**“Critically consider how we might explain the high levels of job quality found in co-ordinated market economies and, in particular, the Nordic economies.”**

**Intro**

When looking at market economies there are many factors under which we can analyse and compare the different approaches taken by countries and regions towards market economies, namely the liberal market economies (LMEs) and coordinate market economies (CMEs). LMEs such as the United States, the United Kingdom, and Australia, essentially concern themselves with profit making and how best to make money in the short term, with limited protection of employees. CMEs are more involved in interaction between organizations, government, and trade unions. CMEs value long term goals and security over short term profit making, the key factor here being job quality which this essay will focus on. CMEs including the Scandinavian countries, Germany and also Japan, typically have higher levels of job quality than LMEs and I will be discussing this under the topics of investment in employee skills, unionisation and employee power, and autonomy. I intend to focus on the Nordic countries (Norway, Sweden, Finland and Denmark) to showcase the high levels of job quality evident in CMEs. In this instance, job quality relates to the extent to which employees benefit from their work, in terms of their mental well-being, physical health and job satisfaction.

**Point One – Skill Development**

Investment in employee skills and qualifications are two critical factors in maintaining or increasing levels of job quality. As LMEs are primarily concerned with the short term, elementary skills, the investment in employee skills and qualifications is significantly lower and inadequate in comparison to that of CMEs (Crouch, 2005). CMEs rely on employees to have specific skills gained from continuous training, while LMEs would tend to have more employees with more generalised skills that can be transferrable to jobs of the same standard (Olsen et al, 2010). The fluid labour markets that exist in LMEs show employers unwilling to invest in employee skill development as they are unlikely to see return on the investment if employees then move to another organisation once qualified. This fluidity arises from a lack of employee protection, which I will analyse in more depth in the following point. Many Fordist theories state that as humans we are designed to work (Vallas, 2012) however in coordinate market economies employers are now moving towards training workers to allow them to be more creative about their day-to-day tasks, as well as allowing more and better promotional prospects, and reducing the levels of autonomy in the work. The potential to develop and harness skills at work are considered to be vital for job quality as they increase the overall employability of the labour force (Oinas et al, 2012). In 1993, a “right to duty” principle came to be in Denmark, its aim was to upgrade the skills of the labour force and their work qualifications, a prime example of a coordinate market economy working to increase levels of job quality (Kildal, 2001). Employment policies, such as the Danish “right to duty” principle, that seek to promote and improve the employment rates and the qualifications of employees also show an increment in job quality.

**Point Two - Unions**

Coordinate market economies can be examined under the pluralist frame of reference, a lens that was widely accepted post World War Two. The rise in union popularity stemmed from an increase in democratic societies, employees wanted the same voting rights in their workplace as citizens were getting in their countries. We can view organisations as a small democratic state, with one leader and varying levels below him/her, all looking to achieve a sense of balance of power. The introduction of unions, or rather their increasing popularity, gave a voice to employees in many industries and allowed the existence of a legitimate representation of their interests, detached from both the individual organisations and the governing state. The idea here is that of Flanders (1970) whereby we gain control by sharing it. When the popularity of trade unions fell in countries where labour was weak it remained reasonably stable in the Nordic countries (Olsen et al, 2010). In Norway there is a particularly strong union influence on government decisions as seen in 2014 when the government proposed an amendment to change the regulation of employee working hours. After this was largely criticised by the trade unions, the government have become more wary of provoking the trade unions in regards to regulating labour policies (Nergaard, 2014). When collaborating, unions and governments can constrain the power of employers (Gallie 2007a). Unionisation in CMEs is significantly higher than in LMEs where it is primarily managers who make decisions. Trade unions allow employees to collaborate with their employers in the decision making process, the result of which is high level of job quality as employees needs are being met and not overlooked by the decision making body. This co-determination of worker involvement with the help of trade unions gives a sense of security to the employee as their needs (for pay, working conditions etc) are being catered for, factors which greatly influence job quality.

**Point Three - Autonomy**

The history of different nations also has an influence over the levels of job quality found in them. Traditionally, Nordic countries and other CMEs would have a high level of manufacturing output, requiring high skill levels. LMEs on the other hand are primarily composed of fast paced, service industries that hire university graduates with lower skill levels. Again, the question of long term and short term goals comes into play here, these organisational characteristics are long standing in the culture of the economies in question. With productivity driven organisations in LMEs, stress levels and work intensity is generally high. Worker discretion is therefore low, with higher levels of manager supervision (Oinas et al, 2012). According to the studies of Oinas et al, Denmark has the highest levels of autonomy, with Finland close behind (Oinal et al, 2012). Autonomy is closely linked with skill level, should the employee hold a higher level of skill, more responsibility is given to them to carry out the tasks as they see fit (Olsen et al, 2010). Job quality is influenced by this level of autonomy, if workers are given more control over their work, and have the skillset required to complete the task, then the level of quality of the job can be considered high. LMEs typically have a lower level of worker discretion and so a lower level of job quality. Nordic countries, from the same Oinas study, were found to have the highest proportion of jobs with creative aspects to them (Oinas et al, 2012). CMEs tend to move toward strategies of product versatility rather than homogenous products, encouraging a level of innovation among workers (Hall and Soskice, 2001).

**Conclusion**

As measured by the JQI, Denmark is a leading nation in terms of job quality, followed closely by Sweden. These two Nordic countries are examples of coordinate market economies which have achieved high levels of job quality through investment in employee skills and qualifications, engaging in strong trade union relations, and also allowing worker discretion in the workplace to encourage innovation and creativity. These factors allow employees to feel secure in their role, with clear career paths and promotional opportunities, as well as giving them a certain degree of freedom that would not have existed in Fordist or Taylorist societies. These coordinate market economies are the leaders in terms of levels of job quality and I have found that their high standings are a result of continuous investment in their employees, a willingness of organisations to cooperate with unions and involve employees in the decision making process, and the delegation of work to employees whereby the shift in responsibility allows a certain level of discretion.

In conclusion, coordinate market economies, particularly in the Nordic region, boast high levels of job quality due to key characteristics of the economies that allow organisations to promote greater job quality than those in liberal market economies as a result of long term thinking, and an interest in employee welfare by way of training, protecting, and the delegation of responsibility.

**Bibliography**

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