

When Worlds Collide: Comparing the Logic of the Industrial and Welfare Societies

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Abstract: As governments around the world are increasingly using digital technology to generate social value, it is important to consider what types of logic underpin this value creation. Previous research has identified a dominant market logic, associated with new public management (NPM) in the public sector, which has had certain adverse effects. Against this backdrop, the purpose of this paper is to outline and compare the logic of two ideal societies: the industrial society and the welfare society. The study examines core works of literature on these two 'ideal-type' societies, each with its own logic. The results reveal important differences between these societies. While the welfare society neglects factors related to the mode of production and time, the industrial society lacks several important values, including human rights, solidarity, community and equality. By comparing these societies, this paper generates an understanding of why it is highly problematic for an industrial-based NPM logic to dominate in sectors such as education and health care. Such dominance is likely to lead to important values being overlooked.

Keywords: Welfare, Industrial, Society

1. Introduction

Governments around the world are increasingly using digital technology to generate a variety of (public) values. Rose et al. (2015) describe how values in the public sector are associated with different traditions that may not always be in harmony with each other. Thornton and Ocasio (1999) refer to the concept of institutional logic: 'the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality.' Alford and Friedland (1985) describe three contending institutional orders of modern western societies: capitalism, state bureaucracy, and political democracy. Related to these orders is the notion of rationality, which has been identified as a dominant factor in the western culture (Meyer et.al , 1987; Meyer et.al , 1997), affecting the popularity of market logic found in the institutional order of capitalism. By having its heritage in the Industrial Revolution, market logic builds on the creation of efficient production, competition, and profit. From the prosperity of market logic in the private

sector, it has later been applied to the welfare state in the form of the new public management (NPM) paradigm (Hood, 1991). This paradigm has faced criticism for its dominant focus on competition, results assessment, and the primary activity of writing contracts (Deakin and Michie, 1997:1; Walsh, 1995). Lagergren (1999) argues that welfare organizations in the public sector have been affected by NPM in a negative way when they deviate from a welfare logic to a market logic. Bornemark (2018) argues that the application of market logic to welfare services, which might be less suitable for quantitative assessment, creates certain tensions. For example, it might not be desirable or even possible to quantify values such as 'quality of life'. However, there is a tendency to apply NPM, in non-industrial contexts, including the public sector. While the NPM ideal of quantification might improve transparency, it might also lead to de-professionalization and pseudo-quantification, leading public servants to focus more on achieving assessment goals than on tasks that belong to their professions (Liedman, 2012).

Against this backdrop, the purpose of this paper is to outline and compare market logic to welfare logic by using two ideal type of societies: the industrial society and the welfare society. The study examines core works of literature on these two societies.

This paper proceeds as follows. In Section 2, the industrial and welfare societies are described in more detail. In Section 3, the methodology is described. The results of the study are presented in Section 4, followed by concluding remarks in Section 5.

2. Ideal-type Societies

The ideal-type methodology was first used by Weber (1978) to explain ways of understanding the distinctive character of the reality in which we live. He reflected on specific elements of ideal sociological types, which he summarized as configurations of generally intended subjective meaning to which modes of recurrent social action are oriented in the context of communal or associative social relationships. Weber insisted that it was possible and valid for social scientists to order empirical reality even though all humans have an independent perspective, which affects their objectivity. With this in mind, this study focuses on certain general structural elements of the ideals of the industrial and welfare society to describe their characteristics.

2.1. The Industrial Society

Today, the term 'industrial society' is so widely used that its theoretical construct is seldom questioned. It achieved popularity in 1816 when it was used by Henri de Saint-Simon and later by Aguste Comte to argue that the future would be industrial. It emerged in clear opposition to the rationalist critique of theological-feudal authority and the ideals of liberty, equality and freedom of conscience, meaning that the theory of industrial society was opposed to the ideal of democracy. Weber believed that rationalization was the central force in the development of industrial theory, encompassing the realms of economics, politics, public administration, law and culture. Advances in science and the rise of intellectualization led to increased use of machine technology and the development of modern rational capitalism, rational law, legal-national authority and bureaucratic administration (Badham, 1986). Polanyi (1944) described the industrial society as a 'market society' related to the human invention of the market economy. Darenhof (1959) highlighted a difference between the concepts of 'capitalist society' and 'industrial society', noting that they are often assumed to refer to identical concepts. When Darenhof described the industrial society, he drew on Marx, emphasizing private ownership of the means of production, the 'free' sale of labour, the production of surplus value, mechanized factory production and the existence of classes. Multiple descriptions of the industrial society exist in relation to theories of a post-industrial or postcapitalistic society. Bell (1973), Toffler (1980) and Beckford (1989) have described a transition from a pre-industrial to an industrial society and, finally, to a knowledge-based information society called the post-industrial society. In summary, the concept of an industrial society or industrial civilization has been discussed and used for many decades to describe how society has developed. Although reducing the rich material on the industrial society to an 'ideal-type' may generate a rather restrictive concept, this approach can also be a useful tool for understanding the main characteristics of this society.

2.2. The Welfare Society

The welfare state is often related to the idea that all citizens are entitled to a minimum standard of living and basic social services. It is built on a combination of elements both from socialism and capitalism: two political ideologies are combined in the idea of the modern welfare state (Kananen, 2014). Daily (2011) argued that the concept of welfare has a strong moral content, which means that it not only entails how we, as individuals, live but also how we believe others should live. As this study aims to describe the vision of an ideal-type of a welfare society, 'social welfare' is the phenomenon that represents this society to the greatest extent. The key work of literature describing the vision of an ideal welfare society used in this paper is by Lagergren (1999). She described the political vision of the Swedish 'peoples home' (folkhemmet), which represents an idealized cognitive model of a safe society built on solidarity. Lagergren described the ideology of the 'peoples home' as collectivism, where the moral base stems from solidarity and societal motherhood. The nature of ethical properties is that they are built on moral premises, whereby norms are separated from their historical context. Lagergren (1999) interprets various political metaphors connected to the 'peoples home' and identifies several core values from political statements: free rights, the provision of safety and care, order and organization, common solutions in everyone's best interest, solidarity, fairness, thoughtfulness, cooperation, helpfulness, trust, community, togetherness, a society built on both genders, functionalism, equality and no privileged or revoked. The main building block of this society is an assumption of human morality. If humans in a welfare society do not have morals, that is, the motivation to make the 'right' choice instead of the 'easiest' one, the entire society will fall apart. Hall (1959) argued that the basis of a welfare state rests on 'the obligation a person feels to help another in distress, which derives from the recognition that they are in some sense members one of another'.

3. Methodology

As aforementioned, this study revolves around two types of societies as depicted in previous literature. These societies are studied by using Weber's ideal types: the ideal industrial society and the ideal welfare society. These societies were outlined in the section above. The methodology of

ideal types has been further refined by Rex (1977) and Gerhardt (1994). In this paper, two sets of factors are used to describe the main characteristics of the two societies in more detail. The first group, economic factors, are derived from Bell's comparative schema of the industrial society, which consists of ten factors: mode of production, economic sector, transforming resources, strategic resources, technology, skill base, methodology, time perspective, design and the axial principle (Bell, 1976). These factors relate to a market logic associated with the industrial society. The second group, welfare factors, is derived from Lagergren's (1999) description of the welfare society. This group consists of nine factors: human rights, provision, order and organization, solutions, solidarity, community, social structure, functionalism and equality. These factors relate to a welfare logic found within the welfare society. The welfare and market logics are described using factors gathered from previous research on the industrial society identified by Daniel Bell (1973) and those of the welfare society and the concept of 'the peoples home' identified by Lagergren (1999). These factors can be described as concepts that explain the purpose and mindset behind the ideal types. An expected outcome of this comparison is the identification of gaps between the two ideal types of society, meaning certain aspects may be overlooked when the one is applied to the other. These gaps can later be used to generate an understanding of the problems caused when one type of logic becomes dominant and is applied to areas for which it is inappropriate.

The methodology of applying factors relating to the welfare and industrial societies to the opposite ideal-type society consists of multiple steps, in which interpretation is particularly relevant. To ensure the study's reliability, we position it in previous research by Bell (1973) and Lagergren (1999). While the use of ideal types has been criticized for being incoherent and overly abstract (Aronovitch, 2012), we argue that the ideal-type methodology is useful for highlighting certain characteristics of a society: ideal types do not necessarily describe how societies 'are' but rather how they are represented, for example, in literature.

4. Results

This section consists of two parts. In 4.1, the industrial and welfare societies are compared based on economic factors. Then, in 4.2, these societies are compared based on welfare factors.

4.1. Economic Factors

The aforementioned economic factors are presented in Table 1, together with the logic associated with them in relation to both ideal types. These factors are outlined in more detail below.

Economic factors	Welfare society	Industrial society
Mode of production	-	Fabrication
Economic sector	Service provision	Goods-producing
Transforming resource	Moral	Created energy

Table 1: Economic Factors

Strategic resource	Social goods	Financial capital
Technology	Supportive	Machinery for production
Skill base	Service work	Engineer, semi-skilled worker
Methodology	Common solutions for everyone's best	Empiricism, experiment
Time perspective	-	Adaptation by experimentation
Design	Inclusion of all people	Game against fabricated nature
Axial principle	Equality	Economic growth

Under the economic factor *mode of production* no welfare ideal-type characterization could be identified. The ideal welfare society does not strive for production but rather focuses on how to create a society where every citizen is included and their individual needs are satisfied. The welfare society is related to the provision of services to citizens and, therefore, does not have a mode of production: citizens cannot be treated as a product. It is important to note that the welfare society was born out of industrialization and that without economic growth and production, the financing of the welfare state would not be possible. *The economic sector* of a welfare society focusses on service provision rather than on goods production. The provision of welfare services, such as health care and social support, is vital (Pierson, 2006). However, as mentioned above, income from taxation is vital to support the service provision that the welfare society is built on. The *resources that transformed* pre-industrial society into an industrial society included oil, gas, coal and nuclear power, which provided new ways of creating energy. The resource that creates a welfare society is human morality: the ability to differentiate right from wrong through moral consensus (Lagergren, 1999).

An industrial society uses financial capital as a *strategic resource, whereas* the earlier pre-industrial society used raw materials. In the ideal welfare society, the strategic resources are social goods, which represent the services provided to citizens to increase welfare. In a welfare society, the purpose of *technology* is to support rather than to provide profit and support production, as in the ideal industrial society. Hall (1959) argues that the basis of a welfare state rests on people supporting each other which derives from solidarity. The *skill base* for the ideal industrial society includes the skills of engineers and semiskilled workers, which can enhance the production process, improve working rates and, therefore, increase profit. The vital skills in an ideal welfare society are those related to service work. As mentioned above, the service supporting citizens and the moral principle of helping our fellow humans are the basic principles of the ideal welfare society (Lagergren, 1999). The methodology behind the development of an industrial society is based on experimentation, empiricism and the scientific method. The methodology of the creation of a welfare society is based on finding a middle way to construct a society that supplies every citizen with the support they need (Lagergren, 1999). In the account of the ideal welfare society, time or time perspective are not discussed. Therefore, the economic factor of 'time perspective' is not considered for the welfare society. The ideal industrial society has an ad hoc adaptive time perspective, whereby experimentation is used to solve problems. According to Bell, an industrial society is built on a game against fabricated nature. By contrast, the ideal welfare society is built on the inclusion of all people.

This is similar to the design of a post-industrial society, which is based on a game between persons. The main focus in an industrial society is on economic growth through production. In the welfare society, the *axial principle* is the pursuit of equality (Lagergren, 1999).

4.2. Welfare Factors

The aforementioned welfare factors are illustrated in Table 2, together with the logic associated with them of both ideal types. These factors are then outlined in more detail below.

Welfare factors	Welfare society	Industrial society
Human rights	Freedom	-
Provision	Safety and care	Economic growth
Order and organization	Policy	Rationalization
Solutions	For everyone's best	For profit
Solidarity	Thoughtfulness and helpfulness	-
Community	Togetherness and cooperation	-
Societal structure	Built on two genders	Built on consumption
Functionalism	Social and cultural	Design and construction
Equality	No privileged or revoked	-

Table 2: Welfare Factors

In a welfare society, free *human rights* is a core value. However, no equivalent is mentioned in the account of the ideal industrial society. Industrialization emerged as a rationalist critique of secularization, theological-feudal authority and ideals such as liberty, equality and freedom of conscience (Badham, 1986), which means that it is also in opposition to the ideal of democracy. Another aspect of the industrial or production society that contrasts with the core value of human rights is an alienated workforce (Harbison & Myers, 1959), which results in depersonalized individuals. The industrial society aims to *provide* economic growth but not from a communal or individual perspective: owners do not want to increase profit for society but rather for themselves (although profit increases provide increased taxation that can later be used to provide safety and care to citizens). Marcuse identifies characteristics such as a 'concentration of individual enterprises in more effective, more productive corporations'. He also points out the aim of replacing obsolescent material and intellectual culture by a more productive and rational culture. An ideal industrial society uses economic rationalization to create order and organization (Dahrenhof, 1959; Aronovich, 2012). Rationalization, in turn, leads to standardization, which provides a common language, thereby improving communication between companies and increasing efficiency. Standardization often demands categorization and simplification, which can result in information loss. In a welfare society, order is achieved through government policy. *Solutions* in an industrial society are directed by profit and production efficiency with the aim of reducing costs and striving for maximal profit (Bell, 1973). The most profitable solution is preferred.

In a welfare society, solutions should benefit everyone. The factors *solidarity and community* are not found in the account of the ideal industrial society. Solidarity is not a priority in an industrial society as evidenced in effects such as alienation, inequality and anomie (Botomore, 1974). Post-war descriptions of modernization and industrialization by Comte, Spencer, Tönnies, Tocqueville, Durkheim and Weber (Badham, 1986) show the decline of community and the rise of urbanism and centralization, which indicates that the reformation of society through urbanization runs counter to the creation of community. The main purpose of an industrial society is to increase production and reduce the prices of goods. This results in a new social structure that is built on increased consumption. The *functionalism* factor relates to the design and construction of technologies to increase production. Kerr et al. (1960) identify those who construct and design these technologies as revolutionary intellectuals. Advances in science and the rise of intellectualization resulted in increased use of machine technology (Banham, 1986). The factor equality could not be found in the account of the ideal industrial society. According to Botomore (1974), inequalities are inescapable, tolerable and even desirable in an industrial society: societies may be egalitarian in inspiration but hierarchical in organization. An alienated workforce is said to be one of the requirements of a production society (Harbison & Myers, 1959).

5. Concluding Remarks

This paper compared the logic of two ideal societies: the industrial society and the welfare society. The factors that determine these societies were gathered from existing literature, and the societies were described using an ideal-type methodology. The results of the comparison between the economic factors related to these ideal societies reveal that two factors were missing in a welfare society: mode of production and time perspective. This result does not come as a surprise since the welfare society is not focused on production values. The comparison between the ideal societies in relation to welfare factors generates some interesting results, especially in the context of the economic factors frequently applied in welfare organizations, such as health organizations and social services. The account of an industrial society showed gaps in relation to the following factors: human rights, solidarity, community and equality. This research adds to the current literature by demonstrating that a welfare organization evaluated in relation to economic factors lacks important values. In parallel, without a market logic, the welfare society has no mode of production.

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