



# Revisiting Ouchi: A qualitative analysis of the Dutch Polder Economy

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New forms of regulation and governance (track 4)

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## Why the Dutch polder?

- Origine of the Dutch polder
- Coordination by consensus (Windmuller, 1983)
- Departing from interests of stakeholders
- Consensus economy: survival, revival, or the end of...?



## Why Ouchi (1979)?

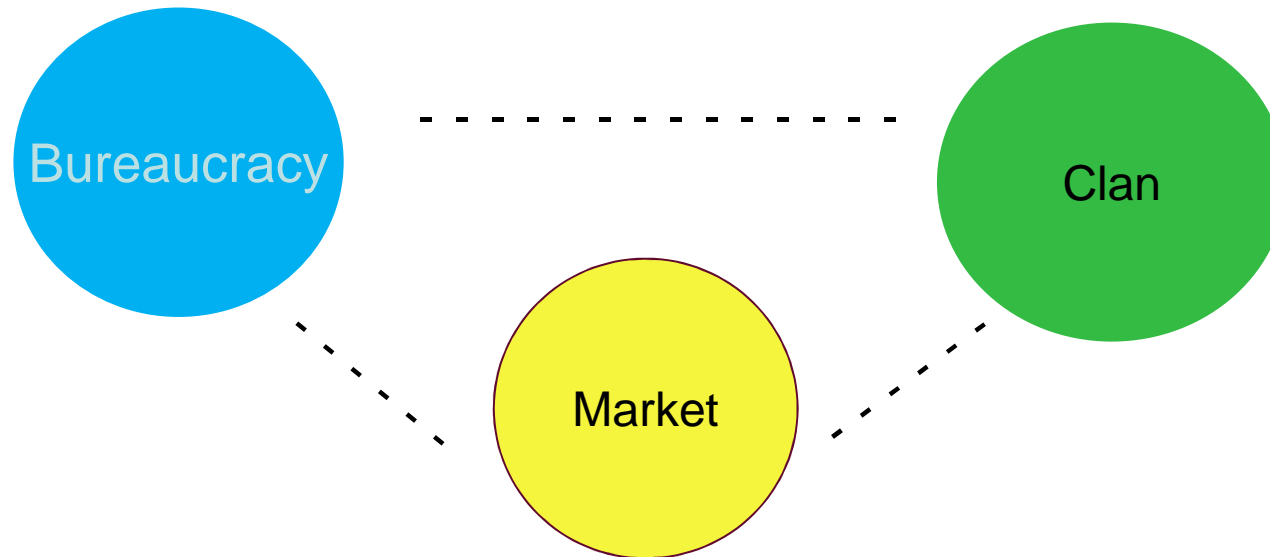
*The research question: how to understand the process of coordination in the consensus economy, and its performance?*

The traditional theory on industrial relations (Boyer and Saillard, 2002; Dunlop, 1958; Katz and Kochan, 1992):

- do they address the efficiency of the coordination system?
- are they designed to analyze multi-level issues?

The framework of Ouchi appeals by its face validity

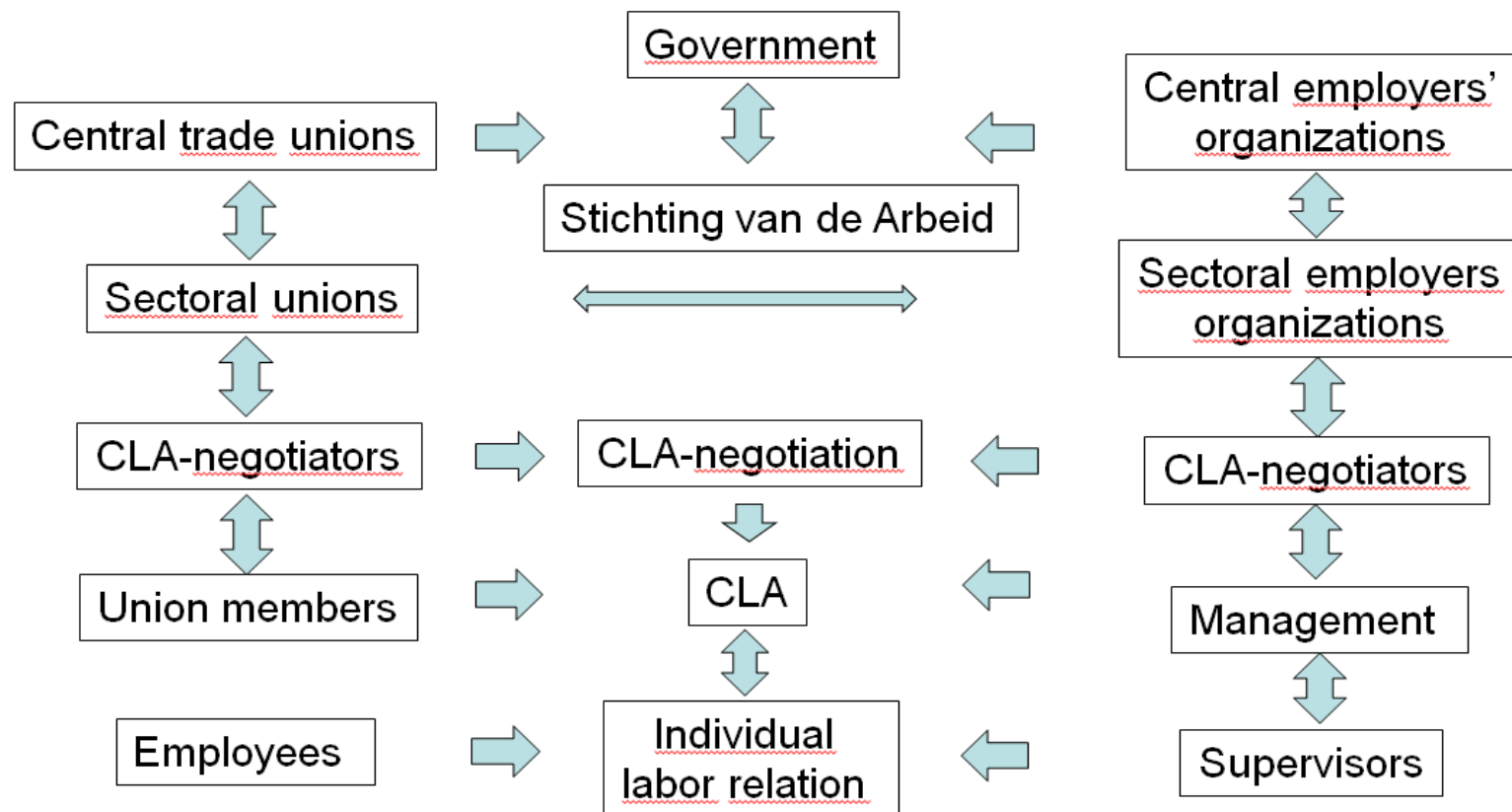
## Markets, Bureaucracies, and Clans (Ouchi, 1979)



### Criteria for efficiency:

1. goal incongruence (behavior of the stakeholders is inconsistent with a goal)
2. performance ambiguity (lack of clarity in how a task or a product is valued)

## Institutional structure of the consensus economy





## The interaction process between central and decentral regarding collective labour agreements (CLA)

The primary process of the consensus economy comprises the following steps:

1. Central recommendation in Stichting van de Arbeid
2. Adoption in the policy of central representatives of employers and trade unions
3. Adoption in the policy of decentralized representatives of employers and trade unions
4. Decentralized negotiation processes in sectors and firms
5. Collective labor agreements (CLA)
6. Implementation in social policy of firms
7. Reflection in contracts of individual employees



## Phases of the Polder Economy related to Market, Bureaucracy and Clan

	Phases of the Dutch consensus economy		
	Initial phase (<1982)	Second phase (1982 - 1999)	Third phase (>1999)
<b>Market</b>	limited (Rheinland)	developing	dominant (Anglo-Saxon)
<b>Bureaucracy</b>	dominant, based on central corporatism	decentralized space, in the shadow of central hierarchy	status quo in the tripartite structure
<b>Clan</b>	professional tripartite clan on a central level	development of a professional decentralized, bipartite clan	erosion in the relation between central clan and decentralized, bipartite clan

### Evaluation of phases

<b>Goal incongruence</b>	emerging tension between central and decentral interests	alignment of interests, based on Wassenaar pact (1982)	central level shares influence with supra national and decentralized interests; firms perceive tension between local and global interests. Growing tension?!
<b>Performance ambiguity</b>	low performance ambiguity in cla's	less collective arrangements, in favor of decentralized, specific cla's. Low ambiguity in performance for society and/or for firms?	larger differences between central and decentral on valuation of societal issues versus firm interests in cla's. Rising ambiguity for society and for firms?



## Sociaal Akkoord 2013, a new type of pact?

### Key elements:

- Stimulating the labor market
- Reform of social security of flex labor
- Implementation during several years (horizon up to 2017)
- Contains no agreement on wages

### *How to understand this social pact?*

- re-enforcement of the central tripartite clan?
- opportunism in times of crises?





## Conclusion

The research question was: how to understand the process of coordination in the consensus economy, and its performance. This first qualitative exploration has illustrated:

- Ouchi: all three models - market, bureaucracy and clan - are relevant. During the three phases the mix evolved
- the two efficiency criteria of Ouchi - goal incongruence and performance ambiguity - indicate a diminishing efficiency in the last phase



## Ouchi revisited: first lessons

### Pro:

- Ouchi's framework allows evaluating efficiency of the model itself
- face validity and internal validity illustrated
- properties for analyzing different institutional levels look promising

### Contra:

- framework not built to cope with dynamic context
- negative formulation of goal incongruence and performance ambiguity

### To study:

- bureaucracy model: hard control (hierarchy) and soft control (dialogue)
- clan model: incorporating entrepreneurship/intrapreneurship
- the two criteria focus on efficiency: effectiveness to be included
- operationalization towards quantitative analysis



## The end of the Dutch consensus economy?

- Does the social pact of 2013 indicate a revival of the consensus economy,

or

- Is it merely a last eruption, indicating the end of a consensus culture?