

Guje Sevon

Safety in Ryyki, Perceptions of Safety in a Finnish Municipality

Annales Universitatis Mariae Curie-Skłodowska. Sectio H, Oeconomia 22, 19-29

1988

Artykuł został zdigitalizowany i opracowany do udostępnienia w internecie przez **Muzeum Historii Polski** w ramach prac podejmowanych na rzecz zapewnienia otwartego, powszechnego i trwałego dostępu do polskiego dorobku naukowego i kulturalnego. Artykuł jest umieszczony w kolekcji cyfrowej bazhum.muzhp.pl, gromadzącej zawartość polskich czasopism humanistycznych i społecznych.

Tekst jest udostępniony do wykorzystania w ramach dozwolonego użytku.

Guje SEVÓN

Safety in Ruuki, Perceptions of Safety in a Finnish Municipality

Percepcje bezpieczeństwa wśród ludności małego fińskiego miasta Ruuki

Перцепция безопасности у населения маленького финского города Рууки

People want their future prospects to be good. They want their future to be economically as well as psychologically and socially safe from disasters. This leads to a wishful thinking in predicting an uncertain future. Wishful thinking means that people underestimate the occurrence of negative events and overestimate the occurrence of positive ones. This judgmental bias occurs when predictions are made under great uncertainty when the fulfilment of the need of security is threatened (Sevon, 1978).

The need of security as a phenomenon has several aspects, and it can be seen from different perspectives. One of them is the above mentioned tendency to underestimate the likelihood of negative events and overestimate the positive ones. Looking at the need of security from this perspective means to focus on how peoples' cognitions are biased due to peoples' affections. The information is misjudged due to willingness to interpret the conditions in a positive way.

From another perspective the need of security appears as the choice of object, person, or phenomenon which people identify with or rely upon (the father/mother-substitute). By looking at what people turn to in a situation of insecurity the researcher will be informed about peoples' security need.

A third perspective is looking at how people are dealing with uncertainty. It might tell whether people, in an insecure situation, try to deduce the uncertainty, or turn away from it.

Although we usually look at the need of security, or intolerance of uncertainty as a human feature, it may also be seen as a feature of

a community, a closed, and stable community which hinders innovation, entrepreneurial behavior, and growth. I will here describe a study of a small Finnish municipality, Ruukki. The study focusses on the residents' feelings of security as they are shown in their perceptions of certain economic conditions, on some part of the entrepreneurship climate and on reactions to a lay-off of workers at the principal firm in the municipality. This report will illustrate the three perspectives of need of security mentioned above.

The municipality of Ruukki is situated in the middle of Finland. It has with its 4,800 inhabitants a common type of structure: it is a municipality with one, dominant industrial firm. The dominant firm today is a profit-centre in A. Ahlström Osakeyhtiö, a large Finnish diversified company. The profit-centre at Ruukki mainly produces installation materials for building.

Studies on municipalities which have only one dominant industry are conspicuous in Scandinavian research today. The reason is that many such municipalities have lately suffered from a marked deterioration in their living conditions, because the dominant industry has closed down. The main purpose of the investigations has been answering the question of how the continued existence of such communes can be guaranteed. Ruukki is a municipality with one dominant company, but its condition was not critical at the time of the study. However, all municipalities with only one dominant firm are sensitive to the prospects of that firm, and thus from the viewpoint of the residents and leaders of the municipality, always constitute a threat to the future conditions. In this sense such municipalities are places where the need for economic, and thereby also psychological and social security may be threatened.

This article is divided into three parts. The first one is a description of Ruukki in a historical perspective. Thereafter follow three illustrations of the security feelings in Ruukki.

THE MUNICIPALITY OF RUUKKI IN A HISTORICAL PERSPECTIVE¹

The municipality of Ruukki, situated in the region of East Botnia, arose as a result of endeavours to industrialize the province. In 1672, in Palokoski (later Ruukki), a factory for the production of potash was

¹ This chapter is based on Sundroos, A.: The commune of Ruukki in an industrial-economic perspective — some developmental features of the industrial commune of Ruukki. In G. Sevón: Firms, individuals and commune of Ruukki. (see above).

set up producing raw material to be used in the manufacturing of soap and glass. On an industrial level this branch was introduced in Finland about that time.

The potash factory at Palokoski met with problems when the farmers, who supplied it with birch ashes had to go further and further into the region to find the material. After a while an ironworks seems to have been in operation at the same place. It may have been a question of manufactures: possibly of anvils for forges.

As early as the 1630's there was a water-driven sawmill in South-west Finland, but on a larger scale the sawmill industry did not gain ground in this country until the middle of the nineteenth century. In the Ruukki region the Bruukinkoski taxable Salu sawmill was the first example of sawing on an „industrial level”. This enterprise was started in the 1840's.

During the nineteenth century the sawmill at Ruukki went through many changes of owners and many repairs. The next phase in its evolution followed in 1903, when a brick-works was joined to the sawmill. This was the first brick-works in the region and was the reason for installing a steam engine, which at the same time filled the increasing energy requirement of the sawmill.

By this time, the works at Ruukki had been bought by two burghers from a city nearby. They were running a firm consisting of a trading house and quite a number of sawmills distributed over the county. This firm sold the Ruukki works, however. After various intermediary forms, AB Ruukki Oy, a joint-stock company shared by three owners, was started in 1919. From old, the Ruukki works had been the owner of large estates. These were now divided up. For Ruukki, the period from the turn of the century to the outbreak of the First World War meant the breaking up of seclusion, the owners coming from outside. In addition, a dispersal of economic interests over separate groups — works versus farmsteads — took place. Ruukki Oy functioned until 1963. After an interval of some years a new firm (first called Ruukin Mineraalivilla Oy, later Ruukki Works) was established.

The factory site, including two mineral wool factories and a cardboard sockets factory, is situated in the village of Ruukki in the municipality of Ruukki. The view from the village to the east is dominated by the factory buildings with their smoking chimneys. Between the village of Ruukki and the factory site flows a river, which separates the latter from the village centre. The distance to the factories is so short that a hissing sound is heard in the village when the factories are working. It is impossible not to be aware of the central role played by the Ruukki works in the daily life of the villagers.

RUUKKI WORKS — FROM INDEPENDENT ENTERPRISE TO PROFIT-UNIT
IN A CONCERN

In 1965 a new firm was established by A. Ahlström's heirs as an independent company under the name of Ruukin Mineraalivilla Oy. The municipality of Ruukki was lucky in having the firm set up just at that place. As a precondition Ahlström placed no demands on the municipality other than the building of a water main to the factory.

The factory started manufacturing glass wool. The employees were almost exclusively local people. The Ruukki Works were an independent enterprise, the stocks of which were owned by Ahlström's heirs and by A. Ahlström Osakeyhtiö. However, even at this time book-keeping, accounts and marketing were handled by the central administration of Ahlström.

Mineral wool manufacturing was started in 1970, and in 1973, the production of cardboard sockets was started in a brand new factory. In the community this novelty was received with great enthusiasm, as it meant the introduction of paper industry, also. However, this production has not fulfilled the expectations of the community.

Five years later, Ruukki works was amalgamated with the A. Ahlström Osakeyhtiö. Thus, the Ruukki works became a profit centre in a great concern. Locally, the change of name attracted the greatest attention. Ruukin Mineraalivilla Oy was changed to A. Ahlström Ruukki Works and a large signboard with the text "AHLSTRÖM" was put up the roof of the factory building. The loss of local rates was also much evident.

Today, Ruukki Works stands for three-fourths of all industrial workplaces in the municipality of Ruukki. This means one-sixth of the total number of workplaces. Industrialization has been more rapid than in other rural municipalities in the country.

As regards the development of employment, Ruukki Works increased the number of workplaces from 1975 to 1980 by 33.7%, while other enterprises in the municipality showed an increase of 59.1%.

THREE CASES OF SECURITY NEEDS

To be a resident in Ruukki is considered to be fortunate. People seem to like to live and work in that community (Sevón 1983). In Ruukki there are few conflicts between the different centres of power: the political leadership of the municipality, the leadership of the Ahlström concern, the Workers Union, the banks. People tell that the municipality of Ruukki is very much their home, and the residents and the repre-

sentatives of the companies are all members of the same family. What they do not tell is that these safety feelings might result in passive behaviour which hinder new initiatives (may that be good, or bad I will not judge).

I will describe three examples of situations which show the trust people have in the municipality of Ruukki. The first situation concerns the relation between the residents of the village of Ruukki and the Ruukki Works and municipality, the second one concerns the relation between entrepreneurs and Ruukki Works and municipality, and the third one describes the relation between workers of Ruukki Works and the company.

THE CASE OF BIASED COGNITIONS

KEY: 'This case illustrates some optimism in peoples' judgements of the economic conditions in which they live.

Some forty interviews were made with local central figures in Ruukki. In the interviews, statements on the importance of Ruukki Works for the area, and particularly on the tax revenues from the works, often cropped up. It was claimed that Ruukki would be a dead place without the arrival of Ruukki Works. The presence of the works was seen as vital for the place and the communal tax revenues. It was also known locally that some tax revenues were lost through the fusion of Ruukki works and A. Ahlström Osakeyhtiö. The interviews gave the impression that Ruukki Works was very well known in the area, and that "Ahlström" was a common topic of conversation. It was said that "whenever two or three people met, they talked about Ruukki Works". The impression from the interviews and the approach to the study yielded a new set of interesting questions, i.e to what extent the contributions experienced by the local residents and the actual contributions of the company to the place were comparable.

In order to find the answer to this questions, a number of written questions were put to one in three over 14 years old residents of the village of Ruukki.

- Question 1a: How many employees were there at Ruukki Works in 1980?
- b: How many industrial jobs were there in the municipality of Ruukki in the same year?
 - c: Has the share of Ruukki Works of the industrial jobs in the community gone up, dropped or remained unchanged between 1976 and 1980?

- Question 2a: How much did the gross salary payments of Ruukki Works amount to in 1980? Alternatives in mill. FIM: 1—5, 6—10, 11—15, ...31—35.
- b: Have the annual salary payments of Ruukki Works gone up, dropped or remained unchanged between 1976 and 1980?
- Question 3a: What proportion of the local rates were covered by the salary payments of Ruukki Works to its employees in 1980?
- b: Has this proportion gone up, dropped or remained unchanged between 1976 and 1980?
- Question 4a: What proportion of communal expenditure was covered by tax on the profits of Ruukki Works in 1980?
- b: Has this proportion gone up, dropped or remained unchanged between 1976 and 1980?

The questionnaire, which was sent to 526 residents of Ruukki, was completed by 246 persons; some questionnaires were returned because the respondents had left Ruukki or died. Thus the return rate of 53% was obtained.

The replies received reveal that the residents of Ruukki have a fairly good knowledge of some economic phenomena. The number of employees at the works was a generally known phenomenon. The implication of Ruukki Works to the municipality was, on the contrary, less well known. The material indicates a certain over-estimation of its positive importance, which can be interpreted as a less thorough knowledge of the municipality among the residents than of its dominant firm. Ruukki Works may have given the residents a more positive view of the development of the area, which may have affected their individual decisions about the choice of work and area of residence.

THE CASE OF THE OBJECT OF IDENTIFICATION

KEY: This case shows that although the development of new business in Ruukki has not been very satisfying, the managers in the small business judge the entrepreneurship climate as good, especially as innovativeness and risk-taking are concerned. It also demonstrates that the entrepreneurs perceive their relation to the dominant firm similar to a relation between child and parent: they consider their business as almost identical to Ruukki Works, although smaller. Such a child-parent relationship is an example of a perceived security.

The concept "entrepreneurship climate" was developed by Johan-

nisson in a series of investigations on the dependences between firms and the surrounding community (Johannisson, 1984, 1987). The entrepreneurship climate stands for the conditions prevailing in a certain area. Here these conditions are described from two perspectives, which might be called the objective and the subjective perspective.

From the **objective** perspective we perceive the quantitative development of entrepreneurship. This development is considered as an indicator of the quality of the entrepreneurship climate. If a steady increase in entrepreneur activity has occurred, this may be interpreted as a sign of a favourable climate.

The development of firms in Ruukki during the last 30 years showed an increase of service firms, a decrease of firms in the retail sector and an unchanged number of industrial firms. The total number of firms equals the number 30 years ago.

However, the migration balance in Ruukki between 1960 and 1979 has been negative. The unemployment rate increased in the whole of Finland during the second half of the 1970 s. Although this trend was less marked in Ruukki, the employment rate at the time of this study was 6,9%, which is higher than the neighbouring municipalities. Simultaneously, in addition to the unemployment situation, the Ruukki Works laid off 50 workers. Obviously the **objective entrepreneurial** climate, according to these figures was not very favourable.

Viewed from a subjective perspective, the conditions of entrepreneur activity are shown in the way they are experienced by persons in leading positions in firms. Their views are interesting because they might determine the actions taken by the firms. Consequently, the subjective entrepreneurship climate to some extent constitutes the basis of the objective climate.

Entrepreneurs form their opinions on the entrepreneurship climate on the impressions they get of different phenomena. The perceived relations between firms are important in this context, but also the attitudes to entrepreneurial activity in the municipality.

The subjective entrepreneurship climate has been described as follows (Johannisson 1984):

— The climate tells about the general conditions of enterprise in a place as experienced by entrepreneurs.

— A positive climate is a factor contributing to an experience of local enterprise as an entity, which in turn is integrated in local social life.

— The climate is relatively persistent.

— The climate has an essential influence on the behaviour of entrepreneurs.

Johannisson has divided the subjective entrepreneurship climate into 12 factors, which are related to factors constituting organizational climate. In our study, too, entrepreneurship climate consists of 12 factors, which are listed below. Most of them are identical with those used in previous investigations, while some (D, I, J, L) are somewhat changed for this study.

- A. Equality and absence of authoritarian thinking
- B. Sincerity and (emotional) commitment
- C. Team-spirit, solidarity and mutual confidence
- D. Human kindness and social intercourse
- E. Orientation towards the future
- F. Intellectualism and interest in research and development
- G. Thinking in terms of achievement
- H. Tensions and conflicts
- I. Power- and information structure
- J. Dependence on conventions in behaviour and methods of management
- K. Risk-taking and creative thinking
- L. Openness towards society and societal regulations

These factors cover different aspects of the climate, though not quite consistently. The factor "risk-taking", for instance, is in part the contrary to the factor "dependence on conventions", and the factor "orientation towards the future" covaries to some extent with the factor "risk-taking".

For each of the factors were constructed two questions with fixed alternative replies intended to describe the subjective opinions of the entrepreneurs concerning the conditions of firms at Ruukki (here: subjective general climate). Each question is accompanied by an open-ended question concerning the specific climate with regard to Ruukki Works (here: subjective specific climate). These questions were designed to give an idea of the opinions prevailing on the importance of this firm to the Ruukki entrepreneurs. Each entrepreneur should not give his personal opinion about the climate, but what he thought of as the general opinion among the entrepreneurs in Ruukki. As entrepreneurs were considered all managers of firms in Ruukki, except Ruukki Works.

The questionnaire was sent to all persons in Ruukki whom we could identify as entrepreneurs. About half of them, 27 persons, answered the questionnaire. All of them were men. Among these, entrepreneurs from industrial firms are somewhat overrepresented, whereas persons from service institutions are somewhat underrepresented compared to all entrepreneurs at Ruukki. The group of 27 responding persons constitutes what is below called the "entrepreneurs at Ruukki".

The replies to the questionnaire show that all firms in Ruukki except Ruukki Works are small. Their managers control businesses with an average annual turnover of 1 million FIM (about 200.000 USD). None of the firms has more than 29 employees; the average is 4 employees. The average entrepreneur is 38 years of age and has a low education.

The subjective general climate. For each of the twelve factors constituting the climate, the average answer of the two questions per factor has been demonstrated. The factors have been listed according to their mean values. We could see that the climate in general was considered as good.

The subjective specific climate. We found, on the basis of all questions, that the subjective general climate to some extent resembles the specific climate. The replies of the entrepreneurs suggest that all firms, Ruukki Works included, are surrounded by the same entrepreneurship climate. When a difference between Ruukki Works and the remainder of firms is mentioned, it is preferably ascribed to the difference in size between the firms. In other words, if the position of Ruukki Works is superior in some respect, its size is stated as the reason. This way of looking at things seems to suggest that the entrepreneurs perhaps identify themselves with a bigger company. They consider themselves as leaders of similar businesses, though smaller than Ruukki Works.

It thus seems possible that Ruukki Works functions as an identification object for other local entrepreneurs. This assumption is consistent with our interpretation of the results which indicated that the general entrepreneurship climate, just as Ruukki Works, is characterized by risk-taking, creative thinking and intellectualism, and to a lesser degree by openness, (emotional) commitment and co-operation.

THE CASE OF UNCERTAINTY AVOIDANCE

KEY: This case illustrates how the workers attribute the cause to the lay-off not to people but to conditions, which can not be blamed. It also shows that even such a strong threat as a lay-off does not increase the activity level among the workers (for example, as an activation of the search for information concerning the coming lay-off situation, or an activation of the search for new job opportunities). The passivity, the withdrawal is shown in the tendency among the workers to believe that nobody/nothing can hurt them.

During the spring of the year of the study, 1982, Ruukki Works issued a warning of lay-off of 60 persons (about one fourth of the work craft at the plant) to be realized in September. Discussions were held at managerial level and with representatives of the employees concern-

ing the question of which employees the lay-off was to involve. The approaching lay-off was looked upon as a major event at Ruukki, and it was dramatized by the uncertainty as to whom it would effect. The choice of the persons to be laid off was given publicity only two weeks before carried into effect.

Eventually, the lay-off involved 50 persons instead of 60. The reason for this was that 10 employees had voluntarily sought other jobs during the summer. Of the remaining 50, 30 were 54 year old or older and applied for unemployment pension, and nine (all men) could return to work at the plant in the autumn. In December, of those 11 still without jobs two were sicklisted and nine (seven of them were women) were still laid off. 20 of the originally laid-off workers and 25 (13 men) of the workers who had applied for unemployment pension were individually interviewed about their perceptions about their new situation and what they were doing after the lay-off. Each interview lasted one to two hours and took place at home of the interviewees three months after the lay-off.

The perceived causes to the lay-off situation. The officially informed cause to the lay-off decision was as follows: The Ahlström concern started in 1982 a new glass wool factory in South Finland. This modern plant with a large capacity was in a position to produce everything in the field of insulation materials that Ahlström had in their programme. In order to secure a profitable production in the new plant, some of the customers of Ruukki Works were transferred to the new factory. Consequently, the demand for Ruukki Work's products decreased, and this resulted in a decision to close one of this plant production lines. It then became necessary to reduce the labour force correspondingly. All the laid-off workers accepted the economic motives behind the situation but did not equally easy except that the effect of this motive concerned them personally: "Why did it have to be me?".

Information about those who were to be laid-off. Although all interviewees thought that the warnings about what would happen were made early enough, most of them were surprised to find their names on the list of laid-off people which were given to publicity two weeks before the lay-off. The surprise would perhaps have been somewhat smaller had they only attended the Worker Union's meeting in the meantime. However, they had shown no interest in attending such meetings.

Search for new jobs. Most of the workers who were laid-off had wanted to stay at the plant. Thus, they reacted to their new situation with negative feelings, especially in the beginning. 18 were more or less depressed. Only four of them did actively search for other jobs.

REFERENCES

1. Johannison B.: *A Cultural Perspective on Small Business*. Local Business Climate. „International Small Business Journal”. 1984, Vol. 2, No 2, pp 32—43.
2. Johannison B.: *Towards a Theory of Local Entrepreneurship*. Paper presented for the 32nd Annual World Conference of the International Council for Small Business „The Spirit of Entrepreneurship”, 1987 June 10—11, Vancouver, B. C. Canada.
3. Sevon G.: *Prediction of social events*. Publication of the Swedish School of Economics and Business Administration, 1928, No 25, Helsinki.
4. Sevon G.: *Firms, individuals and commune of Ruukki*. Research Report No. 10. Swedish School of Economics and Business Administration. Helsinki. 1983.

STRESZCZENIE

Artykuł poświęcony jest problemowi odczuwania przez ludzi potrzeby bezpieczeństwa w różnych płaszczyznach, szczególnie w sytuacji zagrożenia i niepewności. Omówienie tego problemu oparte jest na materiale empirycznym zebranym przez autorkę podczas badania przeprowadzonego w miasteczku Ruuki położonym w środkowej Finlandii, liczącym 4800 mieszkańców i posiadającym jedno przedsiębiorstwo o dominującej pozycji gospodarczej i społecznej.

Badanie wykazało, że ludność miasteczka optymistycznie ocenia ekonomiczne warunki swego życia, że lokalni mali przedsiębiorcy identyfikują się z przedsiębiorstwem dominującym i że robotnicy tego przedsiębiorstwa, nawet ci zagrożeni utratą pracy, nie zwiększają aktywności w kierunku uniknięcia niepewności.

РЕЗЮМЕ

Статья посвящена проблеме ощущения людьми необходимости безопасности в разных плоскостях, особенно в ситуации опасности и неуверенности. В основу исследования легли эмпирические материалы, собранные автором в маленьком городе Рууки, лежащем в центральной Финляндии. Городок насчитывает 4800 жителей, в нем действует одно предприятие, имеющее доминирующее хозяйственное и общественное значение.

Исследования показали, что население городка оптимистически оценивает экономические условия своей жизни, местные мелкие предприниматели идентифицируют себя с доминирующим в городе предприятием, а работники этого предприятия, даже те, кому грозит потеря работы, не активизируют своей деятельности в направлении избежания чувства неуверенности.