

## The Icelandic Quality Oriented Environmental Policy

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**Abstract:** Iceland, state member of the Nordic Cluster (Norway, Denmark, Sweden, Finland, Iceland) is dominated by equalitarian cultural values which encourage the collective distribution of resources and common action. The Scandinavian Nations are having one of the highest levels of the environmental protection laws in the World and their performance orientation is situated in bottom up position inside the European Union (sustainable development with emphasis on quality of the products). The environmental performance is the expression of a human oriented society where the manifestation of institutional collectivism is among the greatest value-added for the national welfare. The objective of this article is to examine the environmental management strategy in Iceland as part of the Nordic equalitarian cultural values and the benchmarking influence of the Nordic performance in this field.

**Keywords:** sustainability; management performance; environment; Iceland

**JEL Classification:** F64

### 1. Introduction to the Icelandic Environmental Particularities

The premise for this study is that the dissemination of the Nordic environmental approach could be an excellent comparative pattern for the emergence of new start up environmental projects of European nations. If is convergence in the environmental protection, it is possible in the future to organize common projects to enhance the long-term sustainability. The Nordic Cluster is formed by Sweden, Denmark, Norway, Finland and Iceland, sovereign nations with common history and cultural background. The Baltic States are not included in this cluster, although are in the proximity and their way of life is under the influence of the Scandinavian principles.

According to the International Economic Forum (2018) all the Nordic nations: Sweden, Denmark, Norway, Finland and Iceland are in a bottom up position in aspects as: quality of life, social equality, competitiveness and economic growth. Except Iceland, the rest of this nations have not been affected by the recent economic crises, but we cannot sustain the existence of a Nordic classical

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performance pattern, specific to this cluster. Iceland and Norway are not members of the European Union and are not included in the Euro Zone. Finland is member of the EU, accepted the Euro, but Denmark and Sweden, states members of the Union are having their own monetary policy (Pirju, 2017).

The Nordic states are characterized by a strong individualism (Kristiansson, 2009) which could be related with the intention of managerial achievements in all the sectors of the life -public or private.

The core of this research is to analyze the Icelandic perception of the environment protection and the quality of performance orientation in this field. Related with its population, 334 252 people (World Bank, 2016) Iceland is the nation with the highest influence on the World cultural heritage. The island started to be colonized by the Norwegian dissidents between 870-930 AD and around 1125 a local scholar, *Arni the Wise*, had making the first mention of the name Icelandic (Islendingabok, 2006). The traditional holydays of the Icelanders are celebrating the symbiosis between the mankind and the nature and the message which is disseminated is based on the preservation of this special relationship. On the national day, 17-th of June, the nation is represented by a young woman *Fjalkonan*, in translation the Lady from the Mountains, who dressed in traditional costume is offering a poetic recital (Bjornsson, 2008). Iceland is a strong democracy and the Parliament, *Althingi*, is the first Parliament in history (Karlsson, 2000). This form of political synergy is a Viking manifestation of proto-democracy.

The environmental protection is highly evaluated in this area where the climate is polar and arctic subpolar, but the North Atlantic current is providing a high variety of maritime life. Even the North Pole is very close, the frozen zones are not close to the shores, where the temperatures are positives in the Summer. The South, where it is centered most of the population is wetter and warmer than the far North (World States, 2009). The country's exterior is dominated by fiords and the rocky interior is mostly uninhabited with lava field and volcanic sand. There are three national parks: *Vatnajökull*, *Snaefellsjökull* and *Thingvellir* and the conservation national policy is the starting point for making Iceland one of the World champions in environmental protection. From a geological perspective, this place is a very active one, there is a high number of geysers (the name is Icelandic), the most famous is *Strokkur*, erupting every 10 minutes. The isle is composed by basaltic rocks, the consequence of frequent volcano activities as it is happening in the case of Hawaii archipelago. In Iceland there are more than 30 active volcano producing distinctive lava types such as riolite and andesite. The island of *Surtsey* is one of the newest territories from the planet emerged after volcano activities between 1963 and 1968. In March 2010 the volcano *Eyjafjallokull* erupted after 200 years, forcing thousands of people to leave their properties. The cloud of

volcanic ash had been crossed a part of Western Europe having a strong impact on the air transportation and the global interconnectivity (Pirju, 2017).

The transport pollution is not a national problem, even in Iceland there is a car at 1.5 inhabitants. The administrative road network it is about 13 000 km, only 4 600 km are paved, the rest being used for rural transportation. The public transportation is represented only by buses, there are no trains, but we can find 103 airports in all the country. The sustainable energy sources (geothermal and hydrological) are providing electrical independence in proportion of 85%. The goal of Iceland is to become independent in this field until 2050 when the *Karahnjukavirkjun* hydroelectric plant will be 100% operative. There is the intention to develop a high voltage cable between Iceland and Great Britain to export the electricity (ibidem).

The fauna is one of the most reduced on the Planet, the only terrestrial mammalian is the polar fox, the presence of the polar bears is an exception being the consequence of their constant migrations in searching for food. The Vikings brought with them the raven, the sacred bird of the Gods on the mainland, there are no reptiles or amphibians capable to adapt and survive to the natural conditions. The vegetation of Iceland compared to the other Nordic States is quite rare, missing on the third quarters of the area. The northern grass prevails and is used to feed the livestock and the most common tree is the Nordic birch. In small number there are: poplar trees, ashes, junipers and willows. There are written mentions in the medieval Viking literature, the Saga, that in the IX-th century the entire country was afforested from the mountains to the ocean (Egil Saga, 2005). The need for fuel, the alert spread of the livestock had been the main causes for the cutting of the forests. In present more than 100 000 km<sup>2</sup> from the soil is affected by the erosion (Montgomery, 2007). There are projects of deforestations but seems a big challenge for the local communities to reach, even in part, the quantity and the quality of the traditional forests attested in the Sagas.

Starting from this reality, the article will present the Nordic cultural equalitarian approach and its influence for the future environmental strategy in Iceland.

## **2. Nordic Equalitarian Values, the Premise for Economic Sustainability**

The power distance is a corner stone of the Nordic mentality. In Iceland, the representative democracy has the goal to transpose the wishes of inhabitants in public policy. In the most cases, the protest manifestations are not under the patronage of political parties. Many citizens organizations, without political links, are influencing the authorities through spontaneous strikes or public manifestations (Kristiansson, 2009).

The Nordic Cultural values are the expression of a free equalitarian system where the common welfare is not a theoretical approach, but a common way of life. The power distance, which represents the acceptance of equal distribution in a society of hierarchy and power is according to Hofstede Center (2018) extremely low in the Nordic Cluster. The scores are 30 for Iceland, 33 for Finland, 31 for Norway, 31 for Sweden and 18 for Denmark (Hofstede Center, 2018). We can infer that the Nordic culture is an equalitarian one and is offering the second chance for everyone, regardless ethnicity or religiosity and minimalizes the social disparities. The hierarchy is established by common consultations and it is maintained to organize a company and to monitor the efficiency.

For example, in Iceland, where the questionnaire was made the personal competencies are the base for the public leadership and not the personal and political connections as it is happened in South Eastern Europe. The low power distance is the axe for the social equalitarianism because only the independent citizens can prevent the tyranny of the few, and this low power distance is the essence of the democracy.

Uncertainty avoidance it is quite low in Scandinavia, in public the people are extremely calm and well-mannered and there is hard to identify a collective stress. The feelings of uncertainty are not personal and when it occurs are a common preoccupation for all the community and not only for a determined segment of the population. The conflict management it is related to the openness for change, the intention to accept the risk situations and to be on the top of the activities. In Iceland there is a positive attitude which essence is represented by the verbal phrase: "*theta reddast*" in translation: it will sort by itself. This attitude is not the expression of the fatalism, because no matter a situation could be, in the end all the problems will be solved, and the rules could be extended according to the necessities (Kristjandottir et al, 2015). The effects of this attitude are characteristic for a society where there is no external pressure for the achieving performance. For the common welfare there is no problem to change the rules and the old traditions, because a formal traditional way of doing business it is accepted only when is rooted in the reality and generates profits. The environmental protection is favored for a low uncertainty avoidance, because for improving the existing *status quo* there is no high rank official pressure and the essence is the consensus and the common action of the responsible citizens.

The Nordic states are characterized by the respect for the individualistic values, the provocations are accepted and there is no tendency to search for the external protection: family, political group etc. Another feature of this area is the existence of high feminine values where the common security, altruism and work collaborations are among the social responsibilities. In the Nordic countries there is not a long-term orientation, the people are searching to improve a situation in the

same moment when a problem was detected. The environmental protection strategy has no delay on its implementation and the goals are realistic, but the results are expected to be accomplished as soon as possible.

The low number of rules, the reduced bureaucracy are making the collective implication in ecological management more effective and well structured. The above-mentioned countries are characterized by one of the highest amounts of income *per capita* and there is the interest to preserve it. If the Danish economy is based on innovation, transport and agriculture (Duelund, 2008), the Swedish on telecommunications and manufactures (Holmberg & Akerblom, 2008), in Iceland and Norway the origin of welfare is based on social responsibility (Grenness, 2000) and is interconnected with the environmental protection. Norway is one of the biggest exporters of crude (oil and natural gases) and the economy of Iceland is depending on the ocean fishing industry and recently tourism and geothermal energy.

In Iceland the natural resources are not a monopoly of the Government and the civil society is directly involved in their long-term protection and conservation. The environmental protection is sustained by a protectionist economy where the Unions are having an important role in the management of the ecological issues. The social trust in the collective measures for the environmental protection is a pillar which can guarantee sustainable development and economic growth, institutional responsibility and educational involvement. The promotion of ecological principles in the academic curricula is highly evaluated among the Nordic partners and constitute a successful benchmark for another countries.

The Nordic principles of environmental protections are closed to the principles of European Union and are not very linked with the Nord American approach. European Union, as a soft power aims to achieve environmental protection through innovation and creativity, in contrast with the American model based on high quality no matter the costs. Iceland, as the rest of the Nordic countries, promotes knowledge based-economy principles where are valuated intangible goods: thinking out of the box, creativity and sustainable innovation.

In the Nordic management, creativity and innovations are considered more important for the increasing of the GDP than the traditional managerial approach, based on high cost, investments in training etc. (Torvatn, et alli, 2015). The creativity is possible because there are common characteristics as high levels of GDP, equality in income distributions (Calmfors, 2014) which are based on real democracy of the government structure and the social trust.

### 3. Importance of Performance Oriented Environmental Strategies in Iceland

A well-educated nation is always a leader in the global environmental issues. The education in Iceland, as in the rest of the Nordic Cluster is dominated by performance orientation and the effects are positive. Mandatory education period, *grunnskoli*, includes primary and secondary education, which take place in the same institution. The environmental education is well represented in the national curricula and the educational management is very sensitive regarding this subject. In the ecological protection we can notice a perfect synergy between the policy of the leaders and civil society. The human orientation in supporting the ecological stability is a key subject in the educational strategy of the national universities. The most famous university is University of Iceland, but a strong reputation is having also: University of Reykjavik, University of Akureyri, Agricole University of Iceland and Bifrost University. The education, like in the rest of the Scandinavian states, is based on secular principles (Fox, 2008) and the civil society has a real influence in choosing the educational curricula. In consequence, the environmental provocations are not avoided and the interest for this field is supported by generous funds. In Iceland, 3,5% from GDP is allocated for research, more than the average in European Union: 2,3%. The intention is to increase the amount of funds to 4% until 2020. The effects are obvious since 2010 when the UNESCO Science report placed the tiny state on the 9 position on the top of research, alongside with: Taiwan, Switzerland and Germany and above former pioneers in research as: France, Great Britain or Canada.

In June 2016, under the aegis of European Economic Space grants, the author realized a survey in Bifrost University from Iceland about the perception of performance orientation. Performance orientation express the willingness to encourage and rewards the excellence and performance achievements in a group (Chhokar et al., 2008; House et al., 2004).

The interviewing representative sample (55 persons, 21 males and 34 women) was formed by adult scholars, professors and students from the above-mentioned University. All the questions were answered via computer and the questions included the assessment of the future pillars what counts for the long-term competence and performance of Iceland. One of the items was about the future oriented behaviors in achieving constant welfare. The results of the analysis presented in the Figure 1 shows that the highest numeracy score is for future investments in tourism 18 %, followed by the focuses on environmental and green energy interest, 15%.



**Figure 1. Long term Icelandic vision about performance orientation investments in Bifrost University**

The above figure indicates that there is a low magnitude of difference between the investments in tourism and the environmental protection which means that for the members of Bifrost University community the fulfillment of everyone is related with a great concern for the ecological sustainability.

Such a protectionist attitude in Iceland enables a search for creative solutions with strong expressions for the quality-oriented environmental policy.

Iceland is a state which has an environmental policy focused on the development of the internal market and the long-term prosperity for all its citizens. The manner of promoting the environmental strategy is a benchmarking model for the rest of the countries, where in many cases those issues are not considered as top priorities. The performance of a country could be measured by the environmental achievements and the intention of the political class to respect the international protocol in this field, no matter the economic costs for the national economy. The Bifrost academic community is the living proof of the existence of the “theory of the same goal” (Liu & Wen, 2011) where the scholars and alumni are able to express their talent in improving performance of their work because there is no lack of external conditions for enhancing the innovative behavior and performance of the people. There is a functional relationship between the quality-oriented environmental policy, the innovative capability of the educational system and administratively skilled leadership. The questionnaire about the Icelandic performance describe important aspects of consensus and action-oriented

preference for controlled pragmatism without affecting the environmental standards.

The Icelandic doing business approach is stakeholders oriented, based on dialogue and the ecological interest is having a high impact on the country long term sustainability. All the persons are seen as important competitive factors for the companies (Zhou & Shalley, 2003; Shalley et al., 2009) and the environmental policies are common problems for enhancing the performance of regional entrepreneurship.

The environmental Icelandic foreign policy is based on three pillars: the European pillar, the Atlantic pillar and the Rest of the World pillar (Bergmann, 2007). Being a ministate, in the environmental representation around the World, Iceland is linked with the official position of another Nordic states, especially Denmark and Norway. The Atlantic state joined to European Free Trade Association (EFTA) in 1970 and starting with 1994 is a member European Economic Area, which means a *de facto* acceptance of the European Union environmental policy (Bergmann, 2014). Because of the economical interconnections, Iceland adopted  $\frac{3}{4}$  of the European legislation and almost  $\frac{1}{5}$  of laws passed by the Icelandic parliament are inspired by the European Laws, a higher percentage than in many Member States (Bergmann, 2011).

From the above-mentioned information, we can infer that in the environmental policy, even Iceland it is not a EU member, it is still an important partner in the fight against pollution. It is normal for Icelanders to promote a pro green policy, because according to the Global Peace Index, this nation is the most pacific country in the Word with a high political stability (Institute for Economic and Peace, 2018).

Based on the information provided by the site Economy, Politics and Welfare of Iceland (2017), as a direct effect of high environmental implication among the civil society, the Government announced new strategies for improving the long-term sustainability. The new plan, entitled Iceland 2020 is based on public consultations between the local officials and all the stakeholders interested in personal development and environmental protection. New ecological start up projects will be financed, the line of credits will be more accessible for the people in need, the public education will be the central pillar for the promotion of the environmental good practices.

For Icelanders the technological innovations with impact in green sustainability are as important as the investments in human capital. Those new technologies maximize on long term the profit of the national companies and are preparing the firms for the global competitions with the direct competitors. The environmental conservatism is related in Iceland with the investments in education.



In Iceland and in all the Nordic countries, the learning by doing process is supporting the environmental protection, because only some well-prepared personnel is capable to protect the nature and in the same time to increase the profit. The green policy is reflected also in the economic performance, because if in 1904 the purchasing power was similar to Ghana, in the end of the XX century it was superior to Denmark, with an increasing rate of 2,6% per year (Halldorson & Zoega, 2010).

We can describe the environmental policy of Iceland as unique, because the nation has as base for the prosperity the industry on the conservation of its maritime resources. The long-term financial policies, high technology of the fishing fleet supported the protection of the wild life and the maintenance of pure ecosystems. There is also an economic interest because 35-40% of the Icelandic GDP is provided by the fishing industry (Thorhallsson & Vignisson, 2004) and there is the intention to conserve the biodiversity as long it is possible.

The national strategy for a performance oriented environmental approach was attributed by the Bifrost University Staff to the homogeneity of the population, compared to the rest of the Scandinavian nations, there is a low share of immigrants (Albæk & Rosdahl, 2017) and the effects of the decompositions of the society are still very low.

To perform, the Icelanders are developing an autonomous nation based on inspirational cross-cultural orientation with a close relation between performance, motivation and encouragement. The Icelandic society is characterized by a rapid change of mentality and a high preference for business opportunities, but the technological development is under the rules of visionary environmental policy.

#### **4. Conclusions**

It seems normal for Iceland to adopt a pro environmental policy, because traditionally the national economy was supported by the exports of agriculture and fish industry (Sjovaag & Bergmann, 2012). The position of the country, in the middle of the Atlantic Ocean, is giving the access to a great number of maritime live and its protection is a normal condition for the preservation of the future welfare. The industrialization of the nation was not produced in the same period as in the rest of Scandinavia and the effects of it had been less aggressive as it was happened in the main land.

In conclusion, the Icelandic people by understanding the importance of environmental sustainability through national practices and values are better prepared for new business opportunities in the future.

As all the Nordic countries, Iceland is supporting the corporate performance through a quality-oriented environmental policy. The successful theory and practice of regional management is working not for the self interest of the political elite, but for the common good under the aegis of a team spirit within the organizations. The Nordic conscience is transcending the indifferences of many nations for whom the social competence is something that goes beyond the ecological responsibility.

In Iceland there is a performance orientation related with altruism and the economic growth is centered not only with the fight against poverty but also with the ecological responsibility and environmental concerns. The human rights, the gender equality and the quality oriented environmental policy are shown continuity in sustainable development and are associated with a visionary and intellectually stimulating approach. The passion for common welfare, the productivity on the international markets and the feedback for the common problems are constructive related with innovativeness and motivations. A cultural mantra for the Icelandic high-scoring environmental policy could be: high degree of environmental actions through collective responsibility.

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