W O R K I N G P A P E R

# The Configuration of Corporate Social Responsibility: The Role of the Enterprise in a New Welfare Model

*Tine Rostgaard*

*Research Programme on*
*The Open Labour Market*

*The Danish National Institute of Social Research*

*Working Paper 3:2000*

# *The Configuration of Corporate Social Responsibility: The Role of the Enterprise in a New Welfare Model*

***Tine Rostgaard***

***Research programme on***
***The Open Labour Market***



***The Danish National Institute of Social Research***

***Working Paper 3:2000***

# *The Study*

The Danish National Institute of Social Research carries out a research program on the *Open Labour Market*, to be concluded in 2002. This research program is initiated by the Ministry of Social Affairs.

One of the projects in the research program is *International experiences and perspectives*. This working paper contains the first results from this research project.The paper provides a theoretical tool for understanding how we may perceive the role of the enterprise as a social actor involved in the reconciliation of work and family life. Following system theory, the paper will address how the enterprise can be regarded as operating as a separate subsystem where functional differentiation prevails, in the sense that increasing specialisation of different subsystems has taken place. The paper will claim that the enterprise in a post-modern society operates in a system of functional equivalence, where societal problems can be adressed by various subssystems, i.e. the enterprise may respond to needs which are dealt with by the family, or the state in other settings.

The working paper is written by researcher, Master of Science, Tine Rostgaard in Anders Rosdahl's research group.

# *Contents*

# *1. Introduction*

The modernisation of society and with it the changes in the work and family context has challenged traditional conceptions of the role of the enterprise. The upcoming of the dual breadwinner model and the diversity in family forms have accentuated the need for balancing work and family life, thus creating a closer interrelationship between family, workplace and the welfare state.

This paper attempts to provide a theoretical tool for understanding how we may perceive the role of the enterprise as a social actor involved in reconciliation of work and family life. The paper is thus restricted to look at expressions of internal social responsibility only. Following system theory, the paper will address how the enterprise can be regarded as operating as a separate subsystem where functional differentiation prevails, in the sense that increasing specialisation of different subsystems has taken place. With an outset in the theories of Niklas Luhmann, the paper will claim that the enterprise in a post-modern society operates in a system of functional equivalence, where societal problems can be adressed by various subsystems, i.e. the enterprise may respond to needs which are dealt with by the family, or the state, in other settings. The crisis of the welfare state and the changing perception of the social performance of the enterprise will be given as fundamental parameters for the understanding of this new role of the enterprise, as will also the increasing emphasis on reflexive individualism.

Given that the enterprise operates along with other agents in the welfare society the paper will address empirically whether there is a correlation between the different subsystems - i.e. whether there is coherence between occupational welfare and public welfare, by looking at the policies for reconciling work and family life in 3 countries in terms of provision of day care and leave. The three countries, England, the Netherlands and Sweden have been chosen as examples of different welfare set ups, in terms of statutory and employer provisions.

# 2. The work-family challenge: The pattern of work and family life of today

The combination of employment with caring obligation is a normal phenomenon as most of us set up families in the course of our working life. A revolution in employment patterns with dual earner families, longer working hours and atypical work, however, results in a combination which becomes harder to achieve successfully, not least because family forms are also undergoing profound changes. Previous assumptions of the separation of work and personal life are therefore challenged, with the implication that an institutional pressure for employers to assume a more active role in helping employees finding a balanced relationship between work and family life has been created. In order to understand why employers increasingly have to become engaged in work-family reconciliation policies, we need to understand how work and family life are intertwined. This includes understanding how cross-national variation in family and work patterns shapes the different requirements for better reconciliation of work and family life in three countries, Sweden, the Netherlands and England.

## *Modern working life*

Working life is no longer what it used to be; for most families the working situation has changed within the last decades, with the implication that the traditional male breadwinner model has been challenged. Dual-income families are in the ascendant and the participation of women in the labour market is thus a general trend in European countries: The activity rate for women of working age has increased by nearly 10 percentage points in most European countries within only the last few years (Drew & Emerek, 1998), with the implications this may create for the balancing of family and work life. While more and more women participate on the labour market, some levelling out of care responsibilities may, however, have occurred as the activity rate for men has been on the decrease (European Commission, 1999). From a traditional nuclear family type where the husband earned the living, our countries of Sweden, the Netherlands and England have thus all experienced a changed employment structure.

Although the increasing activity rates for women and decreasing activity rates for men is a common trend in the EU, cross-national variation, however, persists in predominating, also in terms of whether female employment is supported. The need for work-family policies in the workplace may accordingly differ to some extent: Lewis (1992), in her account of the male bread-winner welfare state, argues that one of the elements of a

welfare typology according to gender is whether there is a strong or weak commitment to female labour force participation.

*Sweden*

When viewed in terms of this, it is apparent that in the Nordic countries, the Social-Democratic commitment to full employment has helped create what has been termed the women-friendly state in the sense that the welfare setting encourages and facilitates women taking up work. The Nordic countries have thus been in the forefront in regards to the number of women on the labour market since the 1950s and 1960s. In *Sweden*, this even relates back to the early 1940s where the prominent social scientists the Myrdals helped create a new climate for modern social policy. Swedish social policy should address not only the 'problem with women' related to the falling fertility rate, but also economic problems. The involvement of women in paid employment should be a pre-condition for the success of the Keynesian New Economy (Hirdman, 1998). In the 1960s and 1970s, a combination of changes in the labour market, lower marginal tax for part-time workers and a shortening of general working hours increased the demand for female labour even more (Näsman, 1999). As a result, a new normative gender contract was established, underlining the individuality of men and women in family as well as in society (Hirdman, 1998).

Sweden is thus renowned for its high labour market participation rates of both men and women. Although the unemployment rate rose from 2% in the early 1980s to 10% in 1997, the employment rates of men and women are still high. Women account for nearly half of the labour force and three out of four women in working age are in employment, only slightly fewer than the number of men. Reflecting the high participation rate, many women work part-time, nearly 50% of women compared to 10% of men (European Commission, 1999). (See Table 1)

The combination of motherhood and working life seems particularly attractive in Sweden; in this context participation rates are even higher for women with younger children (Eurostat, 1997; Christoffersen, 1993). Swedish women also continue working during the child's pre-school years, so most children grow up in families where both parents are working. Today, only one in five mothers are not active in the labour market, and Swedish women in general work more hours when they have small children (Socialstyrelsen, 1996). Of mothers with children aged under 6 years, 62% work more than 20 hours a week (Socialdepartementet, 1997). On average, men and women work around the same weekly hours. With the achievement of a dual-earner society - in Lewis' terms - Sweden would thus be representative of a weak male-breadwinner welfare state.

*England*

In contrast, the *English* policies towards working parents label England as a strong male - breadwinner model. Although the inter-war years meant an increase in female labour force participation, there was no longer the same need for female labour at the end of WWII. Consequently, the former expansive day care services were slowly dismantled, supported by popular theories that younger children were at risk of severe psychological damage if they were not cared for by their mother at home (Cohen, 1988). Most mothers thus returned to unpaid work in the family, leaving the responsibility of supporting the family to the man.

The traditional family pattern of breadwinner father and homemaker mother has been challenged by the number of women who have entered the labour market since the 1960s and especially during the 1980s. Nevertheless, good parenting still implies looking after the child at home. Although the increase in British female labour force participation rates since the early 1980s has been made up entirely by working mothers, most children are cared for at home by their mothers (Brannen et al, 1993). Still, of those mothers who entered the labour market, most have children aged under 5. Here, employment has grown by 77% since the early 1980s (Brannen et al, 1994). It is significant that half of the growth in employment for mothers constitutes full-time work. Among mothers with children aged under 5 nearly one in five now works full-time (ONS, 1997). As Brannen reports, two factors have been especially determining in the increase in the rate of working mothers. Firstly, in contrast to the past where mothers left the labour market for good or took long spells away from the labour market, now more mothers are resuming work after maternity leave. Nearly half are back at the work place within nine months after having a baby. Secondly, of those mothers who do not return directly to employment following maternity leave, more and more return between births as well as after childbearing has ended (Brannen, 1998).

Full-time employment among English women is relatively high; around three in five are thus working full-time hours[1)] (See Table 1). Around one third of couples with children are families where both parents are working full-time, another third is headed by a full-time worker, while the other is working part-time (ONS, 1996).

And for those working full-time, work takes up more time than previously. Working full time means that men on average work 45.8 hours a week and women work 40.8 hours (See Table 1). However, there seems to be no inverse relationship between the partners' working hours - in families where men are working long hours, women also tend to do so

1) Figures from United Kingdom.

(Brannen, 1998). There is thus great stress on the families where both work full-time hours.

*The Netherlands*

Although *Dutch* family ideology has changed in favour of more shared parental responsibility - in 1991 88% of Dutchmen believed that parents were equally responsible for day care compared to 77% in 1985 - in the Netherlands it is also still mainly mothers who look after children (van Dijk, 1996). Women therefore tend to leave the labour market when they become mothers, more than half of working women do so, but a number return to the labour market after shorter or longer periods; 59% of women choose to return to work after maternity leave (Statistics Netherlands, 1995). However, women are encouraged to remain in work or to return quickly to the labour market, while raising children - partly because of increasing labour shortages and partly because female employees increasingly constitute a highly qualified labour market resource, which would be difficult to replace.

The traditional male breadwinner model has thus also been challenged in the Netherlands. Within the past 10 years there has been a rapid increase in female labour force participation, from 44% in 1985 to 59% in 1997 (See Table 1). Among the mothers with children under 6, the increase can be noted as well, in that 10 years ago 17% of mothers were working compared to 45% today. The male activity rate has been increasing more moderate, almost being constant in this period (European Commission, 1999). Equal opportunity policies have correspondingly undergone significant changes within recent decades. Changes in society have moved equal opportunity policies from dealing with the increase in women's employment to concentrating on a better combination of caring and working for both men and women (Den Dulk, 1999b).

The Netherlands, compared to England and Sweden, thus has a somewhat lower female participation rate, despite more than 2/3 of Dutch women still being employed part-time. The increase of women in employment is reflected in the part-time ratio; female part-timers have thus been increasing since 1985 (57.5%). The rate of men working part-time in the Netherlands has also been increasing and was in 1997 17% compared to 13.8% in 1985. This is a much higher rate than in Sweden and England, even though the activity rate of men is more or less on the same level as in Sweden (See Table 1). So, as den Dulk notes, there seems in the Netherlands to be a relation between the number of part-time working men and women - although this does not necessarily equate with a halftime job. More and more families today work four days a week, both the father and the mother (den Dulk, 1999b). The previous strong male breadwinner model thus seems to give way to a neutral 3/4 breadwinner model where work and caring are shared, and average full-time work hours for men and women reflect this in being almost equally high.

**Table 1. Work life in the Netherlands, Sweden and United Kingdom. 1997. In Percentage**

| | Netherlands | United Kingdom | Sweden |
|---|---|---|---|
| Activity rates, men | 81 | 85 | 80 |
| Activity rates, women | 59 | 68 | 75 |
| Part-time rates, men | 17 | 88 | 93 |
| Part-time rates, women | 68 | 45 | 42 |
| Average full-time hours, men (employees) | 39 | 46 | 40 |
| Average full-time hours, women (employees) | 39 | 41 | 40 |

Source: Eurostat, 1998. European Commission, 1999.

In all three countries, we see a pattern of a dual wage earner model appearing, breaking with former tradition for a male breadwinner pattern, and this is most noted in England and the Netherlands, whereas women in Sweden have a longer tradition for participation on the labour market. However, as Drew et al. note, there is, in general, also a gendered polarisation taking place in the relation to work, as men display stronger and continuous attachment to the labour market, in the sense that they mainly work full-time and have increased their working hours (Drew et al., 1998). Paid work seems to take up more time for both men and women.

Stronger commitment to work can be seen not only in the higher participation rates and increased work hours but also in the changed conception of working life, as the expectations of engagement in our working life have increased. Modern working life increasingly requires that employees function as a flexible labour resource, adapting to the changes in the context of work. A new employer-employee social contract is emerging, where the burden of maintaining employment has shifted from the employer to the employee; where job security is no longer based on seniority but on job performance; and where individual worker employability is enhanced by training and development programs. In return, employees are expected to contribute to the employer-employee social contract by providing a strong commitment to the job task and the work team (Post et al, 1999). In addition, there is a general growth away from manufacturing into technology and service, which in some cases implies atypical work. Employers thus require a work force consisting of people who are willing and able to work unsociable

hours, and who are in general flexible in time and place of work. Atypical work also affects the family life, and this tends to occur equally for men and women in the EU. Nearly a fourth of the labour force in Europe experience work on Saturdays (28%), while more than one in ten had to work on Sundays. In Sweden, as many as 19% of women experienced work on Sundays. Shift-work is, however, mainly a male phenomenon, with men accounting for the 65% of the 18 m workers who are usually or sometimes engaged in shift work (Drew & Emerek, 1998)

Modern working life is, however, not all about meeting increasing demands for flexibility. For many, despite the problems of reconciling family and working life, modern working life also offers a place to use and expand human resources and in this sense is an attractive forum for personal development. As Hogchild notes, working life may hold certain attractions for us, especially in workplaces where new Human Resource Manangement is implemented. Employees here may thus feel they are treated as individuals, that they are valued and acknowledged. Strong social relations may be established between employees and the individual employee may feel a sense of autonomy and responsibility. In contrast, family life may sometimes be the forum where strict time planning takes place, where frustrations and demands build up, and where it is impossible to satisfy everyone. Where the workplace offers the individual the possibility to plan his or her work, the family is thus run on a strict taylorised work schedule, giving little room for spontaneity and freedom (Hogchild, 1997). This rather gloomy view of family life is, however, contrasted by other views of the modern family. Dencik (1996) thus sees the family, and not the workplace, as the most important resource of emotional support, but he also acknowledges that modern society creates new conditions for the family unknown in traditional family life. As the woman is still more capable of supporting herself economically and thus, becomes less dependent on the man, the family as an institution becomes more exposed and unstable than previously. And the conflicts over the care tasks are likely to increase when both partners are in paid work, which accentuates the need for balancing care and work obligations.

## *Modern family life*

Family formation is, however, not on the return, rather a diversity of family forms has appeared. The relationship between family and working life has hence not only changed through the restructuralisation of the work context; family life itself has also changed since the 1950s and 1960s which calls for a reconceptualising of the family. Today it is more obvious to talk about ‘families’ instead of ‘a family’ as the variation in family patterns has become so immense with co-habiting couples, married couples, single parent families and same sex couples (Drew, 1998). Generally, however, families have become smaller in the sense that the number of births has been reduced so the number of children

in the family is lower today, and childbirth has been postponed. Fertility rates have consequently dropped, but what is interesting is that this has occurred more in countries with relatively fewer women in employment than in countries where female employment is prevalent.

Miller and Warman thus argue that there is evidence of patterns of parenthood which distinguish countries into groups according to the relationship between demographics and the labour market participation of women (Millar & Warman, 1996). Countries with relatively high female participation rates such as Sweden experienced a drastic growth in the number of children born throughout the 1980s. Sweden reached the level of 2.13 children per women in 1990, and although the economic problems, which set in in the early 1990s, caused a drop in the fertility rate to the rate of 1.53 in 1997, it is expected to increase again. Based on this, the relatively low mean age of birth of first child, 27.3 years in 1996 (Council of Europe, 1998), and the relatively high number of families led by a single parent (18% in 1996. Nordic council, 1996). Millar & Warman argue that Sweden is an example of the Scandinavian/Anglo model of parenthood, where parenthood does not render female employment impossible.

They find that England[2)] belongs to the same model, in the sense that fertility rates are relatively high. Here, the fertility rate has steadily decreased during the 1990s, and in 1997 the rate was 1.71 children per woman (Council of Europe, 1998). Single parents represent 20% of all families with children, and of these nine out of ten are single mothers. England also has a relatively low mean age of birth of first child for women, 26.7 years in 1996. Compared to the Nordic countries, the female labour force participation rate is, however, somewhat lower, as we have seen.

The Netherlands, in contrast to England and Sweden, displays features of what is termed the Central model (Millar & Warman, 1996), in the sense of having medium demographic and labour force characteristics. Fertility rates thus dropped from 2.57 in 1970 to the lowest level registered 1.47 in 1983. Since then, it has fluctuated around 1.5-1.6 and stood at 1.54 children per woman in 1997 (Eurostat, 1997; Council of Europe, 1998). In contrast to England and Sweden, the number of families with a single breadwinner is also smaller, as single parents make up 11% of households with children, and of these nine in ten are headed by a woman[3)] (CBS, 1997; Eurostat, 1997). Mean age of first birth is high, 29 years in 1997 (Council of Europe, 1998) The parenthood context thus seems to indicate

2) UK in their analysis.

3) Single households include also those who are cohabiting without being married.

some hesitation in setting up a family; whether or not this is related to the somewhat lower female labour force participation rate is, however, more difficult to determine.

Labour force characteristics and demographics differ thus to some degree, and this is as much a reflection of the ways female employment is facilitated as it is a reflection of the need for workplace policies enabling parents to balance work and family life. The changes in family forms and work context which have taken place in all three countries, however, underline the necessity to address the need for understanding and describing the consequences for the reconciliation of work and family life. The entry of women in the workplace has undoubtedly helped in changing the view whether and how family needs should be incorporated in the enterprise culture. Yet, as Näsman notes workplaces are traditionally organised according to the male breadwinner model, implying that low family duties of the male employee fit the demands of the workplace: ”The working father is typically looked upon as a reliable member of the workforce, with a high attendance rate and a readiness to take on further duties and to accept increases in working hours in order to promote his job security, career opportunities and to increase his pay. Working mothers are typically labelled as the opposite; ready to leave their job, to take leave and to refuse overtime and more responsibility. The caring father and the bread-winning mother face problems in a workplace culture based on these traditional stereotypes and values.” (Näsman, 1999). Not only does this increase the need for families to find solutions in their organisation of family life; it also puts pressure on the enterprise to meet the increasing demands from their employees.

The implications of modern working life and the increasing expectations of possibilities for self-development as Hogchild noted above, are also that we now expect the workplace to facilitate the reconciliation of work and family life, in order to overcome the tight time planning in the family. A new phycological contract between employees and employers has thus been created, in the sense that we do no longer expect jobs for life, but we do expect the employer to engage in our self-development. Apart from increasing our employability, this also involves facilitating our opportunities to balance work and family life (Herriot, 1992, in Lewis & Lewis, 1996).

How families manage work and caring is, however, not exclusively an enterprise issue. The interrelated systems of work and family also interact with wider social contexts, which they influence and are influenced by. When we seek to understand the relationship between the family and working life, the welfare state has to be included in the story of how families reconcile work and family life. As Thaulow and Holt note, family friendly workplace policy thus differs according to the welfare setting. In countries with few statutory family benefits, a family friendly workplace is in one setting one, which actively

participates in parental care tasks by providing services or economic support. In contrast, in countries with abundant statutory family benefits and where women have established themselves in both labour market and the political system, employers can also contribute to the establishing of family-friendly work culture. This can be done by granting employees such influence over their work and working hours that they themselves can provide the necessary care at home, e.g. freedom to flex or to work at home (Holt & Thaulow, 1996). An understanding of the role of the enterprise thus involves the whole spectre of the triad relationship between the family, the enterprise and the welfare state.

# 3. The enterprise in a system-theoretical perspective

In what we may call the modern welfare state today, the pattern of the two-breadwinner family is thus widespread. The functions of working life and family life have become more intertwined, leading to a need for strategies of reconciliation, and with this more pressure on the enterprise as a social actor. Modern families must incorporate what are often very different values and preferences of working life into their family life in order to reconcile these two spheres. And likewise, modern corporate management increasingly implies that the enterprise incorporates family responsibilities in their personnel policies. This is, however, not a process without difficulties, as it implies the integration of what have perviously been regarded as separate spheres with different functions.

If we regard these spheres as separate subsystems, system theory might assist us in the understanding of the implications of such inter-systemic relation. Taking Parsons as one of the main proponents of system theory, his notion of structural-functional theory seeks to explain the necessary functions of a social system, and how these uphold the systemic structure. What Parsons observed was in fact that modernisation implied functional differentiation, i.e. separation of functional areas such as family and economy. In his view, the industrial process led to specific work division between the functional units where the different functions were considered to be fundamental for the survival of the system. The family became a specialised unit which held responsibility for reproduction and emotional needs among its members and for socialising the children (Parsons, 1949). The functional differentiation theory thus acknowledges the increasing specialisation of different subsystems and that social activities were split up between different societal institutions: Differentiation is "...the division of unit or structure in a social system in two or more units or structures that differ in their characteristics and functional significance for the system (Parsons, 1971:26 in Lechner, 1990).

Following this argument, the enterprise could be regarded as operating within the separate subsystem of the labour market with little or no functional ties to other subsystems. Likewise the differentiation of the functions of the family led in the Parsonian view to a separation of the family from the functions of the labour market - or the welfare state.

If we turn to this third element of the triangle, the welfare state, we could say that it was established on similar grounds, namely that the dividing line between the labour market and the welfare state was clear: The welfare state should not interfere in labour market

policies, nor should social policy give the worker an incentive to leave the labour market. Social policy should aid those who were outside the labour market, and the welfare state was established on the male breadwinner model, with the working man and the housewife. In times of full employment, there was thus little incentive to interfere in the reconciliation of work and family life, i.e. functional differentiation could be seen as being complete between family, labour market and the state.

## *From functional differentiation to sub-systemic integration?*

With the further intertwining of family and working life, a change in this functional differentiation between family, labour market and the welfare state seems to have occurred. What Parsons found to be one of the characteristics of the functional differentiation of the industrial society, that a woman is not involved in paid labour, and that she follows the man in his patterns of mobility (Parsons, 1949) is, as we have seen, no longer the predominant case in the Western welfare states. The interrelation between labour market and the family is thus a characteristic feature of modern life.

A stronger interrelation of functionally differentiated subsystems also occurs in the relationship between the labour market and the welfare state, e.g. welfare state policies in many ways influence the decisions of whether or not to take up work. The welfare state has in a sense revolutionised labour market behaviour through the provision of welfare benefits, which decommodify the relationship between the need and supply of labour (Esping-Andersen, 1990). The creation of welfare rights therefore binds the possible manoeuvres of the labour market more strongly to the welfare state, as does increased emphasis on welfare obligations, e.g. the emphasis on workfare as a solution to social problems. Enforced welfare rights may enable the individual to seek alternatives other than paid labour. Additionally, the provision of social rights may thereby influence the labour relationship, e.g. for the child family specifically. Some of the considerations regarding how to reconcile work and family life thus involve whether there is provision of adequate child care, generous statutory maternity and parental leave schemes and job security when returning to work. Welfare provisions thus strongly influence individual labour market decisions.

Some more Marxist views even regard the welfare state as a precondition for the functioning of the advanced capitalist society. In this sense, the development of welfare institutions is regarded as a response to the shortcoming of the unregulated labour market and the welfare institutions are a precondition of the commodification of labour power (Offe, 1984).

Moreover, the creation of public sector employment, where an increasing number of employees work in a labour market which is regulated by the state, represents yet another coupling of the labour market with the welfare state. This has not only given the state a predominant role as employer but has also emphasised the shift away from the model of the male breadwinner in recruiting labour predominantly among women. The labour market thus no longer functions as a self-regulatory organism and the interface between the economy and the welfare state is no longer as clear cut: "The walls that once separated the labour market and the welfare state are crumbling", (Kohlberg & Uusitalo, 1992, p.85).

With the change in work and family life, towards a dual breadwinner model and changing family forms - the silent revolutions in Western capitalism as Esping-Andersen names them (Kohlberg & Uusitalo, 1992) - the economy, the family institutions and the welfare state have become interwoven and mutually interdependent institutions. How are we to understand this change and can the theory of functional differentiation still guide us in the understanding of the role of the enterprise in the modern welfare state?

## *Towards autopoetic systems*

Indeed, Parsons' ideas of functional necessities for the survival of a social order, and with it his whole sociological system theory has been met with increasing criticism. His critics focused on what they saw as social determinism in the structural-functionalist account of social order. That members of a society should voluntarily set up and maintain social order based on a shared symbolic system was seen as an expression of social determinism. Parsons based his analysis on the idea that certain functions must be fulfilled in order to secure the survival of the system and saw differentiation as having a specific evolutionary direction. This was perceived as implicit conservatism in its justification of the status quo. His critics thus missed an analysis of social change and social conflict between subsystems (Kneer & Nassehi, 1993; Waters, 1994). Following these arguments, Parsons may not provide us with an answer to the implication of a change in the functions of subsystems, nor to the conflict of interest between subsystems which is taken to exist.

However, several of his ideas form the basis for another of the grand theorists working with system theory, Niklas Luhmann. He maintains the system theory paradigm, but places the concept of function before the concept of structure, creating a notion of a functional-structural system theory in contrast to Parsons' structural-functional approach. With this, Luhmann emphasises the functions as opposed to the Parsonian weight on structure, and this changes the theoretical approach in two senses: The first distinguishable feature is that Luhmann abandons the idea of a shared symbolic system. Luhmann does not see the existence of a universal value foundation, which binds society together and

creates social order. Rather, he sees modern society as holding a variety of values and norms. He does not imply that all need for moral consensus has vanished and he does accept that various forms of consensus remain neccesary on a local level and in day to day situations. But he stresses that basic consensus about highest order goals and norms is now unlikely to exist, and in any case, societal complexity is now so high that its unity cannot be based on common ethical beliefs (Luhmann, 1995). He instead "replace[s] the assumption of a normative integration of society with the argument that the unity of society is expressed by the *forms of system differentiation*...[w]hat kinds of morality, values, law and normative culture are possible depends to a great extent upon the respective form of differentiation" (Luhmann, 1990, p. 423).

Luhmann operates with a number of distinct, however, not mutually exclusive, forms of differentiation, which he sees as having proved themselves in evolution: 1) *Segmentary differentiation* - occurring when a system is divided into equal and identical subsystems. Such differentiation could be found in archaic and forager societies; 2) *Differentiation*, where a center-perephery relationship, e.g. between a palace/village, permits *one* case of inequality and all other subsystems are equally related; 3) *Stratificatory differentiation*, when a system is divided into ranked and unequal subsystems, e.g. a caste system, and finally, 4) *Functional differentiation*, when subsystems are different from one another, but not ranked. Functions constitute the main basis for the differentiation of modern societies (Luhmann, 1990): "Society itself is realised now only through the nonarbitrainess of the selection of functions that are important for the formation of subsystems and in the institution of the primacy of a single function for any specific subsystem" (Luhmann, 1990, p. 423). Twentieth century, capitalist societies are thus differentiated into certain functions. Families have the function of biological and social reproduction, states provide the function of government, business provides products and services, churches provide morality etc. But in contrast to Parsons, he does not regard the transition from one form of differentiation to the next as evolutionarily given, but rather depending on chance. With his approach, Luhmann provides us with a theoretical point of departure for the understanding of the diversity of values which exist in the subsystems, i.e. the family, enterprise and welfare society respectively which are equal actors in the modern form of differentiation. None of these sub-systems are then to be regarded as being higher ranked than the others, however, they operate side by side - and each according to their internal values - in congruence with the functional needs of society.

The second major implication of his functional-structural systemic approach in terms of distinguishing himself from Parsons, is that Luhmann rejects that social systems by necessity are bound to specific benefits. The causal relationship between certain functions and the survival of the system, which was prominent in the Parsonian approach, is

rejected. Luhmann considers that social systems do not cease to exist when certain system actions are no longer provided by the system. A social system can exchange actions with other actions, and can change its structure, ensuring that the system can survive under other conditions. To Luhmann, the essential question is which function certain system actions have and how actions can be *functionally equivalent.* As a consequence of the introduction of the concept of functional equivalence Luhmann does not regard the individual subsystems as tied to specific, non-substitutional actions. He regards modern society as displaying cognitive realisation of the possible revisabilitation of a given social practise, and thus be open for changes (Luhmann, 1984). The question is not which actual contributions that causally ensure the survival of the system; instead the question is which function certain system actions contribute to and through which forms of functional equivalence these actions may be replaced. In contrast to Parsons and his concern with the functional benefits necessary for the survival of the system, Luhmann is thus, more interested in the relationship between problems and problem solutions, and whether there are alternative solutions, or so-called *contingencies*. He acknowledges that functions must be seen in the light of the capacity to solve a problem, although he also states that each system operates independently of each other (Kneer & Nassehi, 1993).

If we accept that subsystems can fulfill a function in many ways - as actions can be replaced by other actions - can we then presume that actions may also change according to changed understanding of what constitutes a problem for the subsystem? We may then assume that there is no given distribution of actions among the subsystems either. What one subsystem considers a necessary action in order to maintain its function, could be taken over by another subsystem if this latter subsystem found the need for having such action in order to meet its function. Luhmann does, in his account of the various subsystems, specify that with functional differentiation the borderlines of subsystems are to be found in the societal functions, which are all exclusive and which cannot be replaced by each other. “No subsystem can take the place of another because no subsystem can be a functional equivalent for any other” (Luhmann, 1990, p. 424). But we may propose that different subsystems could each take on the same action, although they are bound to do so in very system-specific and thus very distinct ways, and actions would be taken on to serve very different functions. This action-serving may not take place simultaneously, however, related to a question of changed structure of problem solving in society, where one subsystems addresses problems which may previously have been addressed in another subsystem - and only, when and if, the problem constitutes a problem also for this specific subsystem. Luhmann then provides us with a theoretical approach to understanding the alternative ways of setting up welfare systems. In terms of welfare theory, it is no new thought that alternatives exist as the various typologies of the welfare states acknowledge this (Esping-Andersen, 1990; Castles & Mitchell, 1990), but the functional-structural

approach could supplement these in the account of how different actions can be functionally equivalent. We may then understand the subsystemic process of problemsolving, and how changes in function-meeting come about, i.e. in this sense how the family, the enterprise and the welfare state view the problem of reconciliation of work and family life, and how they each address this problem according to their function.

With the theoretical framework of Luhmann, can we also understand how these different actors in a welfare mix are affected by each other? How do the subsystems relate to each other, and do they react to changes in other subsystems? This is addressed especially in Luhmann's later works, where he elaborates on the idea of independence of the subsystems. Taking a biological notion of *autopoesis,* Luhmann in his Social Systems (1995) considers social systems to be self-referential and closed systems, so-called autopoethic systems. These exist in a recursive reproduction process in the sense that each subsystem is able to reproduce the elements of which they exist, by using the elements of which they consists; they do therefore not rely on input nor output, but depend on themselves for continuation of their own operations. Systems are thus considered to be autopoethic, when they constitute "networks of productions of components that recursively, through their interactions, generate and realise the network that produces them and constitute, in the space in which they exist, the boundaries of the network as components that participate in the realisation of the network" (H. Manturana, in Luhmann, 1995). A system forms its identity by relating to the surrounding world, thus finding out how it differentiates from this, i.e. it employs a description of itself through communication with the environment. Historically, the process of differentiation has led to a change in reference from referring to other systems to self-reference, where the system's most important point of reference is now itself. System differentiation implies that social systems are differentiated into subsystems where each sets up a system/environment reference: "[Systems] constitute and maintain themselves by creating and maintaining a difference from their environment, and they use their boundaries to regulate this difference. Without difference from an environment, these would not be self-referential, because difference is the functional premise of self-referential operations. In this sense, *boundary* maintenance is system maintenance" (Luhmann, 1995, p.17).

At the same time, however, the autopoethic systems are open to the environment. The closed nature of autopoesis is a pre-condition of its openness, as the identity formation of the autopoethic system requires a reflective process, where the subsystems compare themselves to the environment as described above. Thus, to remain with biological terminology, like the single and independent cell in a body controls the exchange of energy and matter to the surrounding cells, Luhmann considers the closed social systems to be conditionally related to the environment (Kneer & Nassehi, 1993). While differen-

tiation results in more specialisation and autonomy, a process of mutual dependency takes place at the same time as the subsystems need to refer to the environment, in order to maintain their boundary to this environment.

How do the subsystems then refer to each other, i.e. the environment? Basically, a subsystem differentiates itself from other subsystems through having not only its own functional semantic but also through having an individual fundamental difference in how things are observed. Luhmann thus argues that the subsystems exist according to their point of observation, and this is articulated in distinct binary *codes*. The codes determine the point of observation, at the same time, as they constitute the subsystems as they also serve to differentiate the subsystems from each other. The subsystem of economy, politics, law, religion, upbringing etc. are therefore differentiated, according to their conception of what is right and wrong. The codes are expressed in positive or negative values: In politics, the binary codes are power/non power, in economy payment/no payment, in religion salvation or non-salvation etc. The coding, thus, determines how the subsystem reacts, and how actions of other subsystems are percieved. The economy as a subsystem may, thus, act according to the code of money and ignore what does not immediately seem profitable.

As the subsystemes are bound to their codes, they are not observant, as to how they reach their conclusions of what is right and wrong. They use the codes as an a priori starting point and develop a so-called *blind spot* for their conception of what is right and wrong: An observer thus makes use of the difference between two binary codes, which he does not apply to describe the difference and he can therefore not observe this difference.

Basically, the codes serve the function of closing the subsystems, in the sense that the subsystem refers to only two binary codes and never to external values. This does, nevertheless, not imply that Luhmann gives no theoretical solution as to whether subsystems can integrate or understand each others contrasting values. In fact, he introduces a possibility for this through the so-called *programs*, which in contrast to the codes should serve to open up the system. The programs thus serve the function of allowing the subsystem to integrate the external environment in its operations without abandoning the codes, and thus specify the conditions for when one value is preferred to another : “We must think of social systems as action contexts that are linked to their environment by causal connections, but that are not directly determined by that environment. Accordingly, a cause in the environment that affects a system does not immediately prompt a particular response to it by the system. Instead, the system has time to set into motion internal processes for selecting and manipulating information. In this way, a system can combine various casual factors and thereby collaborate in determining the nature of its own

response. The pattern involved in this selective processing of information is what we shall call a 'program'." (Luhmann, 1984, p.111). Programmes are for instance within science, the theories that determine what is true and false; within economy it is the prices and investment programs which determine whether one pays or business procedures and contracts which determine right from wrong etc. (Luhmann, 1986, in Kneer and Nassehi, 1993). Programs facilitate that the external environment is part of the subsystem's decision of what is right and wrong, and are thus the pre-given conditions for the accuracy in the selection of actions.

Apart from the programs, subsystems may be adjusted to each other in another related way. The concept of *structural connectedness*[4)] is, thus, introduced to express how two subsystems each may make their complexity available for the other subsystem. When systems are structurally connected, they are thus in a certain way depending on each other. They are referred to each other at the same time, as they are still autonomous and remain the environment for each other. In this way, the subsystems can be irritated with each other - with the noise that is made in the communication between the two subsystems - and if enough irritation is created they may become aware of new opportunities for action (Luhmann, 1995).

Following Luhmann's ideas of a system-theoretical model of functionally differentiated modernity we may then argue that we can conceive of the enterprise, the family and the welfare state as being independently acting players in a welfare system, belonging in their codes to each their autopoethic subsystem. The differentiation into functions in modern society implies that they are not ranked but operate on equal terms. Each perform their specific function, in principle without the interference of another subsystem, and each act according to their individual values, articulated in the system-specific codes. As we noted in the beginning, rising interrelation between subsystems, and with this the occurring problems of reconciliation of the family and working life, made us question the idea of functional differentiation as a theoretical model for understanding the social actions of an enterprise. The notion of functional equivalence, however, provided a theoretical escape in allowing us to imagine that a subsystem may change its actions if needed, even if this action previously was closely related to another subsystem. The enterprise as a social actor may, thus, be seen in this light. What is essential is the capacity to solve a problem - being aware that it has to be considered a problem also for the subsystem, which now engages in the action. This opens up for a more dynamic understanding of how actions of welfare provision in a subsystem change according to the needs of the subsystem. We saw that the

4) In his earlier work Luhmann uses the Parsonian term interpenetration for structural connectedness.

interrelatedness of the subsystems of the family, enterprise and welfare state may be interpreted as a process of structural connectedness, whereby the subsystems refer to each other as the environment, and thus become more interdepending.

A starting point for the understanding of how the enterprise is situated in the welfare mix, mixed economy of welfare or pluralism - all terms which describe the increasing involvement of non-state actors in what has been named the welfare society - could thus be the theoretical conception of the relationship between welfare actors in different autopoethic subsystems, in the sense that we consider how welfare 'problems' are conceived, and how they are solved within the various subsystems. The specific semantic of each subsystem determines how the subsystem analyses the problems and the relevant solutions, as well as establishes the blind spot of the subsystem, i.e. the conception of social responsibility of the enterprise is bound to the binary codes of the subsystem of economy which also constitutes its blind spot. Luhmann's theory also allows us to speculate on the inter-systemic relationship between the family, the enterprise and the welfare state. Does the modern welfare society constitute a setting where the subsystems are more easily 'irritated', that is more structurally connected. Additionally have the programs of each subsystem become more tuned in towards perspectives of other systems?

# *4. The enterprise as a social actor*

## *System/environment implications*

Following Luhmann's notion of the autopoethic subsystem, in order to exist the enterprise must know and be able to regulate its interference with the environment. It is vital that it differentiates itself, i.e. that it understands in which ways it is different from the environment, in order to maintain the border line to the environment. If it cannot differentiate itself from the environment, it will fade away. The enterprise therefore has to differentiate itself, in this case from the family and the welfare state. Being a unit of production within the economic subsystem, the enterprise should thus in principle serve the function of surviving economically and seek to increase profits.

Whether this leaves room for social activities is disputed; from a classical liberal point of view management's first objective is to produce a good product at a satisfactory price, or in Milton Friedmans (1970) famous words that "business' business is business". Economic advance would thus lead to social advantage; the economy cannot take into consideration the inequality in distribution of goods, which it creates, nor the social problems, which are, created in the wake of the cash nexus. The corporate social responsibility would be very limited at best, and considerations on whether to become a social actor would always include justifications based on a cost-benefit analysis:

> *" ...management must concern itself with realising a level of profitability which its stockholders and the financial market consider to be reasonable under the circumstances. This means that substantial investments in social improvements will have to contribute to earnings, and the extent of such earnings will be a major factor in determining the mix of a company's commercial and social activities." (Committee for Economic Development "Social Responsibility of Business Corporations", 1971, in Chamberlain, 1973, p. 202).*

According to this view, the enterprise is conceived purely as an economic institution and as such it can do little about social problems. A more positive view of corporate social responsibility dating from the same period, however, acknowledges that the role of the corporate enterprise has changed in the sense that the concepts of public and private have become blurred. More and more, it has become accepted that the management's political role is precedent to its economic function, or at least that the political and economic functions are concomitant, each reinforcing - or undermining - the other (Chamberlain, 1973).

There are, however, limits built into the business system to what we can expect from corporate responsibility:

> *"...the only initiatives that can be expected from our largest and financially strongest corporations will be necessarily limited in scope and substance, barely touching the most grievous social problems. We cannot rely on big business for social reform. The basis for this view is not a low opinion of business, either in terms of motivation or of efficiency, but a recognition that every business, whatever its size, is in effect 'trapped' in the business system that it has helped to create. It is incapable, as an individual unit, of transcendending that system and metamorphosing into something else' (Chamberlain, 1973, p. 4).*

If we regard this in Luhmann's terms, the economic condition of the business system is thus the blind spot for the enterprise, the foundation for its action, which is used to differentiate itself but which is, at the same time, implicitly built into the enterprise's understanding of itself. The enterprise can use the difference, but cannot observe this difference in one and the same moment - it cannot be critical as to how it regards its own role and the surrounding world because its view is based on an implicit assumption.

## *Complexity and interdependence*

The enterprise is, however, increasingly met with the requirement that it should respond to the social problems that it helps create, being part of society. Also from business itself, demands are made that business should take upon a responsibility for social action (e.g. Carmichael & Drummond, 1989; Nelson, 1994; Post et al, 1999). Business is, thus, increasingly expected to look beyond the economic maxim and incorporate social considerations in business practise. This can be viewed as one of the consequences of the functionally differentiated society. In a system based on functional differentiation, as is the modern society, the single subsystem will tend to view the environment as being more complex than itself. In being an autonomous system, the subsystem chooses to react to this complexity by ignoring parts of the environment, whereby ignorance is established. Differentiation implies that the subsystem acts first and foremost according to its own function.

At the same time, the functional differentiation and the resulting increase in complexity creates a greater dependence between the systems. The consequence of the elucidation of this greater dependence is that the environment starts demanding that the subsystem take on greater responsibility, i.e. more demands are made on the enterprise:

> *"The subsystem relieves the strain on itself by assuming that many of the reproductive requirements needed in the overall system are fulfilled elsewhere by*

> *other subsystems. Doing so doubles the subsystem's dependence on the overall system: It is itself part of the overall system, and it is at the same time dependent on the internal environment and thus again, but in another way, on the overall system" (Luhmann, 19953, p. 192).*

Complexity thus creates more autonomous systems, as well as it creates more interdependence between system and environment, and this in turn calls for a reconsideration of the existing division of functions.

## *Welfare state paradox*

We claimed in the beginning that the increasing role of the enterprise must be seen in the relationship to the changes in the family and in relationship to the development of the welfare state. A contributing factor to the increasing demands made for the enterprise to become a responsible social actor is the underlying assumption that the welfare state in its present form has failed.

The so-called welfare state crisis has helped pave the way for a new consideration of the role of the enterprise in the modern welfare society. As Johnson notes, there has never been a time when the welfare state has not been subjected to critical appraisal (1987), however, the last three decades have exposed the weaknesses in the post-industrial welfare set-up to an unhitherto seen degree.

Four elements of this crisis can be identified: economic problems, problems of government, and fiscal problems which in combination helped create problems of legitimacy (Ibid.): The economic crisis produced by the oil crisis' of the 1970s was the first sign of the coming economic trouble for the welfare state and with growing public expenditure the welfare state was said to slow down economic growth. The problem of government overload, and the politicians' and bureaucrats' inherent tendency to want to maximise their power constituted other critical issues which were raised, especially from the political right, as this increased bureaucracy and created an inflexible and complex political system. A consequence was also the increasing fiscal problems, which were seen to stem from the overload thesis, in the expectations of people increasing, while the interest in paying higher taxes to finance the improvements will invariably lag behind. Finally, the combination of these crisis tendencies led supposedly to a crisis of legitimacy in that people's expectations are not met by what the welfare state can deliver.

Many of these points of criticism were raised by the political right. While the political left could agree on several of the issues, some maintain that the underlying factors for the welfare state crisis are the inherent contradictions within the capitalist system. There is

thus a contradiction between the functions of the state in facilitating the accumulation of capital and its function in relation to legitimisation. The extension in entitlements to social benefits may be seen as contributing to legitimating the existing social order while this at the same time undermines the incentive to work, through decommodifying labour. The paradox in relation to the welfare state is thus that "while capitalism cannot co-exist with, neither can it exist without the welfare state" (Offe, 1984, p. 153).

The welfare state is thereby situated in an inescapable system paradox: The welfare state development from the 19th century poverty relief system to today's citizenship welfare system has led to the increasing public responsibility for social conditions. As the welfare system thus accepts the responsibility for more and more problems, the environment in turn reacts by overwhelming the welfare system with endlessly more tasks (Luhmann, 1990 in Skov-Henriksen, 1996). The politicization of the problems will according to also Luhmann invariably lead to increasing financial problems, bureaucratisation, changes in incentive structures and the increasing dependency in daily life on government controlled decisions. In this sense, Luhmann is in line with the above identifications of the welfare state crisis. The implication of the crisis identification has been a necessary reconsideration of welfare principles - or in Luhmann's world - an increase in self-reflection.

But the paradox is also a consequence of self-reflection: The paradox occurs when the system observes itself - in the process of self-reference - and uses the codes (its difference) to identify itself and the environment with. Every functional code is itself the centre of the world. However, when it, at the same time, observes the complexity of the environment and the endless number of codes which other subsystems use, it may find it impossible to judge whether it is right or wrong. It must therefore find equivalence between carrying out its function according to its codes at the same time as accepting its limitations (Kneer & Nassahi, 1993). Luhmann hereby shows that increasing demands to the welfare state functions as to its capability to solve more and more welfare problems may, also have resulted in a questioning of the welfare state principles, or the degree to which social problems necessitate statutory involvement. The whole idea of the welfare state as the central ‘problem solver’ contrasts with the modern functionally differentiated society, where the different codes of the different subsystems do not enable a unity of society. There is no longer one institution in society which is conditional for all societal operations: “The traditional centering of the world concept into a ‘midst’ or a subject” (Luhmann in Kneer & Nassahi, 1993) falls apart. Because of the structure of the non-ranked subsystems in the functional differentiated society, there can be no common perspective; every subsystem will view problems according to their binary codes. There is not one centre but a *multicentric* world concept. The horizontal make-up of society does not rule out that the subsystems each attempt to describe how the whole system looks like, but

since they are related to each their code, the description cannot be binding for all the subsystems (Kneer & Nassehi, 1993). Like the post-modern notion of the collapse of grand narratives (Lyotard, 1986), there is no longer a belief in there being just one solution. Rather, a pluralism of solutions is imaginable as society has become more complex, which allows also for more occupational welfare.

## *Self-reflection and contingencies*

The natural reaction to a paradox is to develop a way to meet the increasing demands from the environment which can concur at the same time with the subsystems' codes. A subsystem with a paradox would therefore develop the above-mentioned programme which serves the function of allowing the subsystem to integrate the external environment in its operations, without abandoning the codes (Luhmann, 1984). The program can allow an opening up for values, which have traditionally belonged to other subsystems: E.g. criticism of the welfare state can be met with an opening up for private sector values, so that welfare principles take on management thinking, efficiency parameters and cost-benefit analysis. To Luhmann, the programmes thus allow some balancing of the different subsystemic perspectives. Not only does this take place within the welfare state, the enterprise is increasingly having to surmount what now constitutes a paradox in the economic subsystem; that the enterprise is more and more confronted with the expectation that it acts as a social actor. The paradox to the enterprise is that this is incompatible with its binary code, which is first and foremost to increase profits. Therefore, some delicate balancing is required here also.

To find the right point of balance the enterprise as well as the welfare state must incorporate the environment in their reflections on where to start and end as subsystems. The more they are aware of their boundaries, the more sensitive they become, and thus the more they can allow the environment to enter into the subsystemic set-up (Luhmann, 1995). In other words, the re-formulation of the welfare state has necessitated first and foremost the identification of what the problems consisted of - a process of self-reflection - and then an identification of possible solutions - a process of sensitivity. Likewise, the enterprise has had to reflect upon its role in a modern welfare society.

The complexity of today's differentiated society does not offer standard solutions but force us to select between alternatives - or contingencies as Luhmann calls them. The development of the welfare state has left us at a point where many routes are possible, increased social responsibility of the enterprise being one of them. The process of reflection has been two-ways: the internal reflection within the subsystem and the external, the reflection which has taken place in the environment, on the functions of the subsystem. And an important part of balancing is the inclusion of the viewpoints of the environment.

Considering the development in social policy, it is clear that the external expectations to the role of the enterprise are a concomitant of the welfare state criticism. Some consensus seem to exist on the benefits from an integrated approach to solving the social problems of the future, i.e. that social problems are not only a matter of the political system. Previously, diverging ideologies maintained that social problems belonged to only one sphere in society, either the civil society (Conservative/Christian-democratic view), the market (Liberal), or the state (Social-democratic/Socialist). And although real life has been a compromise more often between these diverging ideologies, today most people directly advocate a combination of the three spheres and thus of the division of responsibility (Abrahamson, 1998a). The enterprise is met with the expectation that it is a social actor on line with the unions, voluntary organisations, the family etc. A concurrent tendency for e.g. the UN, OECD and the EU is therefore to point to the inclusion of all social actors in order to find the solutions to the global pressure on state finances, reduction of unemployment and poverty and the furthering of social integration. The answer is decentralisation of policy-making, the division of social responsibility and the establishment of voluntary partnerships between social actors (Abrahamson, 1998b).

### *Perception of corporate social responsibility - or responsiveness*

Also, self-reflection on the side of the enterprise has led to a changed concept of today's social responsibility of the enterprise. Interestingly, system theory is a fundamental part of management theory, and the interdependence of the subsystems is thus acknowledged: "Management thinking has been greatly influenced by general systems theory. According to this theory, all living (systems) interact with, and are affected by, other forces in their host environment. The key to survival is the ability to adapt - to be responsive to the changing conditions in their environment. For an organism such as the modern business corporation, system thinking provides a powerful tool to help managers appreciate the relationships between their companies and the rest of the world" (Post et al, 1999, p. 5). According to Post, business must therefore respond to a number of external factors such as global economic change, the changing role of government and public policy, ecological and natural resource depletions etc (Ibid.). Today's conception of the enterprise as a social actor is thus far from the 1970's notion of the role of the enterprise presented above, in it being merely an economic institution. But today, not only the external factors but also the awareness of the direct and indirect negative impacts of business activities on national and social environment is part of business reasons for becoming involved in social activities (Antal, 1992). Rather than it being a question of philantrophy or charity, business reacts from the acknowledgement that business and society are interdependent, and in consideration of those who are affected by business decisions and policies. Self-reflection on the part of business is a contributing factor for the new role of business.

During recent decades the conception of the enterprise has therefore undergone quite an interesting development. As Frederick (1994) points out we have moved from considering the enterprise as making up a moral and philosophical problem in the 1960s ("what good should come out of business"), to a more pragmatic view in the 1970s ("what good - and bad - can business actually contribute with"), to an ethical discussion in the 1990s of the social responsibility of the enterprise which is often given ("what can business do to relieve the situation"). The enterprise may thus take a more 'natural' place in today's pluralist welfare system.

The enterprise is thereby not only responding to external expectations - or to phrase it in Luhmann's words: The balancing here is more than mere penetration in which one subsystem makes itself, and thus its choice of contingencies, available for another subsystem (Luhmann, 1995). Rather, today's corporate social responsibility is more an *inter*-penetration where "...both systems enable each other by introducing their own already-constituted complexity into each other" (Luhmann, 1995, p. 213).

In this vein, the enterprise is more and more regarded as being embedded in, more than only being a part of society (Antal, 1992) and some suggest that we have moved from social responsibility to social responsiveness in this process. The move from responsibility to responsiveness reflects that there is greater acceptance of the enterprise as a social actor, as it is no longer a question whether it holds responsibility, but rather how it should perform this responsibility. In corporate social responsiveness, it now becomes a - quite practical - question how the social responsibility should be carried out: "While CSR1 (Corporate social responsibility) has always carried heavy philosophical overtones, CSR2 (Corporate social responsiveness) shuns philosophy in favour of a managerial approach, with focus on the practical aspects of making organisations more socially responsive to tangible forces in the surrounding environment. But most important, CSR2 assumes that CSR1's central question of whether companies should respond to social pressures has already been answered affirmatively by general public opinion and government social regulations" (Frederick, 1994).

That economic and social considerations may be compatible does not imply, however, that the enterprise operates according to social parameters only - it would be both naive and quite against system theory to presume such a notion. The structural connectedness between the enterprise and the welfare state does not rule out that they still operate according to the specific system codes - only that they refer to each other and function as environment to each other. Although social responsibility is a more inherent element in management thinking today, the enterprise must still respond in a way, which is coherent with its objective - to seek profit. Depending on the goal of social action it must incorporate its

codes into its considerations, whether or not to become involved as a social actor. When looking at the commitment on the part of the enterprise to help obtain a balanced relationship between work and family life, the arguments for becoming a social actor could be the considerations of the costs of implementing special arrangements for employees with family obligations as compared to the costs. The considerations may include: 1. Increased profits from reduced absenteeism and turnover, 2. Contribution to social image or status of organisation (which attracts customers and labour), 3. Avoidance of conflict within organisation and finally, 4. Work-family arrangements could assist the enterprise in striving to obtain a secure position in the market through increased productivity and legitimacy at the workplace (den Dulk, 1999b).

### *Social responsibility as a response to individualism*

Social responsibility on behalf of the enterprise may also be a result of more demand for individualised solutions to work-family problems, in the sense that employers may be able to provide more tailored solutions than the public system. The development towards a more plural society may not only be the result of growing dissatisfaction with a given way of providing welfare; it may also be an expression of a surge in less standardised solutions. When living in a society where differentiation has led to greater self-reflection it is likely that this will also lead to greater individualism. Is the increasing role of occupational welfare an expression of a more individual approach to securing welfare for one self?

According to Beck, in the welfare states of the West, reflexive modernisation dissolves the traditional parameters of individual society: class structure and class-consciousness, gender and family roles, "...detraditionazation happens in a social surge of individualisation" (Beck, 1994). He therefore sees that people have been removed from class commitments and have to refer to themselves in planning their individual labour market biographies. But individualisation and standardisation of ways of life are two sides of the same. The detraditionalized individual becomes dependant on the labour market when writing their individual story ("I work with this and this" has long ago replaced the answer "I'm the son/daughter of this and this").

> *"So, individualisation does not mean atomisation, isolation, loneliness, it means first, the disembedding and second, the reembedding of industrial society ways of life by new ones in which the individuals must produce, stage and couple together their biographies themselves." (Beck, 1994, p. 195).*

When we no longer refer to traditions but must increasingly take into considerations how we want things to develop our trajectories will invariably depend increasingly on our individual choices. Growing self-reflectivity and individualisation thus goes hand in hand

in late modernity: We can note that in the ongoing process of de-traditionalisation, social agents are increasingly set free from control of social structures and become more self-reflexive: “Individualisation is mediated, not only by differentiation, but also by a cognitive reflexivity, which is intrinsically connected to rationality as well as to a practical consciousness concerning how to go on in the whole diversity of social life” (Bech-Jørgensen, 1995). As the workplace becomes the forum where we form our identity, and we furthermore look for an individualised solution, it may be natural that more and more of our daily life is bound to our work relations - that we come to perceive the work place as the provider for more and more of our needs, whether these are social or economic needs.

The change in economic structures has helped pave the way for such a development, in that the specialisation in organisations and in the workplace has led to a division into professional groups and subcultures. The employee working in the post-Fordist labour process may thus be less bound to union policies than to the local agreements: ‘The recent surge of occupational welfare across Europe may well mirror the emergence of new kinds of crafts-like identities, professional upgrading and occupational differentiation...The drift towards individualisation, differentiation and narrower guild-like or company based welfare bargaining is complemented by the pervasive growth of narrower professional and semi-professional cadres, demanding tailor-made rather than universal mass-packaged welfare schemes (Esping-Andersen, 1996, p.335). In response, the workplace may seek to support the closer relations between employees and the workplace. When traditional norms and conventions fade away, the search for identity and a new basis may find a way in the workplace culture where the subjectivation of public life is reinforced. The enterprise constitutes, according to the culture cult of business, a family-like environment, which one is required to identify with (Lasch, 1979).The subjectivation is related to the increase in reflexivity; we as individuals seek sense and the workplace seeks to create itself an image and a corporate identity.

Occupationally based welfare may thus be supported both by external as well as internal developments. The welfare state crisis and the restructuring of the labour market has led to a questioning of existing welfare principles while at the same time the increasing growing interdependence between the welfare state and the enterprise has resulted in more self-reflexion and openness towards alternative ways of providing welfare. The individualisation of society may have contributed to this development by emphasising the role of the enterprise as an important social actor that is able to provide individualised and flexible welfare schemes. From a system theoretical point of view, we could say that the sub-systems have developed programs which allow them to include other subsystems’ preferences and values and that they have thus become more structurally connected.

# *5. Welfare mix and functional equivalence*

If we acknowledge that greater interdependence between subsystems has occurred and they therefore are more open towards the semantic of other subsystems, we may see this reflected in the conception of functions. That traditional state welfare systems have given way to a more pluralist action system is undisputed, but how the demarcation lines are to be drawn is not solved: Acceptance of society as a pluralistic action system, where "...the market, the state, the voluntary/non-profit and the informal sector should have an active role in social policy, seems to have turned into the lowest common denominator of the different political and ideological currents...The really important controversies are now about the respective roles of these spheres and subsystems, as well as the ways one conceives their responsibilities and limits." (Evers, 1993, p. 4).

General acceptance of a greater part being played by social actors other than the state, including the enterprise, seems thus to prevail. We may therefore expect a reconsideration of the existing division of functional benefits, so that the subsystems are no longer tied to the same actions but have taken on new system actions in order to maintain their function. However, remembering Luhmann's notion of functional equivalence, the occurrence of a wider welfare mix does not imply a pre-given order of responsibility divided between the subsystems. As no subsystem is tied to specific, non-substitutional actions, there is no causal relationship between subsystems and certain actions; any subsystem can take on an action as long as it by doing so addresses what constitutes a 'problem' for the subsystem. The conception of how functions are fulfilled may therefore differ greatly, i.e. the conception of responsibility and limits for obligation of the enterprise/welfare state/family varies from setting to setting and functional equivalence in the welfare mix can thus take various forms, as will be shown in the following analysis of corporate social responsibility in relation to reconciliation of work and family life in three countries.

## *Conception of responsibility*

Generally, the welfare mix in each individual country reflects their specific cultural and political traits. Sweden along with the other Nordic countries, has thus traditionally been regarded as an archetype for a welfare model where public responsibility for organisation, financing and provision of cash benefits as well as social services has been predominant, whereas voluntary involvement is a more intrinsic feature of the Dutch welfare model. The family has also played a significant role in the Netherlands, as well as in England, while market forces have been especially emphasised in England. Generally, however, for

all three, developments have encouraged provision from non-public providers – the market, enterprise, the family and voluntary organisations – partly because of financial concern, and partly, for ideological reasons (Rostgaard & Fridberg, 1998).

Despite this, there is no one-dimensional move away from public responsibility for welfare, but rather a move towards increased plurality of welfare provision. State involvement has thus increased in some countries too, especially in countries, which previously had relatively limited state involvement in provision or funding of services. In the Netherlands, an economic stimulation of private child care has increased the role of the state in the delivery of day care, which was previously limited to sporadic regulation and inspection procedures. Also in England, the role of the state has changed from a direct provider to enabling others to provide services, while maintaining and increasing its role as regulator and funder of services (Ibid.).

But the diversity in the conception of how working families should be supported is clear: In Sweden, the problems of reconciling work and family are thus to a large extent treated as public rather than private issues (Näsman, 1999). Public policy has a threefold purpose: to enable both men and women to combine parenthood with gainful employment, to increase equality between men and women in everyday life, and to support and stimulate the development of the child and encourage a good childhood through educational and stimulating day care (Socialstyrelsen, 1996).

England has always been pluralistic in that there have traditionally been several sources of welfare provision, but this was accentuated during the Thatcher government where the preference for a mixed system of welfare was based on the desire to reduce the role of the state and correspondingly to increase the role of the informal, commercial and voluntary sectors (Johnson, 1987). Public provision for families with children is thus limited. Despite the relatively high participation rates for women, English family policy does therefore not support the combination of motherhood and employment. The strong breadwinner model is apparent in the ambivalence towards the employment of mothers with young children, is found manifested in social policy and is also reflected in social attitudes (Lewis, 1999). When British mothers enter the labour market they thus find few provisions made for them as mothers and only minimum provision is made for child care, maternity leave and pay, and the right to reinstatement. Statutory entitlements for parents to parental leave are also few, and so is the right to vary and adapt work hours to suit child care arrangements (Windebank, 1999).

In the Netherlands, the conception of the responsibility of providing for the balancing of work and family life is that it is a matter of negotiation between employers, unions, and

employees. And the increase in female labour force participation has encouraged developments in the reconciliation of work and family life: The rise of the 3/4 work model has therefore made some companies reconsider their family policies. At the same time, the underlying norm is that such reconciliation is a private matter; that "the company should be bothered as little as possible...The thought that the organisation of work could be modified to the principle that every employee has caring tasks, is, in the current company culture, still almost blasphemous" (Veenis, 1998, p. 188). As neither the current government nor the unions are becoming involved in establishing a parental policy, parents must thus themselves choose and arrange how they want to combine care and work (Ibid.).

## *Public provision of day care and leave schemes*

Public provision therefore varies greatly in the extent to which the balancing of work and family life is considered to be a statutory responsibility or a private. In Sweden, there is a municipal obligation to provide day care, which has recently been extended to cover children from 1-12 years. Sweden has in this way, like the other Nordic countries, introduced a child care guarantee for children for whom day care must be provided without unreasonable delay. The number of children enrolled in public day care centres has accordingly more than doubled, from 23% of children aged 0-6 in 1982 to 45% in 1996[5)] (See Table 2). In addition, some children aged 5 attends part-time groups, 5% of the 0-6 year old. Although the preference is for institutional care, family day care also receives public subsidies, and in all one in ten children aged 0-6 attended family day care in 1996. Despite the extensive provision, parental fees are relatively low; as a proportion of total expenditure on day care centres, Swedish parents contribute 14% (Rostgaard & Fridberg, 1998).

Dutch public provision of child care is somewhat more limited and has only been expanded within the last couple of years: In 1989, a dramatic policy change took place when the government decided to set aside an amount for expanding the provision of day care, the so-called Stimulative Measure. For a period of 4 years, the central government provided funding for the local establishment of new day care places. The goal was to create nearly 50.000 new places. This goal has been reached. However, for the smaller children, the full-time day care centres today still provide for only 6.5% of the 0-4 year olds (See Table 2). Official family day care provides for only 1% of the same age group; some unofficial family day carers, however, also operate. The largest provision is found in part-time play groups, which do not cater very well to full-time working parents. 8% of the 0-4 year olds attended playgroups in 1996. 4 year olds can also attend nursery education in primary

5) Day care provision is measured in full-time places. See Rostgaard & Fridberg for further comments.

schools although formal school does not start until the child is 5 years old. Around one in ten 0-4 year olds attend nursery education where in most cases the parents are expected to take care of children during lunch hours (Ibid.). Working parents thus face problems in finding day care, also as the relative low provision of public day care has not been counterbalanced by for-profit provision. In other countries increasing female labour force participation has led to an externalisation and commercialisation of care. This has not happened in the Netherlands because of a strong attachment to private and informal care (Plantenga et al, 1999). In addition, day care is rather expensive, at least for the smaller children. Parental fees make up a considerable part of the cost of day care centres. Public subsidies only cover around one third of all places. On average, fees paid by parents cover 42.1% of total costs for day care, a little less for parents who use subsidised day care, while parents using non-subsidised day care cover the full costs. Some tax relief is, however, available for parents using non-subsidised day care. Nursery education is free of charge as this is fully subsidised (Rostgaard & Fridberg, 1998).

In England the informal care for children important is also important; in fact it is the most common day care arrangement for smaller children. Around 1/3 of children are cared for by a parent, another 1/3 by a grandparent and 1 in 10 are looked after by other relatives. Caring for children in England has thus traditionally been treated as a private matter for parents, and perhaps employers, to arrange. Government policies today acknowledge women's need to stay at home after giving birth, but public provision of day care for children is scarce for small children. Within the welfare system, the main public provision of day care for children aged under 3 is the day nurseries provided mainly for children who are considered to be in need. Less than 1% of 0-4 year olds children attend public day nurseries. Parents who need day care for children because of employment or educational obligations use private day care arrangements. These make up the bulk of day nursery provision. These are set up by voluntary organisations, community groups, private for-profit companies, and employers in the public and private sectors and by Government Departments for their workforce. 5% of children aged 0-4 attend independent day nurseries. Family day care, which is predominantly run on a private basis, is also available, and covers 12% of 0-4 year olds. Part-time playgroups caters to some of the day care need but as provision is only for approx. 3 hours a day, full-time working families can only use this as a supplement to e.g. family day care. Measured in full-time places, play-groups cater to 7% of children under school age. The price for day care is relatively high, as parents cover approximately 90% of total expenditure (Bradshaw & Millar, 1994). However, when English children reach the age of 3 they can attend free nursery education within the education system. Most nursery education is part-time, and covers in full-time places 17% of children 0-4 years old (Rostgaard & Fridberg, 1998).

The need for day care for working parents obviously often starts when leave possibilities are exhausted. Public provision of leave rights and benefits are as varied as is day care provision between the three countries, reflecting again whether parental obligations are considered in family policies, or whether this is left to the parents, and the employer, to solve.

Swedish parents are entitled to a relatively long parental leave period of 15 months compensated with a benefit, to be taken before the child's 8th birthday (See Table 2). There is thus no term for maternity leave as this is part of the overall parental leave. All parents are entitled to the leave, regardless of whether they are unemployed or in employment, and whether they are natural or adoptive parents. Parents can fully share the leave. Parental leave offers good possibilities for combining work and leave periods as it is flexible and can be taken as a 25%, 50%, 75% or 100% leave period and thus covers 900 days if 50% is taken. The system facilitates both parents spending time on their child by requiring that 30 days are reserved for the other parent, the so-called "daddy days". Parents have a corresponding right to reduce their working hours. On top of parental leave, the father is entitled to 10 days paternity leave following the birth. For working parents with a certain work record, the benefit is equivalent to 80% of previous earnings for the first 360 days, with a monthly maximum benefit of SEK 18,200 in 1998. For all parents the remaining 90 days are covered by the minimum amount of SEK 60 per day. Entitlement includes a job guarantee (Rostgaard & Fridberg, 1998).

Dutch leave provisions are somewhat less favourable than the Swedish: Women who have just given birth are entitled to maternity leave with benefits for 16 weeks - although this is with 100% of earnings (See Table 2). Fathers have no statutory right to take time off after child birth, although most fathers take at least two days, and collective agreements (normally only for spouses) can include up to 10 days. The Dutch parental leave scheme entitles parents to take 3 months off work with no benefit to compensate for lost wages. Public employees, however, receive 75% of previous earnings. Parents can also choose to take leave on a part-time basis, in which case 6 months are available. As a substitute for paternity leave and care days, an Emergency leave offers short-term leave for solving specific problems, e.g. a sick child, with the number of days and wage compensation to be negotiated with the employer. In some collective agreements, employees get full wage compensation. Also, the Career leave entitles employees to 2-6 months' leave for caring or for educational reasons. Career leave can therefore be used for paternity leave, care leave, adoptive leave etc. The leave must be negotiated with the employer, but the employee is entitled to a benefit during the leave, which amounts to around 40% of former wages.

When women give birth in England they are entitled to a relatively long maternity leave, 40 weeks absence from work, of which 29 weeks are to be taken after birth. However, part of the leave is without compensation for loss of earnings, only 18 weeks are covered by the benefit. For women who have paid national insurance contributions, the Statutory Maternity Pay is available, covering 90% of the mothers average wage for 6 weeks, after which she receives the flat-rate benefit for the remaining 12 weeks, which is 36% of an average income for a woman working part-time. For women who do not qualify for this, the Maternity Allowance gives access to 18 weeks, with a benefit around 36% of former wages. In terms of parental leave, England has until recently not offered parents any leave beyond the maternity leave. However, after signing the EU Social Charter England was committed to adopting the Parental Leave Directive, and as a result a 3 month unpaid parental leave has been in force since January 2000. The leave must follow maternity leave and be taken before the child is 6 years old. Fathers are thus for the first time entitled to some statutory leave; paternity leave has so far only been given as contractual agreements at the workplace.

Statutory entitlements in terms of the right to day care and leave are thus very different in the three countries, with Sweden being the country with the most generous rights. The Netherlands and England are both developing their day care systems, in the Netherlands within the social care system and in England within the nursery education system, but both are clearly far behind the Swedish provision. Also in terms of leave rights, Dutch and English parents are less well secured. The introduction of the EU required 3 month parental leave is a clear improvement but as the leave is unpaid not all parents will be able to benefit from the new leave.

**Table 2. Provision of day care and leave. England, the Netherlands and Sweden.**

| | England | the Netherlands | Sweden |
|---|---|---|---|
| Day care provision, in full-time places 1996 | 42%<br>(age group 0-4) | 25.5%<br>(age group 0-4) | 61.5%<br>(age group 0-6) |
| Parental fees, as % of total expenditure | 90 (approx) | 42 | 14 |
| Statutory leave rights: | | | |
| *Maternity leave:* | | | (see parental leave) |
| Period | 40 weeks | 16 weeks | <> |
| Compensation rate | 33%[1] | 100% | <> |
| *Parental leave:* | | | |
| Period | 3 months | 3 months[2] | 64 weeks |
| Compensation rate | <> | <>, though 5% for public employees | 71.9%[3] |
| *Temporary parental leave:* | | | |
| Period | <> | <> | 120 days |
| Compensation rate | <> | <> | 80% |
| *Emergency leave:* | | | |
| Period | <> | Must be negotiated | <> |
| Compensation rate | <> | with employer | <> |
| *Career leave:* | | | |
| Period | <> | 9-27 weeks[4] | <> |
| Compensation rate | <> | 40% | <> |
| Special period set aside for the other parent | | Some collective agreements include 10 days for fathers after birth. | Under parental leave, 30 days are reserved for the other parent. |

Source: Rostgaard & Fridberg, 1998.

Notes:1.Compensation rate calculated according to full leave period, if only calculated on basis on 18 weeks with benefit, the compensation rate would be 53.7%. 18 weeks: 6 weeks with 90% of average wage, 12 weeks with flat rate benefit - 36% of an APW. 2. Ouderschapsverlof: Reduction of working hours to 20 weekly hours for 13.5 weeks. 3. Must be negotiated with employer. 4. The compensation rate is calculated for the mother on basis of the full leave period; if the woman only uses the 360 days compensation rate will be 80%.

## *Employer provisions*

This leaves the question of how the workplace responds to reconciling work and family life under two such different statutory provisions. It is plausible that Swedish employers would be less likely to supplement statutory provisions than Dutch or English, from the recognition that the need was covered already. And workplace involvement could be expected to be more profound in England and the Netherlands from the point of view that families with children face graver problems when having to balance work and care responsibilities. Common to all three countries, is that we could expect that the increase in female employment has led to a greater acknowledgement that the balancing of care and employment is a responsibility shared by workplace and state. From the above, it is clear that statutory provision has in recent years reflected the increased need for child care and leave schemes, thus expanding the statutory rights for these, not least in countries where they were uptil now limited. What is then expected of the workplace? Could we also expect that the employer has responded in terms of expanding or establishing occupational benefits for employees in order for them to more easily balance work and family life?

Firstly, the institutional setting and the societal expectations as to the role of the enterprise as a social actor differ greatly between the three countries. In the Netherlands, the institutional setting for encouraging the workplace to become involved in reconciliation of work and family life has only been strengthened in recent years. The Stimulate Measure, which was intended to increase the number of day care places, thus relied on tripartite funding in order to be successful. Employers along with local authorities and parents were intended to contribute to funding together. This in fact succeeded; in 1996 employers covered 25% of total costs for subsidised day care basis, and places funded by employers made up 28% of total provision. Funding of day care provision for children of employees is today in over 220 collective agreements. Not only do employers subsidise the use of day care for their employees; large companies more and more offer child care for their employees, set up at the workplace. Workplace day care places make up 4% of all full time places in day care centres. A new tax measure was also implemented for employers who subsidise places for their employees, reimbursing the employers for some of the costs (Rostgaard & Fridberg, 1998). In this sense, the Dutch government policy is to move from a ‘mother’ role of shouldering all the responsibility to the ‘facilitator’, i.e. setting up a policy frame which allows and encourages the employers to take a greater social role (European Business Network for Social Cohesion, 1999).

Also in England the role of the employer is on the agenda, especially as work-life issues have traditionally been regarded as individual or corporate issues. The present Labour government has worked for the setting up of partnerships between employers and other

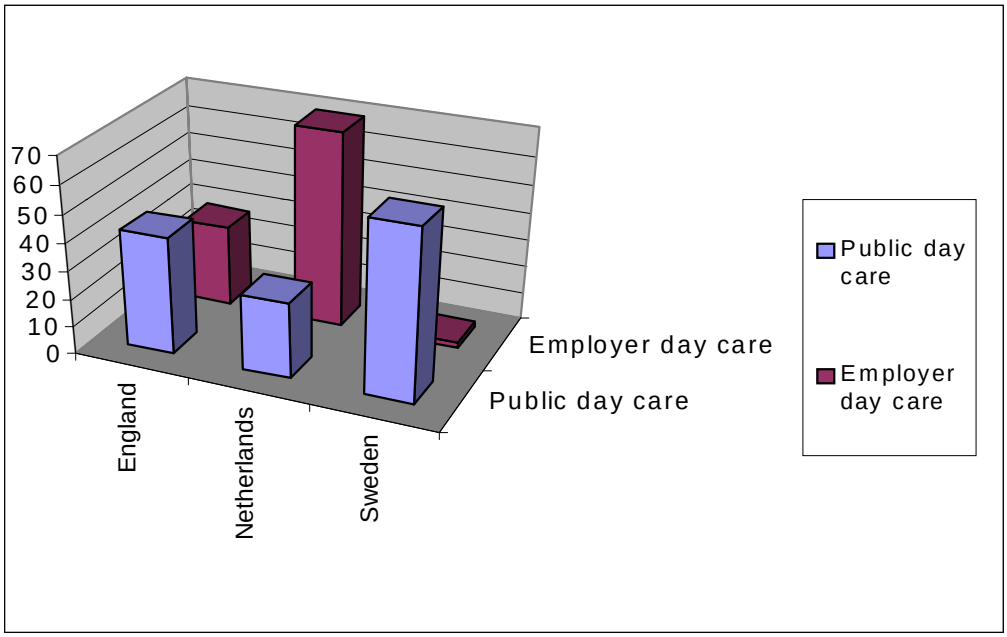
social actors in order to get more people into work and away from passive support. There have also been a number of initiatives intended to encourage socially responsible business practises, with the Prime Minister, espousing the creation of a 'stakeholder economy' (European Business Network for Social Cohesion, 1999). One of the means is to improve child care as an important tactic in reconciling work and family obligations, as are flex hours, parental leave and part-time work. Still, the present limited provision of statutory benefits leaves room for the employer: "The ideology of individual responsibility for family members, cuts in public expenditure and an emphasis on market forces to provide services for families have resulted in gaps in social provisions to enable people to integrate work and family, which employers have been encouraged to fill in in order to sustain a female workforce" (Lewis, 1999, p. 43). One of the strategies to involve employers has been to make workplace nurseries exempt from tax, and employees do not have to pay income tax on the benefit in kind of a place in a certified workplace nursery provided by their employer. Still, parents bear the main costs: An estimation of the total annual expenditure by employers on childcare is around £60 million, compared with the £2.6 billion spent by parents. (Department of Education and Employment, 1999).

Unlike English and Dutch direct provisions, Swedish employers are expected to contribute to social provisions mainly through the financing of social expenditure. More than 85% of the expenditure on parental leave is thus financed by employers through a collectively paid social insurance fee. Most work-related social issues are dealt with through collective agreements, including flexible working hours, teleworking and part-time work. The employers' role is thus already deeply incorporated in the tripartite system, and no direct policy attempt to the same degree as in England and the Netherlands has been made to make the individual employer more engaged in work-family reconciliation (Rostgaard & Fridberg, 1998).

Secondly, we may want to look into what kind of work-family arrangements the employers in these three countries then implement and how workplace policies differ according to the statutory provision. A cross-national survey of workplace work-family arrangements by den Dulk (1999a)[6] shows that they do differ substantially between

6) The telephone survey was conducted among a sample of private service companies, government and health care organisations with 100 or more employees in each country. In Sweden, 258 organisations were contacted with a response rate of 39%. In the Netherlands, 300 employers were approached, with a response rate of 38%. In UK, which was not finished at the time of the writing, 63 interviews had been done. In each country, employers were asked whether work-family arrangements were present in their organisations (Work-family arrangements were here defined as facilities within organisations that support the combination of paid and unpaid work) (den Dulk, 1999)a Although the survey covers the whole of United Kingdom, it is referred to here as England, as the data on statutory provision covers England only.

**Figure 1. Provision of day care for pre-school children, public provision in % of pre-school children and % of employers providing day care. England, the Netherlands and Sweden. 1996 and 1998.**




Source: den Dulk, 1999; Rostgaard & Fridberg, 1998.

Note: Public provison in % of pre-school children covered in full-time places.

countries in terms of variation of employers provision, reflecting in many cases the statutory provision available:

While Dutch employers in particular are involved in child care arrangements, 70% of respondents, only 29% of English and 2% of Swedish employers provided day care for children of employees (See Figure 1). The fact that Sweden has a substantial public child care system is thus obvious from the employers' response and vice versa in the Netherlands and England. That some English employers also feel pressed to provide day care for their employees is also apparent, whereas the high workplace day care provision in the Netherlands is closely related to the institutional frame which quite explicitly expects Dutch employers to contribute to the provision of child care. The most frequent forms of employers' day care in the Netherlands was contracted places or financial arrangements whereas it was more common to provide nurseries directly at the workplace in England (den Dulk, 1999a).

Equally significant is the relationship between formal provision of leave and the employers' provision of leave (See Figure 2). When comparing the total entitlement to public

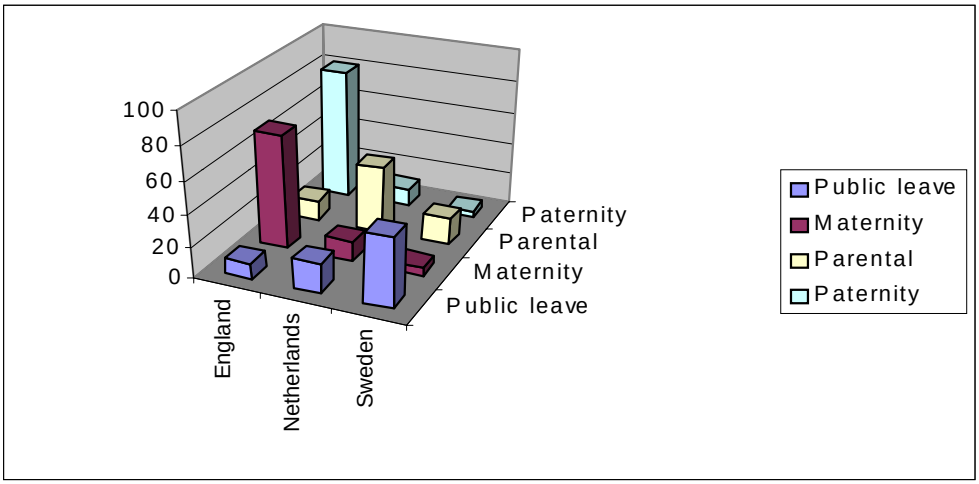
leave, i.e. the number of weeks in relation to the compensation rate, to the provisions by employers, workplace policies seem to reflect what is available as statutory rights.

In England, employers are thus more likely to supplement statutory maternity rights and also to give fathers some paternity leave, than Swedish and Dutch employers. A total of 71% of British employers provide additional maternity leave provisions for their female employees and 81% provide paternity leave for their male employees. In comparison, parental leave in England has, however, been less frequently used as a occupational policy. The long statutory maternity leave of 40 weeks for women with a certain work record could explain the hesitance in giving additional leave. Instead, employers are more likely to pay wages during the maternity leave, offer longer period of leave, more flexibility, reduced service qualifications or a bonus for women who return to work after maternity leave. But in future, parental leave might be a fully-fledged part of occupational policies; another 19% of employers were discussing the implementation of additional parental leave rights (den Dulk, 1999a).

In contrast, Dutch employers are likely to provide parental leave whereas they are less likely than in England to supplement statutory maternity rights, perhaps because of the high compensation rate of 100% during the 16 weeks of statutory maternity leave. Parental leave provisions by Dutch employers are mainly increased payments followed by longer periods or more flexibility. Paternity leave is also provided less often in the Netherlands as compared to England although neither country has a statutory right for such; in the Netherlands the availability of leave for fathers through collective agreements and the statutory career leave could explain this factor.

Finally, there are the employer provisions in Sweden. Swedish employers surprisingly often provide parental leave for their employees, although the statutory entitlements are significantly better than in England and the Netherlands. Parental leave supplements are given mainly as longer periods of leave of increased payment. Only a few employers supplement the statutory paternity leave rights. A minor share of employers also provide better maternity leave provisions. It must, however, be observed that the parental leave in Sweden technically also covers the maternity period. When Swedish employers confirm that they supplement the statutory maternity leave they thus mainly increase wages during pre-labour periods of leave.

**Figure 2.**
**Index of public leave entitlements and % of employers providing leave. England, the Netherlands and Sweden. 1996 and 1998.**




Source: den Dulk, 1999; Rostgaard & Fridberg, 1998.

Note: Index of leave entitlements calculated as Average Production Wage compensation rate for female employee working part-time, multiplied by the number of weeks of leave.

Two trends seem to appear: The English and Dutch examples confirm that where there is only sparse statutory provision, employers are likely to provide benefits for their employees, in this case child care and leave provisions. Lack of formal policies thus seem to encourage informal ones. We could see this as an expression of functional equivalence where the function of the subsystem necessitates a certain action in order to uphold this function. The subsystem thus responds to solving what constitutes a problem for this subsystem, i.e. the lack of formal provision of child care and leave rights creates problems for employees balancing work and family life and thus produces problems for the work organisation also. In Luhmann's terms, the enterprise thus displays cognitive realisation of the possible revitalisation of a given social practise which implies a certain openness towards alternative solutions. Comparing the three countries we thus see a difference in problem solving where one subsystem, the enterprise, in two of the countries, addresses a problem which in a third country was addressed by another subsystem, the welfare state.

Yet, rather than seeing this as a simple process of substitution of informal for formal provision there is some indication of the creation of a common understanding of the need for providing work-family benefits also, perhaps a communication of the existence of a common problem which has been triggered by the increase in female employment. Both subsystems seem to have developed programs which allow some negotiation of responsibility and an increased understanding for the contextual codes which exist in other

subsystems. The structural connectedness between welfare state and workplace has furthered the dependency between the subsystems whereby they increasingly refer to each other as environment, and thus more easily become 'irritated' with each other, or with each others' lack of involvement in solving what constitutes a common problem Work place initiatives are accompanying an increasing state involvement, especially in countries where state involvement has so far been limited, whereby more and better social rights are created. A certain spill over effect seems to occur between formal and informal policies which reflect a change in normative climate: As the introduction of more and better formal policies create a public awareness of the problem of balancing work and family life, employers respond to increased expectations that they become involved in reconciling work and family life for their employees. Instead of a zero-sum game, it may therefore be held that occupational welfare is more complementary than substitutional here, furthering the notion of a more pluralistic welfare mix where statutory and occupational benefits complement each other.

The notion of normative expectations supports what can be seen as the second trend here, the peculiarity of the Swedish case. The involvement of employers in providing better parental leave rights for their employees does not correspond to the fact that Sweden has a relatively generous statutory provision, rather it could be expected that Swedish employers would be minimally involved in social provision. Yet, as we saw a number of Swedish employers provide extra periods of parental leave or increased payments. In the Swedish case, it is therefore not the lack of formal policies which prompt employers' response, but perhaps rather the consequence of gender equality being a core element in the political and cultural ideals of social equality and that female employment has been an intrinsic feature of the Swedish society for a number of decades. Although the implicit notion in Sweden is that providing day care and leave rights is predominantly a public issue, the communication of a common problem is even more accentuated here than in England and the Netherlands. As Brewster & Hedgewisch note, high levels of state provision are therefore not necessarily linked in a simple way with lower employer provisions but could also reflects a culture of interest in parental benefits which make employers more aware of parents' needs and more willing to enhance provision (1996, in Lewis, 1999). Government commitment to work-family issues may thus positively encourage employers to become more involved, mainly through establishing an awareness of the problem.

Still, the clearest tendency is that the smaller government involvement is, the larger the employer involvement: In countries, such as England and the Netherlands where statutory provision are few, the survey confirmed that employers often provide more than one work-family arrangement; in England, employers on average provided 6 work-family arrangements and in the Netherlands, 4 work-family arrangements was normal. In con-

trast, Swedish employers on average provided 3[7] (den Dulk, 1999a). Some functional equivalence is thus evident when the numerical importance is included.

Although some compliance of enterprise actions seems to occur according to the societal expectations to the social role of the enterprise, this should, however, not be seen as an indication of a value consensus. If we take that the functions stand above the structure of society as Luhmann claims, there is no such thing as a shared symbolic system, nor an existence of a universal value foundation. The subsystems approach each other through the programs and through being structurally connected to each other, but this does not imply that their actions are based on common values and norms. Workplaces thus respond to normative expectations from external sources to their behavior rather than to norms which are internally built into the function of the workplace and they react on their own description of the problem. As Luhmann emphasizes, a diversity of norms and values thus exists in the subsystems, based first and foremost on the codes of the subsystems. The workplace therefore must respond in a way which is coherent with its codes, i.e. the objective to maximize profit. Correspondingly, the workplace interest in providing work-family arrangements reflect whether reconciliation of work and family life constitutes a problem for the specific workplace, and in this way is threatening the function of the workplace, or whether there is some organizational gain from introducing such arrangements.

Despite the national differences, the survey thus confirms that the workplaces which have introduced work-family arrangement bear specific organizational characteristics. Overall, non-profit employers, large employers, employers with a large proportion of women and woman managers are more likely to have a larger number of work-family arrangements:.

Large employers are more likely to provide work-family arrangements than smaller ones, perhaps as they are more in the public eye and therefore seek to establish a positive image. In addition, public sector organizations are more likely to develop arrangements than private sector companies, maybe because they as public organizations are subject to more public attention and government pressure. The proportion of women employees is also relevant, i.e. the size of the need for reconciliation; within the private sector, arrangements are more common in the service sector where there is a higher proportion of female employees. And the workplace seems to respond specifically to the needs of core workers. Organizations with a relatively large share of female managers seem to provide work-family arrangements (e.g. childcare) more often than organizations where female employment consists mainly of lower skilled jobs (den Dulk, 1999a).

---

7) Including the number of flexible work arrangements.

# *6. Conclusion*

Esping-Andersen (1996) in his concluding chapter to a recent work on occupational policy, suggests that we are presently witnessing a profound change in welfare structures. He believes that the institutional matrix that is presently unfolding will almost certainly look very different, but it will be almost impossible to imagine that its core will be without a recast public-private nexus. Here, the purpose has been to see how this has affected the role of the enterprise in the implementation of work-family arrangements.

It has been argued in this paper that the modernisation of society and with it the changes in work and family context has challenged traditional conceptions of the role of the enterprise. The rise of the dual breadwinner model and the diversity in family forms have accentuated the need for balancing work and family life, thus creating a closer interrelationship between family, workplace and the welfare state. The theory of functional equivalence offered a theoretical approach to understanding the consequences of greater interdependence between these three subsystems. In contrast to the more static Parsonian notion of functional differentiation, Luhmann's approach allowed us to understand how changes in inter-systemic relations could be perceived. This implied increasing weight on the functions instead of the structure, the notion that alternative problem solutions were possible and an acceptance of a pluralism of values and norms. Also, it offered a way to understand how functional differentiation led to increasing complexity and greater self-reflection, which at the same time strengthened the connections between subsystems and also led to a questioning of the existent welfare principles. The closer inter-relatedness between family, welfare state and labour market thus necessitated a new understanding of the division of roles and responsibilities in society.

In response to the paradox of the welfare state - but also to the paradox of whether or not to become a social actor facing the enterprise - systemic programs seem to have been developed which allow for a negotiation of the public/private mix. Part of the opening up is the acceptance of contingencies, or alternative routes to welfare. The enterprise therefore responds both to external expectations, which increasingly see the need for including all social actors in solving social and economic problems - and to internal expectations resulting from increasing self-reflection on the need for a new business role.

These expectations as to social responsibility on the part of the enterprise may have been sparked by the growing individualism in society. We saw that self-reflection caused detra-

ditionation - and when no reference could be made to traditional structures, a surge for individual solutions arose which could be found in occupational welfare, tailored to individual needs. Employees in their search for less standardized welfare schemes may thus turn to the workplace. Likewise, the self-reflexive workplace may want to encourage this in order to create an enterprise identity as a responsive employer. In this way, external and internal expectations form a synthesis.

Looking at how the enterprise responds to the reconciliation of work and family life in three countries, we saw a pattern of increasing expectations made on behalf of the enterprise, especially in England and the Netherlands where the institutional setting and the welfare culture caters for such. More and more employers provide work-family arrangements in these two countries, where statutury provision in terms of day care and leave rights are limited. This suggested that functional equivalence allowed a subsystem to conduct a certain action when such action was considered to be neccesary for the functioning of the subsystem. The theory of functional equivalence suggests that when the enterprise becomes involved in the welfare mix this can be seen as an expression of a combination of increasing expectations from the environment and the subssystem, but also from the identification that this constitutes a problem for the subsystem.

As we noted, Luhmann's idea of a multicentric world concept does not cater to one universal understanding of social order, nor of common values and norms. However, the increasing interdependence between subsystems resulting from structural connectedness suggested that some common identification of problems was also at play - that the need for improving the ways to balance work and family life was accepted as a common problem. Also in a country such as Sweden where family policies are relatively generous, employers were thus providing aditional benefits for their employees, from the recognition that equal division of work and care obligations between men and women is an intrinsic feature of Swedish society.

The implications of regarding the role of the enterprie in a system-theoretical perspective is that we take a diversity of values and norms as a precondition, and that we acknowledge that subystems are contributing according to their own values, i.e. their codes. Expectations as to the role of the enterprise as a social actor should therefore also acknowledge what advantages and limitations this creates:

That one subsystem takes upon itself an action which under other circumstances could be provided by another subsystem, does not imply that the action is carried out in the same way. A subsystem adresess a problem according to its codes and will therefore carry out the action following the values inherent in the subsystem. In this sense, it would be

acceptable that the values and norms held by an enterprise would be fundamentally different from those held or expressed through the welfare state - and the motives for performing social actions could likewise be fundamentally different. The enterprise will act according to the overall goal of maximixing profits and it must maintain social responsibility within this frame. Principles of universalism, equality and social rights which are normally attributed to the welfare state may therefore not be part of occupational policies and social responses would invaribly be different from the usual way that the welfare state reponds to social problems - which is perhaps also the advantage of such a new division of social responsibility. The enterprise may take a different approach and fulfill needs according to other principles, such as flexibility and taylorised solutions. Still, bassically, the involvement of the enterprise is based on an evalutation of the needs of the enteprise.

When the subsystems observe themselves and the environment according to their codes, this may also lead to different problems being found - what is seen as a problem in the welfare state may not be regarded as a problem for the enterprise and vice versa. This creates both an opportunity for identifying so far unseen risks, but also the dilemma of ‘forgetting’ certain problems. However, we also saw that the process of structural connectedness could lead to a certain adaption of identification of problems. The idea of partnerships between different actors, which is the most widespread expression of the expectation that the enterprise take on additional social responsibility, is based on the idea of a common problem identification. The examples of corporate social responsibility in the three countries suggests that reconciliation of work and family life is seen as a common problem. The overall conclusion must therefore be that where such common problem identification is made, private and public sector welfare may grow in tandem; they do not operate as substitutes but rather as complementary provisions.

# *References*


**Abrahamson, P. (1998a)**
*Fra velfærdsstat til velfærdsfællesskaber*?, in Social Kritik nr. 59/60. København: Narayana Press.

**Abrahamson, P. (1998b)**
*Fremtidens socialpolitik set i internationalt perspektiv*, in Socialpolitik nr. 3. København: Socialpolitisk Forening.

**Alexander, J.C.& Colomy (Eds.) (1990)**
*Differentiation Theory and Social Change*. NY: Colombia University Press.

**Antal, A. (1992)**
*Corporate Social Performance - Rediscovering Actors in their Organizational Contexts*. Frankfurt Am Main: Campus Verlag.

**Beck, U. (1994)**
The Debate on the 'Individualization Theory' in Today's Sociology in Germany, in Soziologie, *Journal of the Deutche Gesellschaft für Soziologie*, 3.

**Bech-Jørgensen, B. (1995)**
Differentiation and community, in Mortensen, N. (ed.) *Social Integration and Marginalisation*. København: Samfundslitteratur. 1996.

**Bradshaw, J. & Millar, J. (1994)**
*Lone Mothers: Family, Employment and Benefit Changes*, Serial Part 9. Nottingham.

**Brannen, J.; Meszaros, G.; Moss, P. & Poland, G. (1994)**
*Employment and family life: A review of Research in the UK (1980-1994*), Research Series, no. 41. London: Employment Department.

**Brannen, J. (1998)**
Employment and Family lives - Equalities and inequalities, in *Drew et al* 1998.

**Brewster, C. & Hedgewisch (1996)**
*Policy and Practise in Human Ressource Management.* London:Routledge.

**Carmichael, S. & Drummon, J. (1989)**
*Good Business: A Guide to Corporate Responsibility and Business Ethics*. London: Business Books.

**Castles, F. & Mitchell, D. (1990)**
*Three Worlds of Welfare Capitalism of Four?* Public Policy Programme. Calgary: The Australian National University.

**CBS (1997)**
*Vademecum gezondheidsstatistiek Nederland.* Den Haag: Central Bureau voor de Statistiek, Ministerie van Volksgezondheid, Welzijn en Sport.

**Chamberlain, N.W. (1973)**
*The Limits of Corporate Responsibility*. NY: Basic Books

**Cohen, B. (1988)**
*Caring for children - Services and Policies for Child Care and Equal Opportunities in the UK*. Report for the European Commissions Child Care Network. London: Family Policy Studies Centre.

**Council of Europe (1998)**
*Recent demographic developments in Europe 1998*. Strasbourg: Council of Europe.

**Christoffersen, M. (1993)**
*Familiens ændring*. København: Socialforskningsinstituttet.

**den Dulk, L. (1999a)**
Work-Family Arrangements in the Netherlands: The Role of Employers, in *den Dulk et al.*, 1999.

**den Dulk, L. (1999b)**
*Workplace Work-Family Arrangements: A Cross-National Study*. Paper presented at the Dutch International Seminar on 'The effects of leaves and childcare arrangements: Experiences in Europe', organized by the EU-Network Family & Work and the Ministry for Social Affairs and Employment, Den Haag.

**den Dulk, L., van Doorne-Huiskes, A. & Schippers, J. (eds.) (1999)**
*Work-Family Arrangements in Europe, Balancing the Welfare State*. Amsterdam: Netherlands School for Social and Economic Policy Research.

**Dencik, L. (1996)**
*Familjen i välfärdsstatens förvandlingsprocess*, in Dansk Sociologi, nr. 1/7.årgang. København: Dansk Sociologforening.

**Department for Education and Employment (1999)**
*Meeting the Childcare Challange*. Internet text

**Drew, E. (1998)**
Reconceptualising familie, in *Drew et al.*, 1998.

**Drew, E., Emerek, R. & Mahon, E. (eds.) (1998)**
*Women, Work and the Family in Europe*. London: Routledge.

**Esping-Andersen, G. (1990)**
*The Three Worlds of Welfare Capitalism*, Oxford, Polity Press.

**Esping-Andersen, G. (1996)**
Occupational Welfare in the Social Policy Nexus, in *Shalev*, 1996.

**European Business Network on Social Cohesion (1999)**
*National networks reports*. Internet text.

**European Commission (1999)**
*Employment in Europe 1998*. Employment and Social Affairs. Luxembourg: European Commission.

**Eurostat (1997)**
*Demographic Statistics 1997*, Luxembourg: Eurostat.

**Eurostat (1998)**
*Labour force Survey. Results 1997*. Luxembourg: Office for Official Publications of the European Communities.

**Evers, A. (1993)**
The Welfare Mix Approach. Understanding the Pluralism of Welfare Systems, in Evers, A. & Svetlik, I. (eds.) 1993. *Balancing Pluralism - New Welfare Mixes in Care for the Elderly*. Vienna: European Centre.

**Frederick, W.C. (1994)**
From CSR1 to CSR2 - The Maturing of Business-and-Society Thought, in *Business and Society*, vol.33 No 2. Sage: London.

**Friedman, M. (1970)**
The Social Responsibility of Business Is to Increase Its Profits, in Beauchamp, L. & Bowie, N.E. (eds.) *Ethical Theory and Business*. 1993. Englewood Cliffs: Printice Hall.

**Herriot, P. (1992)**
*The Career Management Challenge*. London:Sage.

**Hirdman, Y. (1998)**
State policy and gender contracts: The Swedish experience, in *Drew et al*., 1998.

**Hogchild, A. (1997)**
*The Time Bind. When Work Becomes Home and Home Becomes Work.* NY: Metroplitan Books.

**Holt, H. & Thalow, I. (1996)**
Formal and Informal Flexibility in the Workplace, in *Lewis & Lewis*, 1996.

**Johnson, N (1987)**
*The Welfare State in Transition - The Theory and Practise of Welfare Pluralism*, Harvester Wheatsheaf.

**Kneer, G. & Nassehi, A. (1993)**
*Niklas Luhmann - introduktion til teorien om sociale systemer*. København: Hans Reitzels Forlag.

**Kolberg, J.E. & H. Uusitalo (1992)**
The Interface between the Economy and the Welfare State: A Sociological Account, in Z. Ferge & J.E. Kohlberg, (eds.) *Social Policy in a Changing Europe, European Centre for Welfare Policy and Research.* Campus/Westview.

**Lasch, C. (1979)**
*Narcissismens kultur*. København: Gyldendal

**Lechner, F. J. (1990)**
Fundamentalism and Sociocultural Revitalization: On the Logic of Dedifferentiation, in *Alexander and Colomy*, 1990.

**Lewis, J. (1992)**
Gender and the development of welfare regimes, in *Journal of European Social Policy*, vol 2, no 3. London: Longman.

**Lewis, S. (1996)**
Organizational Culture Change Framework, in *Lewis & Lewis*, 1996.

**Lewis, S. (1999)**
Work-family arrangements in the UK, in *den Dulk et al*., 1999.

**Lewis, S. & Lewis, J. (eds.) (1996)**
*The Work-Family Challange.* London: Sage.

**Luhmann, N. (1984)**
*The Differentiation of Society*. NY:Columbia University Press.

**Luhmann, N. (1986)**
*Ökologische Kommunikation, Kann de moderne Gesellschaft sich auf ökologische Gefärdsungen einstellen*? Opladen.

**Luhmann, N. (1990)**
Paradox of System Differentiation, in *Alexander & Colomy*, 1990.

**Luhmann, N. (1995)**
*Social Systems*. Stanford: Stanford University Press.

**Lyotard, J-F. (1986)**
*Det postmoderne forklaret for børn.* København: Akademisk forlag.

**Millar, J. & Warman, A. (1996)**
*Family obligations in Europe*. London: Family Policy Studies Centre.

**Nelson, J. (1996)**
*Business as Partners in Development: Creating wealth for countries, companies, and communities*. The Prince of Wales Business Leader Forum. United Kingdom.

**Näsman, E. (1999)**
Sweden and the reconciliation of work and family life, in *Den Dulk et al*, 1990.

**Offe, C. (1984)**
*Contradictions of the Welfare State*. London: Hutchinson.

**Parsons, T. (1949)**
The Social Structure of the Family, in Anshen, R. N. (ed.) *The Family: Its Function and Destiny*. NY: Harper & Brothers.

**Parsons, T. (1971)**
*The System of Modern Societies*. Englewood Cliffs, N.J. Prentice-Hall.

**Plantenga, J. Schippers J. & Siegers, J. (1999)**
Towards an equal division of paid and unpaid work: The Case of the Netherlands, in *Journal of European Social Policy*, vol. 9 (2). London: Sage.

**Post, J.; Lawrence, A.T. & Weber, J. (1999)**
*Business and Society - Corporate Strategy, Public Policy, Ethics.* Boston: Irwin/McGraw-Hill.

**Rostgaard, T. & Fridberg, T. (1998)**
*Caring for Children and Older People - A Comparison of European Policies and Practices*, Social Security in Europe 6. Copenhagen: The Danish National Institute of Social Research.

**Shalev, M. (ed.) (1996)**
*The Privatization of Social Policy? Occupational Welfare and the Welfare State in America, Scandinavia and Japan*. London: MacMillan Press Ltd.

**Skov-Henriksen, L. (1996)**
Autopoesis, funktionel differentiering og frivillig organisering, in *Dansk Sociologi*, nr. 1/7 Årg. København: Dansk Sociologforening.

**Socialdepartementet (1997)**
*Velfärdsfakta social - sammenställning av fakta/nyckeltal inom välfärdsområdet.* Stockholm: LA-sekretariatet, Socialdepartementet.

**Socialstyrelsen (1996)**
*Social service, vård og omsorg i Sverige 1996.* Stockholm: Socialstyrelsen.

**Statistics Netherlands (1995)**
*Women in the Netherlands - facts and figures*. Den Haag: Statistics Netherlands.

**Van Dijk, L. (1996)**
"The Division of Child Care Among Mothers, Fathers and Nonparental Care Provider in Dutch Two-parent Families", in *Journal of Marriage and the Family*, no. 58, November 1996.

**Veenis, E. (1998)**
Working parents: experience from the Netherlands, in *Drew et al*, 1998

**Waters, M. (ed.) (1994)**
*Modern sociological theory*. Sage: London.

**Windebank, J. (1999)**
Political motherhood and the social construction of mothering: A comparison of the child care strategies of French and British working mothers, in *Journal of Social Policy*, vol. 28.

The Danish National Institute of Social Research
Herluf Trolles Gade 11
DK-1052 Copenhagen K
Denmark

Phone + 45 33 48 08 00
Fax + 45 33 48 08 33
e-mail sfi@sfi.dk
Working Papers may be downloaded from www.sfi.dk