



The “Finnish Productivity Centre”

The Finnish Productivity Centre is a name and half a dozen members, but no activities. This is not because Finland has achieved its productivity goals, although it is currently world leader in national competitiveness, providing, as the World Economic Forum noted, world leadership in “smart government spending.” Rather, it is because the nation’s experience over the past 15 years has demonstrated that in an advanced competitive welfare society there is little requirement for an individual productivity “center” but a great need for an extensive productivity “network.”

It is this network that is organizing EPC-2006, a major European productivity congress to be held in August 2006 with the theme “Competitiveness through Productivity.” This will share and compare with others the multiple strands and experiences of productivity enhancement in Finland since the catastrophic collapse of the Soviet Union in 1990. Catastrophic is not too strong a word because virtually one-quarter of the country’s trade disappeared almost overnight and unemployment soared from some 4% to over 20% within a two-year period. Not just Finland’s trade but also its existence as a welfare society was at stake.

Faced with the gravity of that situation the “productivity partners,” i.e., organized employers and trade unions, agreed that the only means for a small economy to survive was to attack, since globalization cannot be kept at bay but must rather be harnessed. In other words, rather than try to dampen productivity growth, which is still all too often seen in Europe as a job killer, the partners agreed that a national program should be launched to enhance it in all walks of life. For some trade unions groomed in anticapitalism, the decision, although not easy, was facilitated by focusing the emerging program on action research in areas that could support sustainable employment growth. “Innovation” was the watchword; “restructuring,” although necessary, was to play second fiddle. In all cases it was agreed that the “spirit of cooperation” was the essence of productivity development.



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The basic idea for the program was simple: within the information society, companies and organizations, whether in the public or private sector, have problems and opportunities that can benefit from the knowledge and insights of researchers. But the “practice” elements, i.e., managers and employees at the workplace, need to spell out these problems clearly before “research” can help tackle them. To ensure that society as a whole would benefit from a national program designed around these issues, joint trade union-employer monitoring was instituted at all major stages of projects: determining the broad areas of concern, checking developments, spreading knowledge of the cases and ideas as they emerged, and jointly evaluating the outcomes of each project. To ensure that companies were not simply being subsidized, each had to provide one-half of the financing needed and could tap the gamut of development funds available in Finland, which is an example of the country’s “smart government spending.”

Between 1993 and 2004 three versions of the program were offered, of three and then four years’

duration. Different governments (which are always coalitions in Finland) incorporated the program anew into their policy statements for getting the country back on track and then bringing it into a leadership position within the EU. The overall amounts spent were not huge, amounting to 12 million over the total period; but this ensured that some 250 researchers and professionals working part-time became linked in a national productivity network, with an increasing number of PhD theses examining various aspects of productivity.

Projects were clustered around a number of themes, including approaches to making smaller companies more productive, improving the tools of productivity measurement at national and corporate levels, making logistic chains more efficient, promoting partnership approaches at the corporate level, and developing productivity in office work and administration more generally.

To promote productivity in smaller enterprises, the program first supported the development of a corporate productivity measurement toolbox based on simple partial productivity ratios. Second, it developed examples showing that productivity can be raised as a by-product of enhancing any aspect of a company’s activity. For example, improvements in physical working conditions or workforce involvement in decision making can and do lead to measurable increases in productivity overall as well as in the quality of working life. Third, although Finland, like all states, had already developed a battery of services for SMEs, the program contributed to filling in gaps.


Particular attention was also paid to public service productivity, especially within local authorities and governments. Performance can now be studied using a multidisciplinary approach covering strategic human resources management, organizational learning, and knowledge management. The evaluation tool used, the balanced scorecard, covers the four areas of effectiveness and efficiency, processes, customers, and human

resources. Mechanisms and contexts have been worked out for integrating performance evaluation as an instrument for strategic management and organizational learning.

The concept of the Finnish program gave rise to similar national programs in three other strategic areas: workplace development, the aging workforce, and well-being/stress at work. At the beginning of 2004, all four were combined into a single "Programme for the Development of Productivity and Quality of Working Life." A total of €87 million has been earmarked for the new six-year program, through which it is aimed to involve fully 10% of the Finnish workforce through 1,000 development projects.

The new program is striving to embed in society the concept of sustainable productivity growth, which is growth based on simultaneously regenerating (instead of using up) employees' individual and collective talents and resources at the workplace. This requires providing individuals with opportunities to influence their work and career development, ensuring well-being at

work and cooperation and trust between employees and management. This broadened concept of productivity is essential in a country (and continent) confronted with a rapidly aging workforce with its associated problems of fatigue, stress, and struggles to cope caused by the increased pace of work as well as obsolete managerial and organizational practices.

Finland is today becoming a destination of pilgrimage from across Europe, if not the world, for those who want to understand better how Europe's productivity laggard has turned itself into its competitiveness leader. 

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