christian Viking mythology, the normative ‘Jante law’, the word ‘lagom’ (roughly meaning enough or just right) and Swedes’ love of nature (Hofstede 1980; cf. Gustavsson 1995 for a discussion and an explanation of the Jantelag and lagom). Although seldom explicitly stating it, it seems that several of these researchers view the Swedish style of management and organizing work, and the Swedish model, respectively, as different outcomes of culture and tradition (cf. Döös & Waldenström 2008; GullersGroup 2007).

The first argument is thus that the Swedish model causes a distinctive Swedish management style (a macro-to-micro link) and the other is that the two phenomena both are dependent on a third common cause, generally labeled culture or tradition. This is a complex issue that relate
to the theme of this paper: the reasons why Swedish working life looks the way it does and the extent and ways in which Swedish working life differs from other countries. Given this, we want to point to the need to be cautious of making causal links and assumptions between different levels and ‘grand’ concepts – especially when inferring determinism (Coleman 1990, p 6-10).

Alternative institutional frameworks, systems of governance, welfare regimes and cultures offer different possibilities for certain organizational arrangements and management styles to form and endure, and vice versa (Sabel 1982; Scott 2001). But the concepts of the Swedish model, organizational design and management style are abstract simplifications depicting interrelated and partially overlapping aspects of the same working life, rather than autonomous or external factors causing change in each other (compare Sayer 1992). This also holds true for the concepts of culture and tradition, which at times merely point to that which is left unexplained.

**Swedish Management and Organization: Five Distinctive Features**

No matter the relations between tradition, culture, the Swedish model and Swedish management style, there is some consensus in research as well as among practitioners that there exists a distinctive Swedish management style which is characterized by: flexible organization, flat structures, decentralization and delegation, informality of relations, equality, respect, honesty, femininity, low power distances, cooperation and participation, dialogue, openness, managing through values and visions rather than orders, a focus on the individuals’ responsibility and influence, decisions and solutions based on consensus and conflict avoidance, pragmatism, trust, informal and implicit control, innovation, team-work and autonomous work groups, but also time-consuming decision-making processes, vagueness and a fear of decision-making (Appelbaum & Batt 1994; Döös & Waldenström 2008; GullersGroup 2007; Gustavsson 1995; Hofstede 1980; Holt Larsen & Bruun de Neergard 2007; Sjöborg 1985).

Many of the words from this extensive list of largely positive adjectives overlap or refer to related aspects of the same issue. We would like to simplify and highlight five aspects: 1) change and innovation; 2) participation and union influence; 3) consensus and open dialogue between levels and parties; 4) autonomous work groups and; 5) value based management. We return to these aspects in our discussion below where we employ the symbolic Volvo case as our entry to the historical development of Swedish management.
Car Manufacturing – The Enduring Symbol of Alternative Management and Organization

Sweden and the Scandinavian countries have alongside with e.g. Japan (Aoki 1984; Lincoln & Kalleberg 1990) in some research come to represent countries with distinctive working, organizational and management styles (see e.g. Appelbaum & Batt 1994, 29-33). Apart from being singled out and given international attention as different – not seldom meaning different from the US conditions that implicitly function as the universal norm in most research and management literature – the Swedish case presents some other interesting features. 

First, Sweden received international attention mainly in the 1970s and 80s, due to collaborative development and reform programs.

Second, discussions and empirical examples of alternative forms of organization and management were to a considerable extent drawn from the auto-industry. This was no doubt of importance given that car manufacturing has been the very symbol of the Fordist system of production, the industrialized era, as well as an industry that the US had dominated at least since the end of the second world war.

Third, rather than e.g. increased insecurity, tightened control, higher pressures, increased division of labour and other attempts to squeeze more out of the system with negative effects for workers (low-road strategies), the changes in Sweden were described as focusing on positive and high-road aspects such as technical innovations, competence development and worker influence (Cole 1989; Sandberg 1995; Sandberg et al 1992).

Internationally, it was especially the organization and the underlying management philosophy of Volvo’s assembly plants in the towns of Kalmar and Uddevalla that attracted attention. In the Kalmar factory, the assembly-line was modified to facilitate increased work-team collaboration on major working tasks by either following the car being assembled on a platform, or by placing it at the side of the assembly-line while the workers carried out their tasks. At the Uddevalla factory, teams were working in parallel independently from each other, assembling whole cars during several hours. The plants and their organization, which are described by e.g. Sandberg and colleagues (Sandberg 1995; Sandberg et al 1992), were shut down in the 1990s and Volvo (as well as the other major Swedish car manufacturer Saab)

10 Despite their apparent differences, the features given attention in Sweden and Japan are similar: both countries received attention at roughly the same time, examples were in both cases mainly drawn from the auto industry, and the work and organizational arrangements were focused more on high- than low-road strategies. For more studies on Japan and comparisons with Sweden and the US, see e.g. Azumi et al (1984), Cole (1989), Ouchi (1981) and Vogel (1979).
sold to foreign owners: First to US-owned Ford and GM, and recently to Chinese Geely and Dutch Spyder, respectively.

One background to Volvo’s decision to break away from the predominant Fordist system of car-assembly was the management philosophy of Pehr G. Gyllenhammar, at the time CEO of Volvo (Gustavsson 1995). He argued that car work ought to be exciting and developmental, something he believed was possible to achieve without sacrificing productivity or profits. He further endorsed a view of the unions as important and helpful partners, rather than opponents (GullersGroup 2007). Not surprisingly, Gyllenhammar’s views were shared by the unions, especially The Metal Workers’ Union, who launched similar ideas in their conference report ‘Det goda Arbetet’ (The Good Work) (Metall 1985).

The reasons to adopt the new ways of organizing production at the Volvo plants were, however, in no small part also due to the massive labour shortage caused by full employment coupled with high levels of labour mobility and sick leave, as well as problems to recruit workers for traditional industrial labour (Cole 1989, p. 61-71). Volvo thus faced the same problems Henry Ford had experienced decades earlier and several other manufactures have since then: when alternatives are available, workers tend not to choose jobs organized in accordance with the principles of Taylorism and Fordism unless paid handsomely for doing so.

Despite the small and more craftman-like scale of production, the Kalmar and Uddevalla plants were among Volvo’s most productive factories and internationally able to compete with traditional line production, at least when compared to more upscale cars (Appelbaum & Batt 1994, p 31-2). At the time, line production in general struggled with different types of production losses due to, among other things, problems in coordinating the simultaneous manufacturing of highly varying products, and some argued that the Fordist mass production model had largely exhausted its economic potential (Kern & Schumann 1984; Vallas 1999). Since then, innovations in the design of line production to facilitate higher production flexibility have however increased dramatically (largely due to computer based systems), making comparisons between the alternatives difficult.

We have no means to test to what extent the Kalmar and Uddevalla forms of organizing production would still be competitive, especially if resources on development and design equal to that which since then has been placed on developing line production had been invested in these alternative forms. As Robert Cole and Paul Adler commented the debate at
the time, the plants where shut down before we had the chance to investigate their potential (cf. Adler & Cole 1993). These factories, as examples of the Scandinavian socio-technical tradition, therefore continue to inspire as reference points for good and productive work and as symbols of alternative forms of organization and management (Huzzard 2003).

A History of Extensive Collaborative Work Reform Programs

Cole and Adler’s comments above highlight important aspects related to the distinctiveness of Swedish forms of management and organization: the auto industry was an influential symbol of Sweden’s distinctiveness as compared to other countries, but it was merely one part of a more extensive tradition of practical change efforts, to a considerable extent based on the ideas of a solidaric wage policy and conducted from a socio-technical perspective, in Swedish working life.

Inserting a first feature of Swedish organization and management in relation to the previously presented list, it can be argued that Swedish working life has been characterized by large-scale reoccurring practical change programs and projects, perhaps even more so than in many other countries (Brulin & Victorin 1992). This is no doubt a claim that is more or less impossible to empirically validate and further, in the face of shallow cosmetic or even hypocritical changes focused on trying to control the surface of organizations, might sound hollow (Brunsson 1989; Brunsson & Olsen 1993). When reviewing the literature one is nevertheless struck by the number of cases when large-scale programs involving most stakeholders aimed at making profound actual changes not just to increase production, but also improve work, have been put into place historically in Sweden (Westenholz 2003).

Ever since, and partly due to, Sweden’s late and rapid industrialization (roughly from 1870 to the first world war), researchers in Sweden – apart from conducting traditional research on the causes and consequences of change in work and organization – have taken an active part in work related change efforts (Segerstedt & Lundqvist 1952). Initially, this largely consisted of researchers in engineering and industrial psychology who as part of the rationalization movement worked in line with e.g. Taylor’s (1911/1998) ideas on Scientific Management (Dahlström 1965; De Geer 1978), and to a lesser degree the Human Relations movement.11

11 Taylor’s ’Principles of Scientific Management’ was translated to Swedish already in 1913, i.e. just two years after its original US publication, and his ideas were widely spread, endorsed and implemented by engineering and industrial associations (Sällfors 1939).
In line with the collaborative spirit of the Saltsjöbaden agreement and the shared beliefs in the needs for modernization and rationalization, the change programs were often conducted as collaborative efforts with union representatives, researchers, managers and occasionally the workers themselves. Collaborations between the Swedish Employers’ Confederation SAF and the Swedish Trade Union Confederation LO were further institutionalized in the forms of e.g. joint research bodies and formal agreements concerning work studies, piece rate fixing and wages, and so on (Huzzard 2003; Johansson 1967).

From this follows a second distinctive feature of Sweden, and something that sets it apart from many other countries outside Scandinavia: the union’s positive attitude towards, involvement in and even proponents of technical changes and innovation leading to the rationalization and restructuring of their members’ jobs, a view also shared by high-profile managers in Sweden, according to a recent interview study (GullersGroup 2007; Westenholz 2003). In contrast to several other countries where unions have resisted changes that have risked making workers redundant, forced them to drastically alter their competence or replaced them with workers having other types and levels of competence, Swedish unions have – at least historically – viewed such changes as beneficial and necessary in order to maintain and secure descent jobs in companies competing on international markets. The solidaric wage policy, which forms a core part of the Swedish model, was a central reason behind this union strategy as it put strong constraints on companies’ possibilities of competing through wage-setting.12

Radical Consensus, Dialogue and Group Work

Starting in the 1960s and under the increased influence of Marxist theory, much of the earlier work related research in Sweden came under critique for not paying sufficient attention to conflicting interests, issues of power and class (Hart 1987). Some of the earlier research was referred to as ‘trivselforskning’ (comfort research) merely aimed at exploiting workers forced to work under Tayloristic conditions and making them content through the use of human relations varnish (Björkman & Lundqvist 1981; Törnqvist 1987, p. 25).13 Swedish and Scandinavian researchers became inspired by socio-technical ideas – that technical tools and

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12 The centralized wage bargaining and setting was not without problems. A recurrent problem was however not that employers offered lower wages than agreements, but actually higher. This caused a so-called wage drift that increased inflation (especially when combined with Sweden’s fixed currency rate).

13 By the 70s, SAF- researchers voiced similar critique of Taylor and Scientific Management (Agurén & Edgren 1980).
production systems should be adapted to the needs and capabilities of humans and not the other way around. Much emphasis was placed on organizing work into autonomous work groups (Sandberg 1982a). The ideas, originally developed by researchers at the Tavistock Institute of Human Relations in London (Trist & Bamforth 1951), were tried out in a series of path-breaking Norwegian projects that came to have a huge influence in Sweden (Emery & Thorsrud 1969; 1976; Thorsrud & Emery 1969).

Although the ideas were originally mainly British, Scandinavia came to hold one of the leading positions in the development of socio-technical forms of organization in the 1960s and 70s. Several researchers not only surveyed and evaluated the change programs, but also took an active part in formulating goals and participated in designing the new forms of organization and their implementation. This in itself was nothing new: engineers and business economists had as argued for a long time been involved in the development and implementation of technical and management systems. The difference now was that an increasing number of researchers identified with and to a greater extent took the perspective of workers and the union, rather than management and owners (Sandberg 1981; 1982b).

Over time (starting in the 1970s and moving into the 1980s), there was however a polarization between the union-driven efforts to increase democracy in general in working life, and the managements’ and employer organizations’ strive for more limited forms of teamwork supervised by the management and cut off from influence over production planning and democratic aspects. This was in no small part due to the extensive labour legislative reforms of the 1970s which employer representatives interpreted as a violation of the Swedish Model’s focus on negotiation and limited state intervention (Hart 1987; Kjellberg 1998). The timing of the legislative reforms, during the 1970s oil crisis and following international depression, was further unfortunate for unions and contributed to the controversy. To this can be added occasional practical problems in the relation between the practice oriented researchers and the others involved (Sandberg et al 1992).

Many of the collaborative and progressive change programs in Sweden that received international attention and still shape the international picture of Swedish working life took place from the 1960s to the 1980s, i.e. decades ago. But aspects of the reform programs’ processes and intended outcomes seem to have prevailed, making it possible to historically trace a third and fourth characteristic of Swedish working life: dialogue and group work.
Processes of change and issues related to the organization of work in Sweden tend to be characterized by *dialogue* between different parties aimed at reaching consensus, rather than authoritative orders based on position (cf. Engelstrand 2006). Although not necessarily offering workers and the union any actual influence over the outcome, dialogues at least make it possible to participate and offer forums to raise one's voice regardless of position (ETUI 2009; Hirschman 1970; Levinson 2004).

Swedish working life is further to a considerable extent characterized by *group work*. Although the autonomous groups envisioned by socio-technical research are not always present, group organization of work has for long been a striking feature of Swedish working life. Later, both management consultants and researchers have advocated team- and project-based organization as well as High Performance Work Systems (Appelbaum & Batt 1994) as means to increase e.g. efficiency and innovation. In Sweden, this was already largely implemented in practice and transitions were more a matter of changing labels (from group to team and project) than reorganizing work (probably contributing to cynical views of organizational change programs). Swedish work organizations were, in other words, neither especially prone to change in accordance with new ideas or necessarily innovative forerunners. They happened to already work in line with ideas that later came into fashion.\(^{14}\)

*Divides and the Culture and Leadership Turn*

To split history into stages separated by critical junctures is a complex task inevitably resulting in simplifications that hide contradictions (Ahrne & Papakostas 2002; Sztompka 1993; Tilly 1984). But in hindsight and partially due to cooperative difficulties, the labour movement’s decreased prerogative in agenda setting, and the decreasing influence of Marxist ideas, the shift from the 1970s to the 1980s marks a symbolic turn in Swedish working life reforms with regards to both the actors involved and the areas in focus.

First, there was a change in the constellation and relative influence of actors in practical change projects. Unions and researchers (especially those working from a critical or non-managerial perspective) to a lesser extent participated in and had influence over the aims and designs of change programs (Brulin & Victorin 1992, p. 153). albeit often formally participating in change programs, the unions where increasingly treated as stake-holders with

\(^{14}\) It is of course impossible to prove the actual role played by socio-technical practical change programs for the extent of group work. Due to a shortage of sufficient empirical data, we are further hesitant to claim that Sweden is characterized by *more* process involvement and group work than other countries (although see Benders et al 1999), but suffice to say that work groups is a characteristic features of Swedish working life.
their own legitimate agendas and goals, and to some extent side-stepped as workers in the name of empowerment were targeted directly (although more as implementers and recipients than active participants). At the expense of unions and researchers, change projects to an increasing extent came to be handled by managements and management consultants – external experts that rapidly grew in numbers and influence (Furusten & Werr 2005).

Second, change programs in particular and issues of management and organization in general to an increasing extent came to focus on company efficiency (at the expense of e.g. workers influence and health) which was thought to come about by developing individual leadership and national and organizational cultures, respectively (Deal & Kennedy 1982). Numerous articles, autobiographies and popular management books were published that portrayed successful managers and CEOs and their ways and views of management and leadership. Following the fascination for the Japanese wonder, a lot of attention was further placed on culture, visions and other ‘soft’ aspects of management and organization.

This renewed interest in leaders and culture, which has stroke a lasting cord among practitioners, offered a seemingly simple reduction of Swedish management and organization to the practice of individual (Swedish) managers working within the Swedish culture which contributed to downplaying the importance of e.g. previous actual decisions, conflicts of interest, power resources and thus central parts of the Swedish model.

The simplified reduction was however not without internal tensions and inconsistencies. Culture, especially at the national level, was treated as something almost nationalistic, ethnicified and unchangeable that determined behaviour, making it possible to state that all Swedish managers almost inevitably acted a certain way which separated them from and made them more efficient and humane than e.g. German or British managers (Birkinshaw 2002; Hofstede 1980). At the same time, it was argued that managers could and should design and implement organizational cultures that contributed to devoted employees and successful firms, a process that further was thought to require changing the ways of thinking, acting and managing of the managers themselves (Alvesson 2002; du Gay et al 1996).

15 Together with the changed constellation of change programs, this contributed to increase the divide between on the one hand management-oriented research, aided by consultants, aimed at issues of efficiency, innovation and competitiveness and, on the other hand, worker-oriented research, with links to unions, which became delimited to outcomes in terms of e.g. worker health, influence and competence development. The government research agency the National Institute for Working Life was one attempt to keep research on good and productive work integrated, resulting in a series of important research contributions. The institute was however closed down after the installment of a new center-right government in 2006.
On a practical level, the result was that many efforts at changing work and organization concerned changing the culture and behaviour of managers, often including e.g. rewriting visions and policy documents, renaming positions and departments, redesigning logotypes and clothes, and extensive management training courses. A typical example is Jan Carlzon (1987), CEO of SAS at the time, who received international attention for a popular management book about the needs to tear down organizational bureaucracies and focus on the front line, as well as the needs for managers to lead through visions, culture and ideas.

The 1980s culture and leadership turn in research, public discourse and practical change efforts is a good place to point out the fifth and last distinctive feature of Swedish management: managing through visions and ideas (rather than orders and control). Even though participation and consensus meant that visionary leadership had previously played a role, this was the period when it in a sense was constructed as a distinctive feature of Swedish management setting it apart from other countries.

Increased Influence of US Ideas and a New Era of Work - the Swedish Context

As Sweden moves beyond the culture and leadership turn and in conjuncture with e.g. increased foreign ownership, the establishment of multinational US-owned management consulting firms and innovations in IT, the ideas dominating in Sweden are similar to those found on a global (or at least Western) level: an increased influence of US management ideas, as well as visions of a new economy demanding new forms of organization and management. As the ideas themselves are not specific for Sweden and further continuously are extensively discussed elsewhere, we will not dwell on them as such here (for discussions, see e.g. Alvarez 1998; Bell 1976; Castells 2009; Furusten 1999; Huczynski 1996; Micklethwait & Wooldridge 1996; Nordström & Ridderstråle 1999; Rifkin 1995).

But ideas that travel are translated, adjusted and selectively edited to fit local contexts and the interests of those that carry them (Czarniawska-Joerges & Sevón 1996). This means that identical management models will have different influence and differ when implemented dependent on country and industry (Strang & Kim 2005). We therefore want to point to issues that were of importance for how US-management ideas and visions of a new economy were interpreted and had an impact in Sweden.

In the early 1990s, Sweden experienced its largest economic crisis at least since the 1920s depression, resulting in unprecedented levels of unemployment and massive firm bankruptcies...
The crisis had its origins in bank and credit de-regulations contributing to a real estate bubble and culminating in international speculation against the Swedish currency (wohlin 1998). The crisis thus had no direct relation to the Swedish model or Swedish forms of management and organization. It did, however, create opportunity structures, political support and fertile ground for importing fashionable foreign ideas resulting in e.g. an abandonment of Keynesian policies in favour of keeping inflation low (Lindvall 2004), neoliberal and new public management policies, deregulation and privatization, as well as US management recipes.

Swedish public and political discussions of the economic crisis thereby became intertwined with ideas about the death of the Swedish model and the coming of a new societal and economic stage caused by globalization, individualization and IT-innovations necessitating a changed path from a high-tax welfare state to more neoliberal ideas of governance, labour market deregulations and new forms of (US-inspired) management and organization that would facilitate entrepreneurship, innovation, growth, etc (Larsson 2001).

As the 1990s progressed, the economic situation gradually improved, even though many of the jobs lost in the traditional large industrial companies never returned. But Sweden proved to have a rapidly growing, innovative, entrepreneurial and internationally competitive IT and media sector similar to the ideals of the knowledge intensive new economic stage – although ironically largely originating from ‘old’ economy firms and even government agencies (Augustsson 2005).

Following this, the economic crisis of the early 1990s was to some extent reinterpreted from a national failure to a sign that Sweden was among the first countries in the world to enter the new societal stage and economy, which contributed to giving those identified with the new economy massive attention and support. More so than in most other countries, the new economy in Sweden became highly centred on a limited part of the IT and media sector, which was contrasted to the old economy (i.e. everything else, including traditional management consultants) and argued to already exhibit new (economy) forms of management and organization that in the future would apply to all sectors (Augustsson & Sandberg 2003).

The actual visions of management and organization in these IT and media firms was however hardly any different from previous ideas of new management in general – there are few truly unique contributions in the management discourse and many ideas overlap (Furusten 1999; Huczynski 1996; Micklethwait & Wooldridge 1996). An examination of international popular
management literature, mostly Anglo-Saxon but also some Scandinavian, reveal the following eight common elements of new management: fewer hierarchical levels and thus flatter organizations; the use of smaller autonomous organizational units at all levels coupled with result-based control; horizontal process-oriented organization; coordination, benchmarking and evaluation aided by computer-based systems; new individual and group-level result-based salary and bonus systems; increased use of soft forms of management through ideas, visions and identities; increased use of non-standard forms of employment and; growing importance of new forms of organizing not limited by the companies’ boundaries through e.g. networks.

The elements, as much popular management literature, are an unclear mixture of descriptions, visions and norms on the one hand deterministically calling for the needs of change due to e.g. IT-innovations, globalization and increased competition and, on the other hand, describing them as desirable opportunities creating win-win situations beneficial to employees, employers, customers and the state (Augustsson & Sandberg 2004).

Interesting to note is that many of the aspects identified as new forms of management already make up key parts of the traditional Swedish model, forms of management and organization. Furthermore, apart from the importance placed on networks, the ideas not viewed as part of the Swedish model and management point to a more controlled, performance-driven, uncertain and polarized working life with more contingent and non-standard forms of employment. This is in line with the public debate where presumed changes repeatedly are used to motivate higher demands for employee flexibility, increased job insecurity and decreased compensation for those outside the labour market, contributing to increased unemployment and a polarization between a core of benefitted employees and peripheral groups with much worse conditions.

Comparing the proclaimed new with the Swedish forms of management (and for a moment ignoring any empirical support) one could thus argue that Sweden is already half way into the future with regards to management, and that the changes to come largely involve increased insecurity and changed risk distribution (Beck 1992). Is this really the case? The forms of management and organization practiced in line with the Swedish model hold the possibilities of combining good and productive jobs also in the future. But this is not destined to happen.

Conclusion
In this paper, we argue that the Swedish model is an important reason for some distinctive (but not necessarily unique) features of Swedish working life: grand scale planned change and innovative programs; participation and union influence; consensus and open dialogue between levels and parties; autonomous work groups and; value based management. We further argue that the Swedish model to a considerable extent has lost the positive flair it once has and instead has come to be viewed as a burden, a relic from the ‘DDR-Sweden’ days. It has become more common to state not only that the Swedish model could and should not prevail, but that it actually never was a good idea to start with. Seemingly paradoxically, there are at the same time publicly endorsed ideas that there exist a distinctive Swedish style of management which is not only competitive, but also in line with the new forms of management proclaimed to be both needed and inevitable in (mainly) US management consultancy texts. Our argument is that much of what is now celebrated as due to Swedish cultural preconditions and the practical activities of Swedish managers in reality results from the political actions of the labour movement (i.e union strikes, negotiations and daily operations, as well as left-wing party politics). By claiming that the currently financially favourable situation for Sweden is due to a socially constructed and highly ethnified culture, as well as the heroic acts of top managers, the historical role of the labour movement is downplayed and their current and future status delimited. An example of this is how the Swedish union by Swedish government officials has been labeled a special interest organization in Sweden, rather than representatives of labour in general

References


Swedish crisis management is built on a principle of responsibility which means that the organisation who is responsible for an area of activity under normal circumstances is also responsible for that area of activity during a crisis. Additionally, the Swedish state had several preparedness hospitals and Swedish schools were constructed to be converted into hospital units in case of a military conflict and with a total capacity of treating 125,000 patients, supported by a network of preparedness storages containing medicine and medical equipment. Although there is no legal framework for a governmental agency to impose sanctions on The Swedish model can be said to consist of three fundamental pillars: a labour market that that facilitates adjustment to change, a universal welfare policy and an economic policy that promotes openness and stability. A labour market that facilitates adjustment to change should comprise an active labour market policy, an effective unemployment insurance scheme and support for adjustment when structural changes make it necessary for workers to adapt to new tasks. Income inequality also increased during the same period, in Sweden and elsewhere, and Sweden is among the OECD countries where the increase has been greatest. As income inequality was low at the base point, Swedish income inequalities are still small by international comparison. The Swedish tax burden was lower than the European average throughout these successful 60 years, and lower even than in the U.S. Only in 1950 did Sweden's tax burden rise to 20% of GDP, though that remained comparatively low. But Socialism was fashionable in post-War Europe and Sweden was not immune. The 1970s were a decade of radical government intervention in society and in markets, during which Sweden doubled its overall tax burden, socialized a slew of industries, re-regulated its markets, expanded its public systems, and shuttered its borders. In 1970, Sweden had the world's fou