Trade unions and collective bargaining in Norway

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1 The Norwegian labour market – key facts[1]

Norway has gradually become one of the richest countries in the world, and can today be described as a small, open, advanced and essentially commodity-based economy. The country is not a member of the EU, but as a member of the European Economic Area (EEA), Norway is subject to most EU legislation.

During the last 50 years, Norwegian business and industry has seen some dramatic structural changes. Generally speaking there has been a move from primary and secondary industries towards tertiary industries. The primary sectors now comprise less than 3 per cent of employees and secondary industries around 20 per cent, while the tertiary industries account for a total of 77 per cent of the employment (Statistics Norway 2012). The picture is slightly different when it comes to the significance of these industries in light of their contribution to the GDP, with petroleum activities contributing far more in economic value than in employment. Norway has a very strong external and fiscal position, based on its large petroleum revenues. The lion's share of these revenues is invested abroad through Norway's sovereign wealth fund.

Throughout the period of 2004-2008 the Norwegian economy was booming, and the country experienced high economic growth, declining unemployment and increasing labour migration. 2008 was marked by a definite shift in the labour market situation, with the most rapid increase in unemployment since the late 1980ies. However, the government put several measures into place to combat the effects of the financial crisis and Norway has weathered the crisis better than most countries. Growth resumed quickly after a comparatively mild recession, and unemployment has remained at low levels. Norway's resilience has been underpinned by a substantial easing of macroeconomic policies, continued strong investment activity in the oil and gas sector, high public-sector employment, limited dependence on the hardest-hit segments of global manufacturing, and the relative stability of the domestic financial sector.

The participation in the labour market is high compared with many other countries: A total of 78.2% of all people between 15 and 64 years are in the work-force (2012). The employment rates are high among women: 75.8% of women (and 80.6% of men) and are in the work force. Unemployment numbers are fairly low; 3.3% of the work-force was unemployed in 2013, while less than 8 % had temporary jobs. A total of 40% of female workers work part time, in contrast to only 14% of male workers (Statistics Norway 2012/2013).

A fundamental feature of the Norwegian societal model is universal tax-based welfare services and benefit schemes. In addition, education at all levels is considered a public responsibility and is free of charge. Universal and free access to education results in a highly educated work-force. Some labour market-related benefits and insurance schemes may be extended through collective agreements. However, the majority of social benefits are universal.

[1] The main source for this report is: Løken, E., T. Aarvaag Stokke and K. Nergaard (2013), Labour Relations in Norway. Fafo-report 2013:09.

The Norwegian or Nordic model is usually associated with the following characteristics:

- Universal welfare arrangements and a large public sector
- High employment participation rates, for both among men and women
- Small wage differences and large social mobility
- Strong collective actors
- Both centrally coordinated wage formation and local bargaining at company level
- Tripartite cooperation between the Government, employers' associations and trade unions, as well as co-determination and participation at company level

A central feature of the model is strong organisations both on the employees' and employers' side. The relations between them have been built through many decades. Trade union density is high in international comparison; there are long traditions for collective agreements and public regulations of industrial conflicts. The cooperation between employers and employees is based on four pillars.

- A fundamental pillar is close cooperation between a relatively strong trade union movement, centralized employers' associations and the State, at the central level. This tripartite cooperation has shown to be productive, and there has been a general consensus between the large political parties on this model.
- The other strong pillar is the cooperation between the employers and the employees at company level, which provides legitimacy, enhances productivity, and reduces the conflict level.
- Co-determination and representation at the Board of Directors.
- A strong Work Environment Act that protects employees' rights, and supervisory authorities at state- and local level. The Work Environment Act also underlines employers' and employees' responsibilities for creating a sound work environment.

The strong ties between the central organisations have their counterpart at company level. The union bodies within the companies are taking part in the implementation of central accords, and engage in collective bargaining at the company level. They also play a role in local productivity enhancements, restructuring and organisational development. The combination of centralized and decentralized structures provides possibilities for flexible practices of regulations within each company.

Altogether these pillars reflect a fundament of shared values and ideas based on the belief that cooperation leads to productivity gains as it supports the restructuring capacity at company level. These pillars are seen as preconditions of a sound economy at the national level, including real wage increases and improved work environment for employees. The model is, in large, recognized by both the trade unions and the employers, and has dominated Norwegian working life at least since the end of World War II. This model has always had a dual basis: to secure workers' rights, and contribute to stable and predictable environment for the companies on the other side.

Both laws and collective agreements function as tools of regulations. Important features that imbue these tools are the mutual recognition by the parties of both rights and duties. It is recognized that

the parties have both common and conflicting interest. There exists a relatively stable balance of power between work and capital, a balance anchored in a class compromise rooted in historical and political developments. Also Norwegian working life is characterised by disputes and trade-offs. In the long run however, the existence of strong legal structures as well as a strong commitment by government towards tripartite cooperation, have contributed to reduce the level of conflict. Recently the social partners at central level have joined forces in efforts to counter the effects of the financial crisis, one illustration being the recommendation that the government should make changes in regulations on temporary lay-offs.

In Norway it is generally recognized that that strong collective bargaining constitutes the backbone of the Norwegian model. A recent governmental report phrases it as following: "*It has been pointed out that the compressed wage structure (resulting from strong collective bargaining) results in low-earning enterprises going out of business, while high-earning enterprises grow stronger. In decentralised collective bargaining systems, wages vary with enterprises' productivity. Coordinated wage bargaining prevents enterprises with low productivity from setting low wages and thereby forces them to reduce the number of employees. At the same time, employees in highly productive enterprises and industries are prevented from taking a share of the proceeds of high productivity in the form of higher wages. This steers labour and capital away from enterprises with low productivity and towards highly productive enterprises. This improves efficiency and production overall, and reduces wage differentials."*[2]

In the following chapters we will see numerous examples of how the collective bargaining system has contributed to efficiency and productivity in Norway. Although there still is large room for improvements both on local and central levels, we have solid documentation on how sound industrial relations, strong collective bargaining and cooperation among the social partners have contributed to the prosperity of both Norwegian companies and the society as such.

2 The legal framework for labour relations

Labour relations are regulated by a combination of legislation and legally binding collective agreements between trade unions and employers' associations or single employers. Although a large number of benefits, terms and conditions of employment are covered by legislation, this does not restrict the scope of collective bargaining. A hierarchical, three-tier collective bargaining system has constituted a fundamental element of labour market regulation. Individual labour law regulates the rights and duties of individuals, while collective labour law regulates collective bargaining and is based on a general duty to restrain from industrial conflict (the "peace duty") except during the negotiation of collective agreements.

The Working Environment Act

The main piece of legislation concerned with the rights of the individual employee is the *Working Environment Act.*[3]The purpose of this act is to ensure safe physical and organisational working conditions and equal treatment among workers, and to ensure that the working environment forms a basis for a healthy and meaningful work situation. The act regulates matters such as working

[2] http://www.regjeringen.no/en/dep/ud/documents/propositions-and-reports/reports-to-the-storting/2012-2013/meld-st-25-20122013-2/3/3.html?id=732510

[3] Law text in English: http://www.arbeidstilsynet.no/lov.html?tid=78120.

environment (health and safety etc. in the workplace), working time and rights to leave, protection against discrimination, hiring and dismissal protection, including also and transfers of undertakings. With regard to matters of working environment in particular, employers and as well as employees have duties; employers must ensure that the provisions laid down in and pursuant to the act are complied with, while employees must co-operate in the design, implementation and follow-up of the undertaking's systematic work on health, environment and safety. Employees must also take part in the organized safety and working environment efforts of the undertaking and must actively co-operate in the implementation of measures to create a satisfactory and safe working environment. Environment Act contains requirements regarding safety representatives and Working Environment Committees elected from employees in all companies. The Working Environment Act applies to all private and public undertaking with the exception of seafaring and fishing, which are regulated by separate legislation. For state civil servants certain of the Act's provisions on hiring and dismissal protection are instead regulated by a separate Civil Servants Act, 1983. The provisions given by the Working Environment Act may in certain cases be deviated from by agreements, mainly collective agreements. With a few exceptions, the employer and employee or trade union may not agree on employment conditions that are below the standard stipulated in this act.

The Labour Disputes Act etc

With regard to collective labour law the basic piece of legislation is the Labour Disputes Act of 2012.[4] The fundamental ideas underlying the Act, originally dating from 1915, are the promotion and strengthening of collective agreements as an instrument for regulating wages and working conditions and the creation of machinery for peaceful solution of industrial disputes. The Act formalized a principled distinction between disputes of interest and disputes of rights previously embodied in collective agreements. Building on prior collective agreements it moreover established a relative 'peace obligation'. The Labour Disputes Act applies to both the private and the municipal sector. An essentially similar act, the Civil Service Disputes Act, applies to the state sector, including senior civil servants, the police, judges, etc.

Municipal employees and employers fall under the same labour law provisions as those in the private sector. On certain issues, the state sector is covered by the same laws that apply to the rest of the labour market. However, two acts apply specifically to the state sector. The first is the *Civil Service Disputes Act, which* mandates collective bargaining and procedures for mediation and arbitration. The other is the *Civil Servants Act*,[5] which replaces the Working Environment Act on some issues.

The Act Relating to General Application of Wage Agreements

There is no statutory minimum wage in Norway, and wages are regulated in collective and individual agreements. In 1993 the *Act Relating to General Application of Wage Agreements*[6] [14] was passed to prevent potential negative aspects of immigration. The aim of the Act is:

[4] Law text in English: http://www.regjeringen.no/en/dep/ad/topics/The-working-environment-and-safety/arbeidsrett/the-labour-disputes-act.html?id=437549.
[5] Law text in English: http://www.ub.uio.no/ujur/ulovdata/lov-19830304-003-eng.pdf.
[6] Law text in English: http://www.regjeringen.no/upload/AD/kampanjer/Tariffnemnda/Allmenngjoringsloven_sist_endret_2009_engelsk.pdf.

"...to ensure foreign employees of terms of wages and employment equal to those of Norwegian employees, in order to prevent that employees perform work on terms which, based on a total assessment, are demonstrably inferior to the terms stipulated in existing nationwide collective agreements for the trade or industry in question or otherwise normal for the place or occupation concerned."

The Act gives a government-appointed Tariff Board the right to decide whether the individual provisions of a nationwide collective agreement, in part or in full, shall apply to all employees, either foreign or Norwegian, who work within the scope of the agreement. This instrument was first used in October 2004, and by 2013 such regulations are applied in four sectors of the Norwegian economy.

Other relevant acts and regulations

The *Annual Holidays Act*[7] is designed to ensure that all employees have annual holidays and holiday pay. By law, there is a minimum holiday allowance of four weeks and one day a year. However, most Norwegians have a minimum of five weeks according to collective agreements, a period that is also provided by most companies without collective agreements.

Employees' social welfare entitlements are mainly regulated by the *National Insurance Act*, and these matters are resolved between the individual employee and the authorities. The aim of national insurance is to provide benefits in the event of sickness, pregnancy, childbirth, unemployment, old age, disability or death of the family bread-winner. The scheme also offers financial support to single-parent families. Short-term benefits for illness, parental leave or unemployment vary according to income, while pension allowances are calculated according to the number of years in employment as well as previous income. There are also legal stipulations regulating occupational injury compensation.

The *Limited Liability Companies Act* and the *Public Limited Liability Companies Act* entitle employees to be represented on the boards of directors of joint-stock companies. If a company has more than 30 employees, and when requested by a majority of them, employees are entitled to representation on the board of directors. The number of board members that employees are entitled to elect (which is limited to one-third) varies with the total number of employees and depends on whether the company has a corporate assembly (which is mandatory for companies with more than 200 employees). If it does, the employees are entitled to elect one-third of its members.

The equal treatment of women and men is regulated by the *Gender Equality Act.* The purpose of this act is to promote equal status between men and women, and in particular to improve the position of women. Private employers also have a responsibility to make active, targeted and systematic efforts to promote gender equality in their own organisations, and both employers' and employees' organisations must promote gender equality in their spheres of activity.

The Norwegian legal framework may be regarded as moderately strict in terms of protection against dismissal, while temporary employment is subject to a relatively restrictive regulatory regime in an international context. There has been no extensive liberalisation of legislation in the area of employment protection. Enterprises may resort to temporary lay-offs in situations where there is a

[7] Law text in English: http://www.arbeidstilsynet.no/binfil/download2.php?tid=90352.

transitory need for work-force reductions, an opportunity that was exploited by many businesses in 2008/2009 when they experienced a sudden drop in orders. This opportunity is regulated in collective agreements, and laid-off workers are entitled to unemployment benefits during the whole period.

The right to be represented at the board of the company is found in a number of legal acts. The rule of the thumb is that if the enterprise is a legal entity of its own the employees would be entitled to elect members of the board. Thus the *Limited Liability Companies Act,* the *Public Limited Liability Companies Act as well as the act of hospitals, universities, foundations are relevant.* If a company has more than 30 employees, and when requested by a majority of the employees or by trade unions representing 2/3, employees are entitled to representation on the board of directors. If between 30 and 50 employees one director (and a substitute) be demanded. If more than 50 they might demand 1/3 of the board member and substitutes. If the number of employees exceeds 200, representation is mandatory and no demand is needed. It is important to add that the same thresholds apply to corporate groups and the employees (or trade unions) may demand representation at parent level. As an employee in a subsidiary you would participate in electing representatives at the board of the subsidiary as well as the parent board. The employee representatives are elected 'by and among' all employees, in order to stand for office you have to be employed by the company. The representatives are obliged to represent the interests of all employees and not only the trade union members. In order to set up a 'corporate arrangement' the company and the employees apply to a public committee set up by the Ministry of Labour, both the social partners are represented and the committee has a neutral chair. The committee decide (and help on) question like 'which subsidiaries to include' and how to organise the election.

3 The collective agreement system

The Norwegian collective bargaining system is a multi-tiered system in which centralised concertation is complemented by work-place structures of co-operation and negotiation. The Basic Agreement defines principal goals and lays down principles and procedures. Provisions on wages and working conditions are found in sectoral and local collective agreements.

Basic agreements

Basic agreements complement Norwegian labour law by defining overall aims as well as a set of principles and procedures that regulate the relationship between the labour market parties in all sectors. The main purpose is to create the best possible basis for co-operation between the parties at all levels.

The first *Basic Agreement*[8] was introduced in 1935 between the main labour market organisations and was subsequently revised every fourth year. This collective agreement covers employers' and employees' rights and obligations in their daily interaction at the enterprise level, as well as conflict resolution procedures. The Basic Agreement is included in all collective agreements between the trade unions and employers' federations affiliated with the main confederations (LO and NHO).

[8] The text of the current Basic Agreement between LO and NHO in English: http://www.lo.no/Documents/Lonn_tariff/BasicAgreem06-09_1.pdf.

Today, other confederations and some independent unions as well as employers' associations have similar agreements.

Among other issues, the question of sympathetic industrial action is regulated in the agreement, while the statutory obligation to maintain industrial peace for the duration of an agreement is amplified. A number of issues regarding shop stewards, employee participation, and information and consultation are also regulated in the agreement. In addition, the Basic Agreement contains a "Co-operation Agreement" that regulates the activities of various co-ordinating bodies. This latter agreement touches upon questions relating to developing the qualifications and skills needed in working life. A number of supplementary agreements are attached to the Basic Agreement, covering issues such as guidelines for initiating work studies, equality between men and women, and framework agreements regulating control measures within firms.

In many ways, the basic agreements represent the labour market parties' desire for a well-defined relationship at the central level, as well as enhancement of co-operation at the company level. It reflects an aim both to regulate conflict, typified by disagreements about the distribution of revenues, and to achieve consensus through dialogue and negotiation, typified by co-operation regarding the development of companies. Because the relationship between the labour market parties is regulated to only a limited extent through statutes, the importance of the basic agreements is even more evident. The rights, duties and procedural rules laid down by the first part of the basic agreements are central to labour relations in Norway. The other main element of the basic agreements, the co-operation agreements, makes it easier for the labour market parties to co-operate locally on a wide range of issues. This co-operation often encompasses joint actions to enhance organisational or productivity development. The agreements also reflect the central role that local trade unions play in representing employees in this type of co-operation in Norway.

Nationwide sector and work-place agreements

Wages and working conditions are covered by national collective agreements between the national unions and the employers' associations. These agreements typically cover an industry or sector and may include broader issues of social policy in addition to pay and working conditions.

Private employers are bound by law to apply the terms of a collective agreement also to their non-unionised employees. Employers not bound by any collective agreements are not required to implement the provisions of the appropriate settlement but are generally assumed to do so. In the state sector, parliament has determined that the terms of collective agreements should cover all employees, while in the municipal sector, norms of equal treatment mean that derogations of collective bargaining outcomes are unacceptable.

Centralised bargaining for wages and collective agreements is usually supplemented with bargaining at the company level between the company and the company union(s). Local bargaining has also been widely used in the public sector since the 1990s.

Norwegian collective agreements are strictly hierarchical, which means that company agreements, including pay systems, cannot breach provisions in sector-level agreements. Negotiations at the company level are conducted by local parties without involving central parties unless the local parties

are unable to agree on a revised agreement. Local bargaining is done under a peace clause, which means that strikes are prohibited.

Disputes

Most disputes, either individual or collective in nature, are solved by the labour market parties. Basic agreements usually stipulate a duty for local parties to attempt to resolve local disputes, while parties to sectoral collective agreements have a similar duty if a dispute is transferred to their level.

The *Labour Court* is for disputes over rights, which deals only with questions relating to the content and interpretation of collective agreements. However, such cases may involve issues such as working hours or wage compensation, because these issues are regulated by collective agreements. The Labour Court also deals with the lawfulness of industrial action. Rulings are usually final. The court is independent of the government and consists of seven judges, of whom four are appointed on the advice of the main labour market parties.

The *National Wages Board* is regulated by law and deals with voluntary arbitration in disputes over interests as an alternative to industrial action. Requests for voluntary arbitration are rare, so the board is used more frequently for *ad hoc* compulsory arbitration. Decisions to ban a conflict and to invoke the National Wages Board are proposed by the government and adopted by parliament. The board is independent of the government and consists of three unaffiliated experts and two permanent representatives from employers' and employees' organisations, who are all appointed for three-year terms, in addition to one representative from each of the disputing parties.

Issues pertaining to the individual employment relationship based on legislation are dealt with in the ordinary court system. The Working Environment Act provides special rules in relation to procedures applicable to cases involving employment protection. First, it encourages negotiations between the employee and employer prior to court proceedings. Second, it stipulates that an employee has the right to maintain his or her employment relationship pending the outcome of the court case (unless the court regards this as unreasonable). These rules are applicable in relation to ordinary dismissals but not in relation to dismissal for gross misconduct or to disputes over the use of temporary employment. In conjunction with other aspects of employment protection rights, the employee is not entitled to continue his or her employment relationship but may resume employment if the court rules in his or her favour. This is the case, for example, when temporary employment has been proven illegal and the employee should have been given permanent employment. The court may also impose financial compensation for damages.

A separate dispute resolution system covering certain aspects of working hours was introduced in 2006. Disputes concerning legal rights to parental leave, reduced working hours and increased working hours for part-time employees among other matters are handled by a government-appointed board. The board is an independent regulatory body, and issues a recommendation that is followed by the parties in the vast majority of cases. If the parties still do not agree, the case can be taken to court. The goal of the government is to keep both the processing time of the board and the threshold for submitting cases lower than for ordinary courts.

4 Trade unions and employers' associations

Trade unions

As of 31 December 2012, Norwegian trade unions altogether had 1,727,129 members, including non-employed members. Trade union density—the proportion of the employed work-force that is unionised—can be measured in a variety of ways, which result in slightly different numbers. Based on union membership statistics and the number of employees estimated by Labour Force Surveys, the trade union density is 52%. Following a catch-up period shortly after World War II, the density level has been strikingly stable since 1950. This has occurred in spite of the transition to a post-industrial labour market and stands in contrast to developments in most European countries.[9]

Although the density is high compared with most other countries, it is lower than in the other Nordic countries, which have union densities of between 65% and 70%. This reflects the fact that unemployment insurance in Norway is organised by the state and not by the unions as it traditionally is in these countries (the Ghent system). There are no separate union-driven unemployment insurance funds.

The union density numbers vary considerably among sectors and industries. While density is as high as 80–85% in the public sector, private sector density is approximately 40%. It is lowest in private services, especially in the retail trade, hotels and restaurants.

The wide range of functions performed by unions in the work-place is an important reason for union support. It should also be noted that the rising level of education has probably not influenced the density of labour unions in the work-force in a negative way because well-educated groups such as teachers, nurses and academics are well unionised.

The degree of union membership is slightly higher among women (59%) than among men (51%). The fact that many women are employed within the public sector, which has a high union density, is probably the most important explanation.

Analyses by Fafo show that union density in the private sector varies significantly with size of work-place. The larger the work-place, the larger the share of trade union members. In companies with fewer than five employees, four out of five are not members of organisations, while in companies with more than 200 employees, 65% are union members. In the public sector, there is hardly any correlation between size of work-place and union density.

Almost all of the approximately 90 national trade unions are today affiliated to one of four confederations, the largest of them being the Norwegian Confederation of Trade Unions (LO).

The Norwegian Confederation of Trade Unions (LO), founded in 1899, is by far the dominant union force, although it has lost relative strength over recent decades as other confederations have emerged. This dominance is explained by a combination of its traditional hegemony among blue-collar workers in the private sector and its strength in the large public sector, especially the local public sector (municipalities). LO represents just over half of the unionised work-force. The

[9] Nergaard K. and T. Aa. Stokke (2007), The puzzles of union density in Norway», in Transfer - European Review of Labour and Research, vol. 13, no 4, 2007.

confederation consists of 22 different national unions with a total of 895,257 members, of whom approximately 628,000 are employed. Today, the members are fairly evenly distributed between the private and public sectors, and women constitute half of the membership.

LO's affiliated national unions are national organisations composed of local trade unions. Skilled and unskilled workers are generally members of the same union. Some unions organise both blue- and white-collar workers, but in parts of the private sector, blue- and white-collar workers are members of separate unions. Generally, each national union covers a specific trade, branch of business or public service sector. Thus, the main organising principle is industrial unionism, but there are exceptions.

The LO affilitated unions vary in membership from fewer than 1,000 to more than 300,000. In recent years, more unions have merged to achieve greater influence and to provide better service to their members. The largest unions are the following.

- The Norwegian Union of Municipal and General Employees (*Fagforbundet*), which organises workers in local government and the health sector
- The Norwegian United Federation of Trade Unions (*Fellesforbundet*), which organises workers in most of the manufacturing industries, the building industry, hotels and restaurants
- The Norwegian Union of Employees in Commerce and Offices (*Handel og Kontor i Norge*), a union mainly for white-collar workers in the private sector and employees in trading

LO's highest authority is the Congress, which meets every four years. The Congress decides on the Programme of Action and establishes LO's general course for the congress period, and elects the senior level leadership of LO.

Throughout its history, LO has maintained a close relationship with the Norwegian Labour Party, which has been in government for long periods since World War II. LO also has contact with other political parties and interest groups sympathetic to the views of the trade union movement but not in the same formalised manner as it does with The Labour Party.

The Confederation of Vocational Unions (YS) consists of 20 independent trade unions with a total of 226,624 members, of whom 72% are employed. Its unions organise employees in all sectors, and to a certain extent in the same segments as some LO unions. The boundaries between YS and LO are blurred, which has led to some rivalries and competition.

The Confederation of Unions for Professionals (Unio) is Norway's second largest confederation of unions, and has 12 member unions with a total of 317,608 members working almost exclusively within the public sector. In addition, there is the *Federation of Norwegian Professional Associations (Akademikerne)*, a confederation of professional organisations whose members have an extensive academic education. Akademikerne has 13 member organisations with a total of 170,387 members.

Employers' associations

There are five main actors on the employers' side—of which two represent private sector companies, two represent the public sector and one represents members from both sectors (mainly public).

The largest confederation in the private sector is the *Confederation of Norwegian Enterprise* (*Næringslivets Hovedorganisasjon*, NHO), which was the result of a merger in 1989 between NAF, founded in 1900, and two industry and craft associations. Altogether, NHO comprises 21,211 firms with 574,303 employees (31 December 2012), mainly within manufacturing but also within construction, craft trades and the service sector.

All members belong to one of 21 nationwide sector branch federations[10] as well as to one of 15 regional associations. The sector associations protect branch-related interests, while the regional associations offer a local point of contact between companies and authorities at the regional level. The largest of the federations is the Federation of Norwegian Industries, which was the result of a merger between the two large industrial federations of NHO, the Federation of Norwegian Manufacturing Industries and the Federation of Norwegian Process Industries. This federation has 2,534 member companies with 132,646 employees.

NHO and its federations combine the role of an employers' association with that of a business and industrial interest organisation. Although the federations negotiate separately with their counterparts, NHO exerts a strong central authority over the federations regarding bargaining and the conclusion of collective agreements with LO and YS unions, and is party to all their collective agreements. In addition, many white-collar collective agreements are independent of branches and are renewed by NHO on behalf of several federations.

Virke, the Enterprise Federation of Norway is the primary employer partner within trade and private services and consists primarily of smaller firms, totalling 16,485 members with 211,247 employees. Virke represents, among other businesses, retailers, wholesalers, importers, commercial agents, travel agencies, publishers, retail pharmacies, IT firms, service companies and interest organisations and associations including substantial parts of the voluntary sector in Norway.

The Association of Public Owned Enterprises (Spekter) was founded to meet the needs of semi-autonomous state enterprises. As more enterprises were separated from the state administration, the association grew rapidly. Because some of the member enterprises have been restructured, made into joint-stock companies and (partly) privatised, the organisation today includes a variety of companies and enterprises among its members—a total of 219, with 188,665 employees.

5 Collective bargaining

The collective bargaining system is a multi-tiered system in which centralised concertation is complemented by work-place structures of co-operation and negotiation.

Norwegian collective agreements have a strictly hierarchical order. The basic agreements define principal goals and lay down principles and procedures, and are included as the first part of sector-level agreements that, together with the company agreements, set out the actual provisions on wages and working conditions. Company agreements, including pay systems, cannot breach provisions in sector-level agreements.

[10] See annex for a list of federations and URLs to their websites.

Collective bargaining agreements exist to regulate standard wage rates and working conditions. They define obligations for both employers and employees, and grant rights. Not only are wages determined by the collective bargaining agreements but also collective agreements contain a variety of agreements concerning social issues and benefits for workers in bound firms, such as holidays, sick leave and training. For example, ordinary working hours are 37.5 hours a week as set by collective agreements, while statutory maximum working hours, according to the Working Environment Act, are 40 hours a week.

The early retirement scheme AFP is also an example of bargained welfare. The scheme originally granted employees covered by a collective agreement the right to retire at the age of 62. After the 2011 pension reform, the AFP scheme mainly is a supplementary pension for employees covered by collective agreements. Although AFP is mainly financed by employers, the state also contributes through tax relief.

An important principle in Norwegian collective bargaining is the principle of trendsetting industries. The Industry Agreement (Industriavtalen) serves as a pace-setting agreement, and the negotiated wage increases in the manufacturing/metal sector are taken in other sectors as well. There are no formal bindings, but the result in the so-called trend-setting industries is regarded as a guideline for the rest of economy. The trendsetting industries today comprise both blue-collar and white-collar workers in the relevant sub-sectors/industries, and the economic framework is an estimate based on carry-over effects from the previous year, the general increases given in the nationwide sector negotiations and estimated wage drift (i.e. company level negotiators for blue-collar workers and individual pay increases for white collar workers).

Collective agreement coverage

According to the Labour Force Survey (2012), 54% of all employees in the private sector state that they are covered by a collective agreement.[11] Given that the public sector has 100% coverage, the coverage of collective agreements in the whole labour market is approximately 70%. This number reflects a high union density, large public sectors, rules ensuring that collective agreements are applied to all employees in the private companies covered, and union efforts to strike application agreements with companies that are not members of any employers' association.[12]

In a European comparison, Norway has a relatively high union density and relatively modest collective agreement coverage. The reason that European countries such as Austria, Italy and France have high collective agreement coverage in spite of low union density is the existence of institutionalised mechanisms for extensions of collective agreements even if the work-force is not enrolled in unions. In this way, the coverage is primarily a function of a high unionisation rate among the *employers*, not the employees. In Norway until the mid-2000s, there were no such extension mechanisms.[13] Collective agreements are activated on the basis of trade unions being in place, and

[11] In the public sector, all employees are covered. Therefore, the coverage in both the state and the municipal sector is 100%.
[12] Dølvik, J.E (2007), The Nordic regimes of labour market governance: From crisis to success story? Oslo: Fafo.
[13] A kind of extension mechanism—the Act relating to general application of wage agreements—is described later (wage systems).

most agreements require at least 10% union membership in a company before a trade union can demand activation.

Wages and the general application of wage agreements

In companies that are regulated by collective agreements, the wage system is part of the agreement. The systems and wage levels vary according to industry and agreement. Blue-collar workers typically have a fixed system where skill and seniority are basic elements. White-collar workers normally have individually determined wages, and the parties engage in bargaining over the yearly increase of these wages at the company level.

For blue-collar workers, minimum wages are usually set in the nationwide collective agreement accompanied by bargaining at the local level to decide the actual wage. Some industries have so-called "normal wage" agreements, which means that the nationwide agreement actually decides the wage rates within the industry.

Collective wage systems may also contain elements of variable pay based on performance or results; for example, piecework wages and bonuses based on individual or company performance. The share of employees in the private sector with variable pay (bonus, piecework, commission, etc.) increased from 12% at the beginning of the 1990s to 37% in 2009.[14]

There is no statutory minimum wage in Norway, but wage agreements normally contain minimum pay rates.[15] Some employers' associations support a statutory minimum wage, but the unions are opposed to this because they are afraid that it will weaken the importance of collective bargaining. This issue has been actualised during recent years as a consequence of the enlargement of the European Union, leading to a large increase in the number of work immigrants entering Norway from Eastern Europe. This has caused concern about possible social dumping and low wage competition. As early as 1992, the government proposed a minimum wage in industries confronted with many immigrants looking for work, but this was rejected by the trade unions. Instead, the *Act Relating to General Application of Wage Agreements* was passed to prevent potential negative aspects of immigration.[16] The Act gives a government-appointed Tariff Board[17] the right to decide whether the individual provisions of a nationwide collective agreement, in part or in full, shall apply to all employees, either foreign or Norwegian, who work within the scope of the agreement. This instrument was first used in October 2004, when the Tariff Board ruled in favour of a partial extension of three collective agreements at seven onshore petroleum installations. The case was brought before the Tariff Board by trade unions on the grounds that foreign workers at the seven sites were subject to substandard pay and employment conditions. Later, this general application was followed by similar rulings in certain other sectors and areas such as the construction sector, agriculture (the green sector), shipyards and industrial cleaning. The act also allows trade unions to resort to boycotts in cases where extended provisions are not adhered to by companies, while the Norwegian Labour Inspection Authority may call in the police and penalise the employer.

[14] According to calculations made by Fafo.
[15] Eldring, L. & Alsos, K. (2012), *European Minimum Wage: A Nordic Outlook*. Fafo-rapport 2012:16
[16] Alsos, K. & Eldring, L. (2008), "Labour mobility and wage dumping: The case of Norway." *European Journal of Industrial Relations* 14(4):441-459.
[17] This Board consists of one representative from the employers' organisations, one from the trade unions, and three "neutral" representatives appointed by the government.

Private sector bargaining

The settlement period lasts two years and allows for wage renegotiations for the second year. During the biennial bargaining round, the entire contents of a collective agreement are open for revision.

Various bargaining models have been employed during recent decades. The degree of co-ordination within and across sectors varies between bargaining rounds. Bargaining basically alternates between the highest intersectoral level and the industry level in the private sector. As the dominant trade union confederation, LO's General Council decides whether negotiations are conducted centrally or by national branch organisations. This alternation provides the trade unions with flexibility in the choice of the level and form of co-ordination. Over the past two decades, the main renegotiations between LO and NHO have only taken place on the intersectoral level on two occasions (2000 and 2008). Intermediate or mid-term bargaining rounds are always centrally co-ordinated and normally focus on pay.

LO unions regularly conduct ballots on the results of a main bargaining round. Ballots are not a legal requirement and are less common among white-collar unions.

Co-ordination of the negotiations takes place even when bargaining occurs at the industry/branch level, on both the trade union and employer sides, and in recent decades, NHO has actually increased its co-ordination role. An observation regarding the Norwegian bargaining system over recent decades is that co-ordination is not dependent on the practice of intersectoral bargaining (centralised bargaining at the confederate level) but that other means of co-ordination are equally important.

Company-level bargaining and local agreements

Bargaining is conducted at both the sector and local (company) levels. Centralised bargaining for wages and collective agreements is therefore usually supplemented with bargaining at the company level, between each undertaking and the local union(s) of the undertaking. Local bargaining is conducted under a peace clause, which means that strikes are prohibited. The negotiations at the undertaking level are conducted by local parties without involving central parties, unless the local parties are unable to agree on a revised agreement.

While a two-tiered bargaining model has always been the model in substantial parts of the private sector, public sector bargaining until the 1990s was only centralised at the national level. However, since the 1990s, local bargaining has also been widely used in the public sector.

In addition to pay, the parties at the company level can enter into negotiations over a number of other subjects. Among these are working hour schemes, wage systems, occupational pensions and other types of welfare schemes.

Mediation and disputes

Resolutions of disputes concerning the revision of collective agreements largely rely on mediation, which in practice is compulsory. The Act Relating to Labour Disputes (*Arbeidstvistloven*) functions as the legal basis for mediation. For disputes involving state employees, the Act Relating to Civil Service Disputes (*Tjenestetvistloven*) forms the legal basis. The State Mediator must be notified of all strikes

and lock-outs beforehand, and it decides whether a temporary peace should be imposed. If so, the parties must undergo compulsory mediation before industrial action can take place.

If a strike or a lock-out can cause "serious damage to society", the government may present a special act to parliament to end a work stoppage. The dispute must then be resolved by an arbitration board, the National Wages Board. Use of compulsory arbitration was frequent in the late 1970s and the 1980s, and its use in disputes that were not threatening essential services, thus violating international conventions, was criticised by the ILO. During recent years, the government has been more cautious in its use of this instrument.

Procedures concerning local bargaining are usually given in the sectoral collective agreements. Break-downs in local wage bargaining are generally solved by arbitration in the public sector, while in the private sector, the employer usually has the final word. Two exceptions are worth mentioning.[18] In parts of the manufacturing sector, work efforts and the corresponding wages can be reduced to 45% during a bargaining impasse.

Work stoppages

Because of the extensive obligation to maintain peace and strict regulations concerning the use of industrial action, the level of conflict has been low and is mainly associated with short-term, although sometimes large-scale, strikes during renegotiations of agreements. The trend is also towards fewer working days lost, as shown in Table 1. Measured by the number of strikes per year, Norway tends to rank low in European comparisons. The lock-out is a legal measure in Norway but is rarely used. Measured by working days lost, the ranking is medium.

Table 1 Work stoppages in main bargaining rounds 2000–2012[19]

	2000	**2002**	**2004**	**2006**	**2008**	**2010**	**2012**
Work stoppages	29	16	12	12	10	2	11
Workers involved	93,889	9,865	9,873	29,109	12,963	114	41,820
Working days lost	496,568	150,775	141,179	146,758	62,568	526	360,643

Source: Work stoppages, Statistics Norway. http://www.ssb.no/arbkonfl_en/

In summary, it could be said that the Norwegian system is a well-regulated system of collective agreements with a peace clause that remains in force outside the negotiation period every second year. The nationwide collective agreements are supplemented by extensive agreements at the undertaking level that make it possible to adjust to local needs in a flexible way. Most negotiations are carried out within a fairly limited period in the spring. The organisations on both sides are strong and are marked by a high degree of centralised power and a moderately high density; but at the same time, the system is dependent on strong local partners at the company level that agree to implementation of central accords and to collective bargaining at the company level.

[18] Stokke, T.A. (2008), The Anatomy of Two-tier Bargaining Models. In the *European Journal of Industrial Relations*, vol. 14, no. 1, 7–24.

[19] Only stoppages lasting at least one day are counted. Stoppages falling outside this parameter are few but may include occasional political strikes, which are allowed in Norway as long as they are short.

6 Tripartite concertation

Industrial relations in Norway have been marked by the strong presence of the state in wage setting, mediation and the settlement of disputes, as well as by the statutory regulation of workers' rights.[20] However, co-operation has gradually been extended into many political and work–life issues. Thus, the Norwegian model is a corporative one in which the social partners have a central role in social governance. The employers' associations and trade unions are closely involved in the preparation of new legal acts and labour regulations, and work in close co-operation with the government, public administration and the Members of Parliament. However, co-operation also occurs at levels ranging from company to state, and over the past century, many forums have been created for union representatives and employers to meet.

The state has therefore been an active part of the development of the Norwegian model, and the parties have bound themselves both to the model and to the procedure for its development.

The corporative institutions

Development and change are often achieved by establishing committees appointed by the government or ministries in which organisations participate. These committees may suggest policies related to issues such as income policy, bargaining procedures and labour market policy. In this way, the three sides develop the model in a continuing process, and changes in central labour issues are rarely completed without a preceding dialogue. However, strong permanent institutions have also been established.

Income policy co-operation is institutionalised through the *Contact Committee* (*Regjeringens kontaktutvalg for inntektsoppgjørene*) established in 1962. This is an informal committee directly under the prime minister, where the government can discuss with the parties the basis for wage formation and put forward its views before the wage bargaining rounds, to moderate inflation and wage growth. Today, all the larger organisations on both the employers' and trade unions' side, as well as farmers and fishers, participate in these meetings.

Five years later the *Technical Calculation Committee for Wage Settlements* (*Teknisk Beregningsutvalg*) was established, for which the Ministry of Labour has administrative responsibility. This committee plays a central role in ensuring as far as possible that the social partners and the authorities have a shared understanding of the situation in the Norwegian economy and that the parties to collective wage negotiations agree on the statistical material underlying the negotiations. The tripartite committee, which consists of representatives of the authorities and of the larger organisations on both the employers' and trade unions' side, submits two reports every year that form the basis for wage negotiations.

In response to the social partners' need for a current dialogue on important labour market policy issues, the government established *Arbeidslivspolitisk råd* in 2003, for which the Ministry of Labour has administrative responsibility. The same organisations as those in the Contact Committee participate. In 2008, the government extended the scope of this committee to undertake forthcoming evaluations of pension reform in connection with the pension settlement, and the

[20] Dølvik, J.E (2007), The Nordic regimes of labour market governance: From crisis to success story? Oslo: Fafo.

committee accordingly changed its name to *Arbeidslivs-og pensjonspolitisk råd* (i.e. the Advisory Committee on Labour Market and Pension Issues).

A durable model

Central concertation has prevailed through shifting political regimes in Norway and has encouraged further co-operation and compromise in politics as well as in labour relations. Increased organisational pluralism has led to a periodic increase in tension both within and between the trade unions and the employers' associations.

Relations at the company level

Strong central power embedded in Norwegian labour relations is combined with a significant decentralisation of the following three central issues.

- Co-determination
- Health and safety activities
- Bargaining and local agreements (See the chapter on collective bargaining.)

These three issues are traditionally dealt with as strictly separate arenas with separate regulations.

Employee representation and participation structures are established on the basis of agreements between the social partners and the legal framework, and can vary between arrangements based on contact with shop stewards/trade union representatives and those based on representatives elected by and for all employees within companies. Although important elements such as working environment committees and board representation are based on representation of all employees, trade unions nevertheless play a significant role in these bodies because most employees are unionised, at least in larger work-places. The Norwegian system is typified by an amalgamation of trade union representation and employee representation.

Employee representation and participation structures have been an intrinsic part of Norwegian industrial relations for a long time. Employees, trade unions and employers appear to recognise the value of participatory structures, both in relation to company development and production, and as a mechanism to improve the working conditions of ordinary workers. The parties at the central level also pursue joint co-operation in enterprise development, which includes the funding of company-level projects that act to encourage co-operation and participation.

Co-determination in company development

Collective agreements providing shop stewards and company-level trade unions with the right to information, consultation and negotiations in a range of areas are probably the most important form of representation in the day-to-day running of companies. Furthermore, both the legal framework and collective agreements establish formal structures enabling employees to be represented and heard. Company-level trade unions and their representatives play an important role in the Norwegian participatory system and in structures for employee representation laid down by legislation, such as representation on company boards.

Basic agreements regulate the rights and duties of workers' representatives and company management with regard to participation and co-determination (information, consultation and negotiations). They also establish formal participatory bodies. Basic agreements between the trade

unions and employers' associations make provisions for the establishment of *co-operative committees* (works councils) in the private sector. The Basic Agreement between the Norwegian Confederation of Trade Unions (LO) and the Confederation of Norwegian Enterprise (NHO) has more or less set the norm, making co-operative committees compulsory in companies with more than 100 employees. In the public sector, there are similar arrangements.

These co-operative committees are bipartite bodies composed of an equal number of employee and employer representatives. The LO–NHO Basic Agreement stipulates that *'Matters that are of material importance for the employees and their working conditions, which relate to the activities of the enterprise, substantial investments, changes in systems and methods of production, quality, product development, plans for expansions, reductions or restructuring, shall be submitted to the council for its opinion before any decision is made.'* Basic agreements also provide for other types of structures, such as co-operative committees for groups of enterprises and divisional councils for companies with more than 200 employees.

A survey conducted by Fafo in 2009[21] among companies with more than 10 employees showed that eight out of 10 employees claimed to have employee representatives of some form at their work-place. Large differences between public and private sector were found: 100% in public and 60% in private. Fafo also asked whether any representative body was established and found that only 14% in the private sector answered that there was no representative body. In the public sector, 3% in the state sector and 15% in the municipal sector reported no arrangements.

Beyond participation and representation in the work-place, employee representation on the boards of companies is regulated by the *Limited Liability Companies Act* and the *Public Limited Liability Companies Act* (see chapter 2). Although there are other relevant acts, the majority of legal arrangements in this area are based on the principles of these acts.

Companies that in the previous three years have had an average of over 200 employees must also elect a corporate assembly, one-third of whose members are chosen by and from the employees. The corporate assembly elects the company board, and the electoral rules stipulate that employees may elect one-third of the total number of board representatives with a minimum of two representatives. The employee representatives have the same rights and duties as the shareholders' representatives. In companies with trade unions, leading union representatives in the company are often elected as board members.

Employee representation on the board of companies was a hot issue in the years around 1972, when the Limited Liability Companies Act was met with considerable scepticism in parliament and among employers. Nonetheless, today employee board-level representation is generally accepted and viewed positively. For the unions, it is an arena for obtaining information, for meeting shareholders and for exerting influence on vital decisions. For the managers and shareholders, it is a useful arena for bringing in employees' knowledge and perspectives and for anchoring decisions among the employees. In the Fafo survey from 2009, two-thirds of the employees in companies with more than 30 employees confirmed that employee representatives to the board had been elected. Other Fafo

[21] Falkum et al (2009), Bedriftsdemokratiets tilstand. Fafo-rapport 2009:35.

studies[22] have shown that company size is very important: among companies with 30–49 employees, 37% have employees on the board, increasing to 75% in companies with more than 200 employees.

Employees' representation – safety deputies, working environment committees

As the Working Environment Act (AML) provides for an extensive set of systems for workers' representation with regards to health and safety, the enterprises are under a statutory obligation to appoint a *safety deputy*.[23] Enterprises with less than ten employees may enter into a written agreement not to have a safety deputy. The number of delegates is dependent on the size of the enterprise, the nature of the work executed, and working conditions in general. The safety deputy is the employees' representative in HES matters, and should attend to the employees' interests in matters pertaining to the working environment. If a direct threat to life or health occurs, the safety deputy is authorised to suspend operations. However, even though the safety deputy is charged with responsibility for inspection and monitoring, this does not reduce the employer's liability with regard to working environment and safety. Companies with more than 50 employees are required to establish a *working environment committee*. In companies with 20-50 employees a working environment committee is compulsory in so far as one of the parties demands its establishment. The employees and the employer shall have an equal number of representatives on the committee, and alternate as chairperson of the committee.

The employer is obliged to provide the safety deputies with the required training. Safety deputies and representatives in work environment committees are entitled to the training necessary to carry out their responsibilities. The minimum training is 40 hours, and may be more if necessary. Preferably such training should take place during work hours. Costs associated with the activities of safety deputies and environment committees (including the necessary time to perform their duties) shall be compensated by the employer. The employer is to ensure that the function of being a safety delegate/working environment committee member do not result in loss of income for the employee.

Workplaces with more than one employer

For workplaces involving more than one employer, a written agreement must be drawn up, specifying the responsibility for coordination of working environment and safety issues. The Regulation of Safety, Health and Working Environment on Construction sites (Construction Client Regulation), which was adopted in 1995, implementing EU directive 92/57/EC stipulates that clients/commissioners are responsible to make a HES-plan on their own construction sites and for appointing one ore more coordinators for HES issues. Its objective is to ensure that HES-issues are attended to during construction design and that they are followed up systematically during the construction phase. According to the regulation, the client or their project managers, and employers are responsible for maintaining a safe working environment on construction sites.

[22] Hagen, I.M. (2008), Ansatte i styret: statusrapport 2007. Oslo: Fafo.
[23] For English version of the Regulations relating to safety delegates and working environment committees, see: http://www.npd.no/regelverk/R2002/Verneombudsforskriften_e.htm

The HES-issues should include definition of targets for HES-efforts, assessment of risks, planning of HES measures and follow-up of discrepancies and undesirable incidents. The employer is responsible for providing the appropriate training, and for informing the workers about the HES-plans for the site.

Regional safety deputies

A regional safety deputy scheme was established in 1981, due to the particular conditions prevailing in the construction industry. For residential construction sites, the regional safety deputies are appointed by the Norwegian United Federation of Trade Unions, for other construction projects they are appointed by the Norwegian Union of General Workers. The regional safety deputies should attend to workplaces where there is no elected safety deputy or no working environment commission in accordance with the provisions of the Working Environment Act. They have the same authority as the local safety deputies, and are entitled to have access to the same information from the enterprises as the ordinarily elected safety deputies. This scheme is authorised through a separate regulation pursuant to the Working Environment Act, and is financed through a fee paid by employers to the Regional Safety Deputy Fund.

According to regulations both safety delegates and working environment committees have substantial influence on issues concerning the working environment. Among other things, safety delegates may stop work that is considered dangerous, and the working environment committees can - if seen as necessary due to health hazard - decide on matters regarding measures to improve the working environment. In several sectors employers are also obliged to provide health services for their employees.

Safety delegates and employee representatives in the working environment committees are elected by the employees. If a safety delegate covers only a part or section of the company, he/she is elected by the employees concerned within that section. If a trade union organises a majority of employees, the trade union may elect the safety delegate. Otherwise safety delegates are elected by the method of proportional representation. Employee representatives are elected more or less by the same principles as safety delegates.

In 2012, similar arrangements regarding regional safety representatives were introduced into industrial cleaning and hotels and restaurants.

7 Norway and the European labour market

Norway is not a member of the European Union, but the country is incorporated into the EU single market through the EEA agreement of 1994, which sets framework conditions for companies and labour relations. The rules of the single market apply to Norway, which is bound by new legislation at the EU level. The main rule is that the EU decides minimum standards, although the countries may have higher standards.

As a consequence of the free movement of labour and services within the EEA, Norway has experienced a large increase in the number of work migrants, especially from the new member countries of Eastern and Central Europe since 2004. This development has caused renewed attention to the challenges of substandard wage and working conditions and low wage competition. We will

limit ourselves in this chapter to a brief description of the most important legislation and regulations affecting the Norwegian labour relations and the main changes to legislation, collective bargaining and social dialogue because of increased work migration. We will also briefly describe the social dialogue and arenas at the EU level.

Legislation and regulations

Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to ***collective redundancies*** is a consolidation of two directives from 1975 and 1992.[24] This directive commits the employer to informing workers about planned redundancies and to discussing the reduction of negative effects with employee representatives. The Basic Agreement contained some provisions on information and consultation, but as a consequence of the EEA agreement, the more comprehensive directive provisions on collective redundancies were included in the Norwegian Work Environment Act, which also applies to companies not bound by the Basic Agreement.

Council Directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of ***transfers of undertakings****, businesses or parts of undertakings or businesses,* consolidating two directives from 1977 and 1998,[25] gives employees rights to information and consultation a reasonable time before a transfer takes place. The status of collective agreements is also regulated. These provisions were included as a chapter in the Work Environment Act, and led to a strengthening of the individual employee's rights as well as of the status of the collective agreements.[26]

Council Directive 94/45/EC of 22 September 1994 on the establishment of a ***European Works Council*** *or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees* secures the rights for employees in multinational companies to make transboundary agreements on information and consultation. The directive relates to companies with more than 1,000 employees within the EEA on condition that at least two subsidiaries in different countries employ 150 workers. The parties can agree on a European Works Council (EWC), and the directive contains minimum provisions. A consequence of this directive is the establishment of collective trans-boundary bodies representing all employees, which improves the contact between workers across borders and in most cases will improve the social dialogue within the group of companies. In Norway, the directive was implemented through agreements additional to the basic agreements, which in turn were made generally applicable to all companies though law.

Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for ***informing and consulting*** *employees in the European Community* gives a framework for information and consultation with the workers at the national level. The directive gives the workers rights to information and consultation on the economic and staffing situations, as well as on decisions likely to lead to substantial changes in work organisation or in contractual relations. In Norway, the directive led to the inclusion of new statutory provisions in the Work Environment Act because these issues have traditionally been dealt with in the basic agreements.

[24] Council Directives 75/129/EEC and 92/56/EEC.
[25] Council Directives 77/187/EC and 98/50/EC.
[26] Ødegaard, A.M. (2008), Europeiske reguleringer og partssamarbeid. Oslo: Fafo.

Only minimum provisions are incorporated into the law, meaning that private companies with fewer than 50 employees are not included if not covered by a collective agreement.

In 2001, the EU agreed on a statute for the so-called European companies (SE) followed by the Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company with regard to the involvement of employees. An SE company is a joint-stock company at the European level with its own legislative framework that allows companies incorporated in different EEA states to merge or to form a holding company or joint subsidiary, while avoiding the legal and practical constraints arising from the existence of different national legal systems. The directive on the involvement of employees requires that such rules shall be decided upon by negotiations between employees and management before the creation of the SE. If an agreement cannot be reached, provisions contained in the directive will apply. The directive provides for worker involvement in the SE if a minimum percentage of employees from the entities combining to form the SE enjoyed worker involvement provisions beforehand. The purpose is to avoid the establishment of an SE company that removes or weakens employee involvement, stating that the best existing involvement rules should be applied. In Norway, Directive 2001/86 was implemented through an amendment to the new law on European companies (*Lov om europeiske selskaper ved gjennomføring av EØS-avtalen*) in 2005.

Directives that regulate the terms and conditions of posted workers and temporary agency work also have a significant bearing on the national labour market in Norway.

*The **posted workers** directive (96/71/EC)* applies to employees of foreign companies from an EU/EEA country temporarily stationed in another EU/EEA country.[27] The directive is in place to ensure that these workers receive a minimum level of statutory working conditions, including provisions relating to the work environment, work and rest time, paid vacation and minimum pay as well as overtime pay. In Norway, the directive has been incorporated into the act relating to matters such as working environment, working hours and employment protection, and through an administrative provision under this act (Regulations of 16 December 2005 No. 1566 Concerning posted workers.).[28] The administrative provision stipulates that a number of the act's provisions on working time, work environment and employment contracts are applicable. The same applies to the act relating to holidays and to its provisions on holiday and holiday pay. Because there is no statutory minimum wage in Norway, the regulation does not prevent posted workers being paid at the level of their country of origin even when this pay is lower than comparable wages in Norway. The exception to this rule is workers in areas covered by a collective agreement that is generally applicable.

*The EU **services directive** (2006/123/EC)* regulates the right to provide services and to establish business activities across borders. The directive requires the removal of obstacles to the free establishment of businesses and provision of services within the EU/EEA area. The directive was incorporated into the Norwegian legal framework through the Services Act (Act of 19 June 2009 no. 103 on the provision of services). The implementation of the directive did not go unnoticed in

[27] This paragraph and the paragraphs on the EU services directive and the temporary agency work directive are based on NOU 2012: 2 Utenfor og innenfor, page 443 onwards.
[28] The Labour Inspectorate: Regulations concerning posted workers: http://www.arbeidstilsynet.no/binfil/download2.php?tid=100387.

Norwegian working life, and a number of organisations called on the authorities to stop the implementation of the directive in the Norwegian legal framework by means of a veto. They feared that the directive would undermine national practices with regard to workers' protection, consumers' rights and the provision of public services. Two of the main confederations on the employer side, LO and Unio, opposed the implementation, as did two of the three parties in the present red–green coalition government.

The EU *directive on **temporary agency work** (2008/104/EC)* establishes the principle that workers hired from temporary work agencies are entitled to equal treatment with ordinary employees in the enterprise that hires them. Moreover, the countries under the directive are vested with a duty to remove restrictions on the use of hired labour, unless these may be justified as necessary to protect greater societal interests. In Norway, the directive has been implemented by means of new provisions in the act relating to the work environment and thereby establishing the principle of equal treatment in the legal framework. The new regulations came into force on 1 January 2013. This means that hired labour must be subject to equal treatment vis-à-vis ordinary workers in wage and working conditions in any enterprise using hired labour.

The government also proposes a number of measures to counteract substandard employment practices in the temporary work agency industry. A number of measures have been introduced in order to ensure compliance with the principle of equal treatment.

- A duty placed on the temporary work agency to inform their workers about the pay they will receive
- A duty on the temporary work agency to inform the hirer of their services of the wages and working conditions of their employees
- The right of access for shop stewards in the hiring company to information about the wages and working conditions of temporary agency workers
- A duty on the hiring company to make information available to the temporary work agency outlining the terms and conditions of comparable workers
- Clarification of the responsibilities of the hiring company with regard to working time
- A duty for the hiring company to consult shop stewards on the use of temporary work agencies

Similar rules have also been introduced in most collective agreements. The company making use of hired labour has joint and several liability; that is, it is responsible for the payment of wages, holiday pay and other types of remuneration in accordance with the principle of equal treatment in situations where this principle has been violated by a temporary work agency. This comes into effect from 1 July 2013.

The existing (national) rule stipulating that the hiring of labour from temporary work agencies may only be permitted in those cases where the enterprise would otherwise be entitled to use temporary employment (i.e., the regulations on direct appointments), or in companies where the collective parties have agreed to depart from this rule, has been maintained.

The new rules entail a significant change in Norwegian regulations on hired workers. Equal treatment has not previously been regulated under the law, only restrictions on when an enterprise may make

use of hired labour from a temporary work agency. The temporary work agency industry has very few organised workers, and it has only been covered to a limited degree by collective agreements. The implication of this is that wages and working conditions have generally been arranged between the individual temporary employees and their temporary work agencies.

The directive on temporary agency work was controversial in Norway, and large parts of the trade union movement opposed the implementation of the directive in Norwegian law. The reluctance was grounded particularly in concerns that the existing Norwegian rules on labour hire may be considered in violation of the EU/EEA rules on the free movement of workers. It also lent weight to the argument that the new rules may generate greater acceptance of temporary employment strategies. The employer side has welcomed the directive in principle but has expressed concern that the equality principle will make it more expensive to use labour from temporary work agencies. Employers want the opportunity to depart from the principle by means of collective agreements. The directive leaves it up to individual national governments to decide whether to allow such deviations from the main principle, but Norway has not opted for this approach.

8 Transnational co-operation[29]

In a comparative context Norwegian employees have a wide range of instruments and rights for participation at company or plant level. In addition, the so-called sociotechnical school was strong in Norway in the 1960 and 1970ies and autonomous 'work groups' was in fashion.[30] A number of research reports[31] have confirmed that Norwegian employees experience a high level of influence at work, particularly in regard to their own task, but also concerning work organisation and changes.

The largest Norwegian companies and groups have most of their investments abroad and the number of foreign subsidiaries is constantly increasing. The modern 'division of labour' has led to a situation where the Norwegian groups to an increasing extent have the majority of their employees abroad. Some 233,000 'foreigners' are employed in 2989 Norwegian-controlled companies (data from Statistics Norway). Unfortunately we do not have the number of Norwegian parent companies that these subsidiaries belong to.

The issue of 'exporting the 'Norwegian model of cooperation at plant level' has been an issue for a long time both for researchers and the trade unions. Does the Norwegian owned multinationals bring on their positive attitude towards trade union representatives and the social dialogue at company level when subsidiaries are bought or established abroad? A research report from Fafo[32] indicates that 'In the enterprises under study, the Norwegian model of industrial relations was not generally exported as a part of the way the subsidiaries were managed'[33] . The authors suggest that both

[29] Inger Marie Hagen, Fafo, has contributed with information to this section.

[30] Gustavsen, B. (2001),The Nordic Model of Work Organization. *Journal of the Knowledge Economy*. vol 2, no 4:463-480.

[31] See for instance Falkum, E., I.M. Hagen and S.C. Trygstad (2009), Bedriftsdemokratiets tilstand. Medbestemmelse, medvirkning og innflytelse i 2009. Fafo-rapport 2009:35.

[32] Løken, E., G. Falkenberg and T. Kvinge (2008), Norsk arbeidslivsmodell – ikke for eksport? Fafo-rapport 2008:32

[33] http://www.fafo.no/pub/rapp/20074/20074-EnglishAbstract.pdf

difficulties in in the institutional framework between Norway and the host economies (e.g. transferring representative participation as well as collective bargaining) and also cultural differences might hamper employees' participation. "In Estonia, employers emphasised that workers are not trained in democracy and that an invitation to participate in decisions would be perceived as management's weakness". But the authors go on; that said, we also observed that most enterprises did not employ an explicit policy to transfer the Norwegian model of industrial relations. In fact, awareness of the hallmarks of the model seemed to be fairly low. Furthermore, a slogan among the management seemed to be "When in Rome, do as the Romans do". (ibid)

These findings indicate that Norwegian trade unions cannot necessarily rely on social dialogue and the management pacing in order to collaborate with their new 'colleagues' when new companies are bought or established abroad.

What then are the possible instruments for establishing collaboration between different trade unions at plant level? How may the employees and their representatives establish contact between the different subsidiaries in different countries?

Using a Norwegian based parent company as our part of departure, five different instruments are available:

- Participating in international trade union confederations
- International framework agreements
- European Works councils
- SE-companies
- Employee representatives at board level in the parent company

The instruments differ in effect and importance. While the first two are aimed at the trade unions, number three and four are part of the framework offered by the European Union. The last instrument is found in Norwegian legislation and is part of our company laws.

Participation in international trade union confederations

Norwegian trade unions often take active part in different 'confederation activities' and often take on more positions than the size of the country would indicate. This may however, only serve as an indirect tool, giving e.g. the local trade union representatives from Norway and from the foreign (companies e.g. in Poland owned by a Norwegian parent) a chance to know some people at the international arena and thus ask for help to establish contacts.

International (or global) framework agreements

The second and more recently established tool are the international (or also often called global) framework agreements. These agreements are made between the global trade unions confederation and the multinational. IndustriALL[34], UNI[35] and BWI[36]

[34] IndustriALL Global Union represents 50 million workers in 140 countries in the mining, energy and manufacturing sectors. See: http://www.industriall-union.org/about-us

«Global Framework Agreements (GFAs) serve to protect the interests of workers across a multinational company's operations. Global Framework Agreements (GFAs) agreements are negotiated on a global level between trade unions and a multinational company. They put in place the very best standards of trade union rights, health, safety and environmental practices, and quality of work principles across a company's global operations, regardless of whether those standards exist in an individual country."[37]

IndustralALL38 has (by December 2013) made agreements with 43 different multinationals.[39] Four of these companies are Norwegian; Aker, Norsk Hydro, Norske Skog, and Statoil. UNI has 30 agreements, among these the agreement with the Norwegian Telebor. BWI has 15 agreements – only one Norwegian company (Veidekke).

All in all 6 Norwegian companies are part of an international framework agreement. All of these companies are among the largest and most important companies in Norway. However, it is also interesting to know that only in Veidekke and Norske Skog the state has no ownership[40], in all four other the state controls between 30 and 67 per cent of the shares.

Unfortunately, we have limited knowledge on how the agreements work and especially if they stimulate collaboration between trade union representatives in the different parts of the groups. The Norwegian Basic Agreements provides instruments for setting up a system for collaboration. The Agreements offer different ways of organizing this, but all ensure that the trade unions from the different companies meet both each other and the top management on a regular basis. In most groups a committee is set up and the chair of this committee serves as a 'corporate group shop steward'. We have no examples of such committees including foreign trade unionist.

In the quote above the IndustryALL states that the global framework agreements... 'put in place the very best standards' and then a number of areas are listed. Compared to Norwegian standards found in the collective agreements and in our legislation this might not be that impressive. Thus, the task of the Norwegian trade unions would be to ensure that their foreign workers enjoy the same level of participation – both as individual works and by their trade union representative. And on the other hand – a number of foreign corporations have subsidiaries in Norway and to follow the agreements

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[35] UNI covers skills and services and represents 20 mill worker. See http://www.uniglobalunion.org/about-us

[36] The Building and Woodworkers International (BWI) is the global union federation for unions covering workers in the building, building materials, wood, forestry and related areas of work. See: http://www.global-unions.org/bwi.html

[37] http://www.industriall-union.org/issues/confronting-global-capital/global-framework-agreements Read 5/12/13

[38] IndustriALL Global Union represents 50 million workers in 140 countries in the mining, energy and manufacturing sectors

[39] The companies are: Aker, AngloGold, BMW, Bosch, Brunel, Daimler, EADS, EDF, Electrolux, Endesa, Enel, Eni, Evonik, Ford, Freudenberg, GDF Suez, GEA, Indesit, In-ditex, Lafarge, Leoni, Lukoil, MAN, Mann + Hummel, Mizuno, Norsk Hydro, Norske Skog, Petrobras, Prym, PSA Peugeot Citroën, Renault, Rheinmetall, Rhodia, Röchling, Saab, SCA, Siemens, SKF, Statoil, Umicore, Vallourec, Volkswagen, ZF.

[40] The Norwegain state is the most important shareholder in Norway and controls approx.. 1/3 of Oslo Stock Exchange.

might imply that the rights of the Norwegian workers are at stake if there is no trade union present in the Norwegian companies.

European Works Councils

The Directive on European Works Councils was implemented in the Basic Agreement between LO and NHO in 1996 and then this provision were made universal by using the extension mechanisms. In the ETUI database[41] 28 EWC agreements from Norwegian based companies are found[42] .

We have no systematic knowledge on the role of the Norwegians in the EWC, but findings from other projects at Fafo indicates that the Norwegians play a prominent role and that the corporate group shop steward often take on the position as the chair of the EWC. However, stating that the EWC is not that important and that the 'ordinary' collaboration with management is far more extensive is a common comment from the group shop stewards.

Workers in subsidiaries in Norway also serve on 'foreign' EWCs, but we have not been able to find any register or research on their role.

European Companies (SE-companies)

The Regulation on European companies from 2001 with its corresponding directive on workers involvement was implemented in Norway in 2004. The SE-company is a legal company form based on EU and not national laws. In order to be set up, the company needs activities in at least two EU/EEA-countries. The directive states the rights of employees to demand arrangements for workers participation. In order to make this happen a special negotiation body between workers in the different countries[43] are set up. This body (which is set up mostly in according to national rules for electing employee representatives) will negotiate the participation arrangement with the management. The overall principle is that employee rights are not to be impaired compared to the situation in the 'incoming' national companies. In reality this implies that the majority of the worker must be based in countries with strong participation rights. A merger of a Norwegian and Danish (or Swedish or German) company would most likely end up with a system of electing employee board level representatives and most likely these representatives would be elected by the different companies in the different countries. . A merger of a small Norwegian and a large company from UK is quite another matter. However, only four SE-companies have been set up in Norway and the number of employees is very low. But, if use the SE-company form increases in Norway the participation and possible co-determination embedded in the arrangement might provide trade unions with some tools that might strengthen the contact between trade unionist in different parts of the company.

Employee board level representation

The last instrument worth mentioning is the possibility of including workers from foreign subsidiaries when the employees elect their representatives to the board of the parent group. The Norwegian legislation does not distinguish between Norwegian and 'foreign workers' and if the company and the employees (or trade unions representing 2/3 of the employees) agree on an arrangement where

[41] http://www.worker-participation.eu/European-Works-Councils/EWC-Database Read 031213
[42] http://www.ewcdb.eu/search_results_ewc.php Read 051213
[43] To establish an SE you need to be present (or established) in at least to different EU/EEA countries.

foreign subsidiaries are included in the arrangement the committee would be all likelihood confirm the arrangement.

Norway and Denmark are the only country where employees in foreign subsidiaries might be represented at the parent board.[44] The legislation was just introduced in Denmark and even if as old as the corporate arrangement itself in Norway, as far as we know (Hagen and Mulder 2013 forthcoming) only approx. 15 corporate groups has utilized the arrangement.

Solidarity, colleagues and competition

More and more workers are part of large global corporations and tools for coordination and strategy building between trade unionist in the different parts of the corporation is one of the most important challenges for the trade union federations. So far are the EWCs the most important tool in this regard. Most Norwegian corporation would establish such a committee if there are trade unions present in the Norwegian part, the directive is not controversial and there are rules to be followed. But, there is little sign of actions beyond the rules, e.g. only one Norwegian group has established a 'world' EWC even if several corporations is strong and pride trade union tradition is present in a number of non-European countries.

Obstruction of international cooperation is not only a matter of management attitude; there are some obvious difficulties for trade union reps as well. Norwegian trade unions face the issue of exporting the Norwegian 'high cost' workplaces practically all the time. Global groups are also a scene of competition between trade unions from different companies nationally as well as companies from different countries. Thus, the need for creating tool and establish arenas for collaboration and policy making on behalf of all the colleagues in the group is urgent.

9 Measures to combat social dumping

Norway has seen large-scale immigration following the EU enlargement in 2004, when a number of eastern and central European countries became members of the European Union. The EEA Treaty Agreement means that the EU rules on the free flow of labour and services apply to work carried out in Norway. In the course of the period 2004–2008, approximately 100,000 workers from the new EU countries entered the Norwegian labour market, either as ordinary workers or as posted workers. The number of people who came to work in Norway dropped in the aftermath of the international financial crisis in 2008 and 2009 but rose again from 2011.

The majority of migrant workers from the new EU countries are men, many of whom are employed in the building and construction sector, in parts of the manufacturing industry or in temporary agencies providing temporary manpower to these industries. A large proportion of these workers are on short-term stays. In the wake of increased migration came reports of substandard wages and working conditions, and actions against social dumping has therefore been on the agenda of the national authorities, the trade unions and employer organisations. The government has implemented a number of new measures aimed at limiting the number of cases where immigrant workers are subject to conditions that deviate substantially from the norm in Norwegian working life. The fight

[44] Except of course for the SE-companies, but in these two countries, this also applies to the most common company form.

against social dumping is on the agenda of tripartite co-operation between the labour market parties and the State.

Among the most important measures introduced are the following:

- The general application of collective agreements within building and construction, shipping and offshore yard industries, the green sector and in the cleaning industry
- Increased responsibility vested in primary contractor with respect to the wage and working conditions in subcontracting companies in the form of an information and supervisory obligation as well as joint and several liability
- Improved right of access of shop stewards within areas or industries subject to general application
- Strengthening of the Labour Inspectorate (*Arbeidstilsynet*) through increased funding and improved enforcement powers and sanctions
- Mandatory registration of temporary agencies
- Mandatory certification schemes within the cleaning industry
- Collective agreed pay as a requirement in relation to public procurements
- Tripartite industry programs in vulnerable industries

The general application of collective agreements

The possibility of making collective agreements generally applicable was introduced into the Norwegian legal framework in 1993. The instrument was first applied in 2004. A decision to extend an agreement is made by the government-appointed Tariff Board. A decision by the board takes the form of extending one or more provisions of a collective agreement—that is, on minimum pay or other working conditions—which then are made applicable to all Norwegian and foreign workers within a given industry (see section on Collective Bargaining). In those areas where a collective agreement has been made generally applicable, the primary contractor is vested with a duty to ensure that the conditions under the agreement are met, and shop stewards are awarded the right of access to subcontractors' wages and working conditions under the terms of a Tariff Board decision. The primary contractor also has joint and several liability for the entire subcontracting chain under the terms of a generally applicable collective agreement.

Improved inspection and control

The Labour Inspectorate has been awarded greater powers with regard to enforcing the regulations. It has also seen an extension of its budget. Moreover, it has conducted campaigns to combat social dumping. A compulsory ID card scheme has been introduced within the building sector and in the cleaning industry, a mandatory registration scheme is in place in the temporary work agency industry, and a mandatory certifications scheme has been introduced for cleaning companies. It is illegal to buy staffing or cleaning services from companies not registered or approved through these schemes. The scheme involving regional safety officers—which has been an important mechanism in the building and construction industry—has been extended to the cleaning industry and the hotel and restaurant industry. Regional safety officers enjoy a special responsibility for businesses that do not have elected in-house safety officers.

Collective agreed pay in public procurements

New regulations have also been introduced whereby public procurers are obliged to demand that collectively agreed pay levels are adhered to in connection with public procurements above the official thresholds. The regulations were controversial because the ESA—the control and monitoring body of the EEA—believed that, at least in their original form, they violated EU/EEA law. The Norwegian authorities later adjusted the legislation, and therefore the ESA have chosen not to pursue the case.

The principle of equality for temporary agency workers

New regulations on labour hire from temporary work agencies and staffing agencies were introduced in 2013. As a result of the implementation of the EU directive on temporary agency workers, the principle of equality between temporary agency workers and ordinary workers has been incorporated in the Norwegian legal framework. Although the new regulation has universal application, it will nevertheless have a significant bearing on the situation of migrant workers given that this type of labour constitutes a significant proportion of manpower employed through temporary agencies in Norway. In addition to the equality principle, the new rules include provisions on joint and several liability vested on the employer (i.e., the hirer of temporary labour), as well as a strengthening of the right of access of shop stewards. Moreover, collective agreements build on these new provisions.

Co-operation and disagreement

The social partner organisations in working life co-operate in many areas with a view to combating social dumping. In the building and construction sector, the parties early on established a collaborative forum on transparency, accountability and decency in the building industry. Tripartite industry programs, to some extent based on the experience gained in the building sector, have also been introduced in other vulnerable industries to strengthen health and safety in the work-place and to aid efforts towards decent and transparent working conditions. The cleaning industry was singled out as a pilot industry, and the program was initiated in 2011. Efforts to provide equality for foreign labour have given rise to some opposition. As such, several shipping and offshore yards filed a petition against the state in 2009, stating that an earlier decision to make a collective agreement in the industry generally applicable was in breach of existing EU regulations. The case lingered in the courts until 2013, when the state was acquitted on all counts by the Supreme Court.

Social dialogue at the European level

Norwegian labour relations are influenced both directly and indirectly by the European system of social dialogue. Some of the regulations that are binding through the EEA agreement were agreements negotiated by the parties at the European level and consequently applied in Norwegian working life. In addition, organisations are involved in the European social dialogue.

The European social dialogue can be divided into two main parts: the cross-sectoral dialogue and the sectoral dialogue. The European Works Councils have resulted in a new arena for information and consultation at the enterprise level in multinational companies.

Although some of the regulations have resulted in a slight shift from collective agreements to law provisions, meaning that workers not in organisations are covered to a greater extent, there are no

indications that this has had particular consequences for the social dialogue in Norway. The most important consequence is an extra European level within the dialogue.[45]

The cross-sectoral European social dialogue

The national confederations take part in the cross-sectoral social dialogue. The European Trade Union Confederation (ETUC) is the common actor from the trade union side. LO, YS and Unio (but not Akademikerne) are all full members of the ETUC. On the employers' side, there are two main actors: BusinessEurope, of which NHO is the sole Norwegian member, and the European Centre of Employers and Enterprises providing Public Services (CEEP), in which Spekter, KS, Virke and the Ministry of Government Administration, Reform and Church Affairs take part.

The Maastricht Treaty (1993) cleared the way for negotiated agreements between parties at the European level, primarily the confederations, and these in turn could become binding directives within the EEA. As of 2008, the parties have entered into three such agreements.[46] The European parties are also consultative bodies and take part in EU processes in several policy areas, such as macroeconomy, employment, further and supplementary training, industrial democracy, etc. Furthermore, they take part in several committees through which they influence policy development within the EU/EEA.

The social partners also have concluded autonomous agreements on telework (2002), work-related stress (2004) and harassment and violence at work (2007), as well as a framework of actions for the lifelong development of competencies and qualifications (2002) and a framework of actions on gender equality (2005). These are jointly implemented in Norway by the national parties.

The sectoral European social dialogue

The social dialogue at the industry level has a longer history and is broader and more developed. Since 1998, the commission has expressed particular interest in strengthening the sector dialogue because it is expected that it will be easier to accomplish results through this dialogue where the interests differ less than in the cross-sectoral dialogue. This dialogue takes place in 41 different industrial sectors.[47] The parties are primarily trade union federations and employers' associations.

The sector dialogue is an important tool for tackling industry-specific questions at the European level. Sectoral social dialogue committees deal with issues such as training, working time and conditions, health and safety, sustainable development and the free movement of workers. They have adopted more than 700 joint texts including joint opinions and agreements, guidelines and codes of conduct.[48] Because there is a limit of 20 representatives for each party within these committees, Norwegian trade unions and employers' associations have become more dependent on their Nordic

[45] Ødegaard, A.M. (2008), Europeiske reguleringer og partssamarbeid. Oslo: Fafo.
[46] These are Council Directive 96/34/EC of 3 June 1996 on the framework agreement on parental leave concluded by UNICE, CEEP and the ETUC, Council Directive 97/81/EC of 15 December 1997 concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and the ETUC, and Council Directive 1999/70/EC of 28 June 1999 concerning the Framework Agreement on fixed-term work concluded by ETUC, UNICE and CEEP.
[47] According to ETUC, April 2009.
[48] According to ETUC, April 2009 and EU January 2011.
http://europa.eu/legislation_summaries/other/c10134_en.htm

sister organisations as the number of EU countries has increased, and Norwegian organisations mostly have observer status.[49]

10 Social partners' joint measures – experiences and practices

The strong tradition for social dialogue in issues concerning working conditions (broadly defined), vested in laws and regulations as well as in collective agreements. The social partners emphasise the importance of social dialogue both at national, sector and company level when it comes to work environment as well as company development more generally. It is argued that the successful outcome of such co-operative measures depends on the parties being able to anchor the social dialogue at enterprise level. Developments have regularly been monitored in social research and organisation studies.

The Norwegian Working Environment Surveys are usually conducted every 3 years. The surveys are carried out among employees, but do not directly address the issue of social dialogue[50]. A survey from 2001, commissioned by LO (Torvatn and Molden 2001), included questions where employees were asked to give their opinion on the degree to which company level trade union representatives (shop stewards), safety officials and management contribute to a better working environment and safety at the work place. The survey also maps the views of employees with regard to the effectiveness of the present working environment legislation. The same survey also asked if steps had been taken to improve health and safety over the last 12 months, and if yes - the bodies that had been involved in the introduction phase as well as in the implementation of such measures (among others company level union, managing director, shop stewards, safety officials etc). In 2007, LO commissioned Fafo to conduct a follow-up survey, which measures the development after 2001. The report was released in June 2008 (Bråten et. al 2008).

Some relevant findings in the 2001 survey:

- "Who are pushing for better working environment and safety at your workplace?" Unions were mentioned by 36 percent of the respondents with regard to working environment and 38 percent with regard to safety matters; the management by 42 percent (working environment) and 44 percent (safety at the work place) while 45 percent mentioned safety officials in both questions. There is no information on whether there actually are unions present at the work place or not.
- At workplaces where such initiatives had been taken (see above), shop stewards were mentioned by 21 percent/24 percent of the respondents (initiative/implantation). Safety officials were listed as active by 39/43 percent of the respondents, whereas the managing director was mentioned by 48/60 percent.

[49] Dølvik, J.E. and Ødegård, A.M. (2004), Ti år med EØS-avtalen: konsekvenser for norsk arbeidsliv og fagbevegelse, Oslo: Fafo.
[50] Link to report in English from the 2006 survey: http://www.eurofound.europa.eu/ewco/surveyreports/NO0711019D/NO0711019D.pdf

This indicates that safety officials are the most active employee representatives in such matters, but do also show that shop stewards will be involved in a number of cases.

Some relevant findings in the 2007 survey (source: Bråten et. al 2008):

- Large enterprises have more HES-resources than small enterprises (according to the Working Environment Act requirements are stricter for large enterprises).
- In 2007 a larger proportion of employees reported that the enterprise was conducting systematic HES-activities, compared to 2001. Still, a relatively large proportion answered that they did not know.
- In 2001 42 percent of the employees reported that they had been provided with training relating to HES-activities, the corresponding figure in the 2007-study was 52 percent.
- The respondents reported that management, safety deputies, and union representatives played a positive role in order to improve conditions relating to HES.
- Developments in physical/chemical and ergonomic working environment conditions have been positive. There has been a significant reduction in the proportion of employees who lift heavy objects for most of the day. Fewer are also exposed to excessive noise and noisy surroundings in their workplace now than previously. There is, however, an increase in the number of employees who are exposed to repetitive and monotonous movements.
- Most perceive the psycho-social working environment as positive. In 2007 as many as three of four employees respond that their workplace is characterised by comradeship, that their colleagues support them, and that the atmosphere for raising problems is open and trusting, and there is also an understanding of the fact that anybody can have a bad day from time to time. With regard to the assessments of these aspects of the working environment there are no differences between women and men, between persons with educations of varying duration, or between different industries, These assessments of the social working environment have changed little in the period from the 2001 survey to 2007.
- A number of employees still experience stress in relation to various aspects of their work, but only minor changes can be observed in the period from 2001 to 2007 with regard to the conditions that most employees find stressful. The issues that most perceive as stressful include workloads, time constraints and stress connected to fear of making mistakes. Even though the 2007 HES survey in general leaves the impression that Norwegian employees on the whole enjoy favourable working conditions, and that that improvements have taken place in several fields when compared to the situation in 2001, there are still observations that support the notion that many perceives their working day as though.

In the Norwegian Work Place Relations Survey (ABU 2003) interviews have been conducted among managing directors or HR-directors in 2350 private and public sector companies with more than 10 employees. Also here a few issues with relevance to social dialogue and working conditions are addressed. One question concerned the extent to which the union and the employer/enterprise had entered into negotiations on working time arrangements, training as well as more traditional issues

such as pay, productivity and pensions. Another question concerned the existence of co-operative/consultative bodies such as a contact committee in the company, and the extent to which these had dealt with the sickness absence level, reorganisations, competence issues etc over the last 2 years.

Relevant findings:

- *Issues dealt with in co-operative/consultative bodies: A little less than 50 percent of the private sector companies had discussed issues connected to sickness absence in such bodies over the last 2 years. Around 40 percent of the companies had discussed issues related to competence needs and re-organisations (all companies, including those without this kind of bodies). 60 percent of companies with more than 10 employees had some kind of co-operative/consultative body – the implication is that 60-70 percent of the relevant companies (i.e. companies with this kind of bodies) had discussed issues such as sick leave, competence and reorganisations.*

- *Issues dealt with in firm level negotiations: Putting such issues on the bargaining agenda means a stronger role for the unions. Among companies with a union presence (79 percent), 36 percent had entered into negotiations on training, 45 percent had negotiated working time issues, 32 percent on reorganisations and 30 percent on downsizing.*

Studies based on this survey also include trade union presence/union density as an (possible) explanatory factor in the analysis of the probability of companies introducing measures to improve employability, measures to ease the situation for sick employees, training etc.

The tradition for company level (as well as sector/central level) social dialogue means that the role of unions, shop stewards and co-operative/consultative bodies often are often addressed in surveys. A range of studies have been conducted by different social research institutes.The Norwegian qualitative research tradition on "social dialogue" is to a large degree based on active participation in processes at firm level (either as facilitators/advisors or by developing organisational instruments). In the mid-60s a program called “Samarbeidsforsøkene” ("**The cooperative efforts**") was initiated by the social partners. Researchers were invited to cooperate in the initiation of enterprise development. The projects included organisational development, particularly the development of theory around participative work design structures, the humanization of work, including the application of Socio-Technical Systems principles and techniques. The following issues were focused upon; the need for enrichment of job content, the need for learning new tasks, the need for decision making, the need for respect (at least interpersonal support and respect to a certain extent), the need for meaningful work, and the need for seeing the job as compatible with wanted future (Emery, Thorsrud, Trist). The research initiatives from the mid-60s and onwards were instrumental in bringing about the new Work Environment Act (1977), the introduction of the employee representation on company boards (Limited Liability Companies Act 1976) and the inclusion of provisions on social dialogue on enterprise development into the private sector Basic Agreement. From 2002 this set of common initiatives, (i) help to reduce sick-leave, (ii) improve work environment training, (iii) strengthen equal rights and (iv) enterprise development was integrated into the same organisation.

Social partners' joint action programs

The social partners' agreement on joint action programs (Hovedorganisasjonenes Fellestiltak - HF) has been the foundation of research programs to support organisational development at enterprise level (BU2000 from 1994, VS 2010 from 2000 and VRI from 2007). These programs have been co-financed by the Norwegian Research Council, relevant Ministries and the social partners. A number of projects and activities have been initiated under the HF-umbrella. The HF (Hovedorganisasjonenes Fellestiltak) exists of a number of co-operative measures between the Norwegian Confederation of Trade Unions (Landsorganisasjonen i Norge, LO) and The Confederation of Norwegian Enterprise (Næringslivets Hovedorganisasjon, NHO), formulated in chapter XVIII in the LO-NHO Basic agreement 2007-2009[51]. These measures include branch-programs, regionally based programs, as well as projects that only cover a single company. The projects are financed partly through funds allocated by the social partners, partly by the participating companies themselves. The projects cover several issues, such as working conditions, sickness absence rates, and work organisation and skill development. Moreover, LO/NHOs bipartite activities within the Inclusive working life agreement (see below), as well as some other co-operative activities, are also organised under the HF-umbrella. The social partners initiate projects together, and the activities are based on social dialogue/co-operation approaches both at central level, sector level/regional level (where relevant) and at company level. The program covers the LO/NHO agreement area (the funds come from the LO-NHO collective agreements), and trade unions and employer organisations within the LO-NHO agreement area (involving substantial parts of the private sector). Project groups etc. will always involve both employer representatives and trade union representatives, and the program is administered by a full-time representative from LO and NHO. Branch- and sector level projects will normally involve a number of participating companies (partly entailing activity within each company, partly common seminars etc). These types of activities have long traditions in Norwegian Working Life (especially within the LO-NHO area), and are seen by the social partners as an important instrument to develop the social dialogue as well as contributing to enterprise development and improvements. The importance of involving company level employers and union representatives, as well as the employees, is being stressed. Projects are financed partly by the participating companies, and partly through funds that the social partners (LO and NHO) have at their disposal.

Some examples of HF-projects:

- *A larger producer of meat with 30 sites all over Norway undertook a company wide project in the period 2002-2005. The focus of the project was to improve the work carried out in relation to work environment and safety (HMS). By the end of the project period sickness absence was down from 12,5 to 9,0 percent and new HMS-networks were established. The social partners in the company concluded that the program had triggered a common awareness of the work carried out in relation to work environment and safety, and of the importance of work environment to the companies' added value and results. The program had generated increased openness not only on matters dealt with in a proper way, but also on matters not considered to be under control. The program had strengthened employees' ties with the company, and their wish to do a better job.*

[51] Link to English version of the Basic Agreement: http://www.nho.no/files/BasicAgreem06-09.pdf

- *In another project initiated by social partners in the hotel- and restaurant sector, the main idea was to improve cooperation between the company level social partners through joint work on development projects in five enterprises. The project improved the climate for cooperation and several new ideas regarding improved work organisation and work environment was implemented.*

- *A project in the bus transport sector ("Friskbuss") where a number of private and public bus companies participated, was aiming at better ways of organising working time (shift work arrangements), and also how to improve organisational aspects of the work environment (lack of information, stress etc). It was introduced against the backdrop of increasing health problems among bus drivers (high sickness absence rates, large numbers on disability pensions etc). Special attention was given to the development of better and less stressful working time arrangements, as well as how to reduce stress by improving the communication and interaction between bus drivers and their first-line managers.*

In all these projects (and others) an important principle has been that projects should be initiated and run by the social partners in cooperation, and that social dialogue is an important factor in achieving results.

Projects on work organisation

Improvements in work organisation were a central topic when planning for the research program BU2000. The program addressed the need for co-operative efforts and the need for systematic work on development issues. One of the modules had a strong focus on methods based on cooperation, procedures and working methods in the enterprises, opening for addressing work environment as an integrated part of the enterprise development activities. The enterprises established forums where both development and work environment could be discussed, in particular §12 of the Work Environment Act (the paragraph addressing psychosocial and organisational work environment (now §4.2 and 4.3 in the revised Working Environment Act (AML). Based on the experiences drawn from BU2000, however, the emphasis on common tools and working methods was not sufficient to achieve a united effort improving work environment and enterprise development. The projects have shown that an important premise for success is the involvement of the right participants in the project. In relation to the organisational work environment a strong involvement of employee representatives is necessary for success. The BU2000 experiences also show that involvement of work environment supervisors and consultants is an important prerequisite.

The experiences from BU2000 and VS2010 illustrate how the Basic Agreement(s) between the social partners has served as a provider of premises for research and development in the enterprises, with the research institutions acquiring a role as change agents. BU2000 is also an example of how the commitment vested in the development work at company level combined with research program, has provided an environment for joint initiatives improving enterprise development and work environment.

In the 2006-2008 State sector collective agreement (Hovedtariffavtalen i Staten), the parties agreed to earmark ten million NOK for joint training and development measures. Employer representatives and trade union representatives/shop stewards will be trained in what is labeled "co-operative

competence". The parties (*The Ministry of Government Administration and Reform* and the four main state employee confederations) jointly developed the measures. In 2007 conferences on the issue were arranged in different parts of the country. An implication of the many reorganisations that have taken place (and that will continue to take place) in the public sector, is that it is important to focus on the local parties, and their understanding of the importance improving co-operative relations. The measures aim at improving both public services and employees' work environment.

The Solidarity altenative

An example of the close co-operation between the three parties at the central level is the so-called *'Solidarity Alternative'* from the first part of the 1990s. The economic boom of the 1980s suffered a hard landing; Norwegian companies' competitiveness was weakened, and unemployment increased. To overcome this crisis, the state and social partners agreed to pursue a Solidarity Alternative, whereby centralised income policies should aim at lowering unit costs by 10% compared with trading partners, and at the same time reduce unemployment and secure growth in real wages of at least 0.5% a year. As part of the agreement, the trade unions obtained the safeguarding of key welfare rights, such as the sick pay scheme, and the introduction and expansion of a generous early retirement scheme.

This Solidarity Alternative demonstrated broad political consensus and the commitment of the social partners to continued concertation. From time to time, employers have declared a goal of more flexibility for companies and labour deregulation but have sacrificed this for the aim of regaining control over wage determination and avoiding inflation and strong wage growth. Employers and the government were attracted by the unions' capacity to deliver wage restraint, while LO obtained ambitious employment and labour market policies together with a guarantee to maintain major welfare schemes. The main partners largely kept to their commitments, and employment objectives were fulfilled, facilitated by economic growth rates beyond what had been expected.[52] A central feature of this turnaround was the use of trade union influence to secure a pattern of distribution and a policy that enhanced legitimacy and popular consent. In this way, the trade unions in particular have influenced the broad parameters of state policy within an institutionalised social compromise.

Although the Solidarity Alternative evaporated under a new economic upswing in the late 1990s, new rounds of co-operation on income policy were initiated under subsequent governments of different colours.

By the end of the 1990s, the Norwegian economy was once again faced with significant challenges, and subsequent government appointed committees were set up to deliberate on strategies to improve employment, economic growth and wage formation. Such committees were also set up in 2002 and 2012. The main purpose of these committees has been to discuss and to deliberate upon the Norwegian model of wage formation in the face of increasing international competition and new monetary and fiscal policies. The latest committee—the so-called Holden 3 committee—will examine, among other issues, wage formation in a situation where the national wage growth rate has been considerably higher than among Norway's main trading partners.

[52] Dølvik, J. E. and T. A. Stokke (1998), Norway: The Revival of Centralized Concertation. In Ferner, A. & R. Hyman, eds, Changing Industrial Relations in Europe. Oxford: Basil Blackwell.

The activities of these committees—in which an increasing number of union confederations and employers' associations have been included over past 10–15 years—have contributed to a shared acknowledgement of the main principles of wage formation in Norway. At the same time, the nature of this type of tripartite committees—with broad representation from the labour market parties—has allowed continuous adjustments to the way in which the wage formation model translates into the annual wage negotiations. Today, for example, the outcome of pay negotiations in the exposed industries in the private sector is not just calculated on the basis of wage increases among blue-collar workers alone, but those among white-collar workers are now also part of the equation.

Generally, there have been only limited changes to the present bargaining system, in spite of modifications to the way in which co-ordinated wage setting takes place as well as changes in macro-economic policies over recent years. In fact, bargaining co-ordination has been strengthened, sometimes even across confederations. Parallel to these developments, the local bargaining level in the Norwegian two-tier bargaining system has been maintained, and in many ways strengthened because increasing numbers of industries and sectors now conduct local or enterprise-level negotiations.

Co-operation Agreement on a More Inclusive Working Life.

In response to high inflow rates from medical leave and disability benefits during the 1990s, the Norwegian government decided on the unusual route, at least from an international perspective, of shifting parts of the responsibility for solving these issues onto social partners. To reduce the outflow from the labour market into health-related benefits and early retirement schemes, a tripartite agreement was signed for the period 2001–2005 between the government and the social partners to co-operate on strengthening active measures at the work-place—*the Inclusive Workplace Agreement.*[53] Revised versions of the agreements have been signed, the most recent for the period 2010–2013. The main idea behind this initiative is that the work-place is the principal arena where progress could and should be made.

The main goals of the IA Agreement are:

- to prevent and reduce absence due to illness,
- to facilitate return to work, and
- to improve the working environment, as well as prevention of expulsion and withdrawal from working life.
- The three national sub-goals of the IA Agreement are.
- a 20% reduction in sick leave compared with the second quarter of 2001,
- an increase in employment of people with reduced functional ability, and
- a six-month extension of active employment after the age of 50.

A special agreement of co-operation was drawn up between individual enterprises and the authorities; that is, the National Insurance Service (today part of the Norwegian Labour and Welfare Organisation). Enterprises signing the agreement committed themselves to working systematically for the reduction of absence due to illness. In return, the authorities provided these enterprises with

[53] An English translation of this can be found at: http://www.nav.no/English/Publications.

both administrative and financial support for their efforts to bring employees on prolonged sick leave or disability benefits back to work.

At the end of the first agreement period, it was clear that the objectives were far from attainment, although studies suggested that the climate for constructive co-operation related to risks of exclusion had improved in IW enterprises and that the level of absenteeism due to illness had been reduced considerably. One limitation was that the work tended to be orientated towards the employees already in the enterprise and that little had been done to recruit people with impaired functional capacity or older workers, which was also a part of the commitment undertaken when registering as an IW enterprise.[54] However, because the IW concept had gained considerable support in Norwegian work-places and among the social partners, the government and the social partners agreed to enter into a renewed IW agreement for a further period (2006–2009 and 2010–2013).

Agreement and programs on Inclusive Working Life

The Inclusive Working Life Agreement (IW) was established in 2001.[55] It is a tripartite agreement between the Government and the social partners. The agreement was prolonged in 2005 for the period 2006-2009. The main objectives of the agreement are:

- to reduce sickness absence with at least 20 percent
- increase recruitment to working life of persons who do not have established employment (ensuring the recruitment of people with impaired functioning capacity and other vulnerable groups to the labour market).
- increase actual retirement age

The background for the IW-agreement was the high level of sickness absence and the growing tendency for more employees to leave the labour market and end up on prolonged social security benefits. It has been noted that an aging workforce and exclusion of vulnerable groups from the labour market draw attention to the flip-side of the high demands for productivity and performance in the high-wage Nordic economies: “Comparatively high shares of the Nordic labour forces are out of work because of sick leave, rehabilitation, disability pension, and, especially among ethnic minority groups, because they never managed to get a foot inside the labour market” (Dølvik 2007).

The tripartite IW-initiative to enhance a more inclusive working life involves, among other measures, efforts to establish local IW-agreements promoting HES-activities in companies. From this initiative, several research projects have emerged. Over the last years Norwegian (social science) research programs have to a large degree been directed at issues related to questions on how to improve the mechanisms of inclusion in working life. Main focus of the IW-program is on the local work place. Businesses can link up with the IW-agreement, ensuring rights and assistance from governmental authorities. It has been estimated that in 2006 more than six out of ten employees worked in a business covered by the IW-agreement. Such IW-businesses are linked to a contact person at The

[54] An assessment by the OECD (2005), The Inclusive Workplace Agreement: Past Effects and Future Directions. An interim OECD assessment can be found at: http://www.oecd.org/dataoecd/4/12/36892986.pdf.
[55] Link to presentation of the original IW-agreement in English: http://www.regjeringen.no/en/dep/aid/Topics/welfare-policy/inclusive-working-life.html?id=947

Norwegian Labour and Welfare Service (NAV), and may receive assistance on measures to achieve a more inclusive workplace and better follow-up of employees on sick leave. The following general principles apply:

- Earlier intervention and qualitatively better follow-up of employees on sick leave in order to prevent prolonged absence and 'exclusion'.
- The measures must be rooted in the individual workplace and responsibility for them must lie with the employer and employee.
- Greater emphasis on functional capacity.
- Active dialogue between employer and employee.
- More goal-oriented use of government aid schemes in support of preventive and inclusive measures in the workplace.

11 Training schemes for trade unionists

In Norway, the *Educational Association AOF Norge* (AOF)[56] plays a major role in the training of trade unionists, in addition to the training given by the union themselves. AOF was established in 1931, as the labour movement's educational association – and has since had the main responsibility for the training of shop stewards and trade union leaders within the LO federations.[57] AOF is member International Federation of Workers' Education Associations (www.ifwea.org). Basic training is organised by the different union federations (who are members of AOF), while AOF assists with development of training materials, technical arrangements, registration of participants etc.

The larger unions' training schemes are often more encompassing than those of the smaller unions, and many unions want to do basic training themselves, as a part of their 'branding'. AOF has a training programme called MoTo (Member- and shopsteward training), that is organised regionally by local AOF staff. It consists of 40-40 course modules, including topics as "Laws and agreements", "History of the labour movement", accounting, bargaining etc. However AOF's MoTo program has not been a great success and the central level of AOF has recently developed a new concept consisting of three main modules to replace it. The new program takes the shop stewards' need to communicate with their employer, their own work organisation and the society as such as the point of departure.

Fellesforbundet's (the largest private sector federation) basic training for shop stewards can serve as an example for a typical scheme:

The training consists of 13 short modules, each lasting between 2-8 hours. The participants can choose the modules they find most relevant.

- New in the union: Information on the federation, the local union, members' rights and duties

[56] Thanks to Arthur Danielsen, AOF, for providing background information for this section.
[57] Danielsen, Arthur (2008), Kultur i bevegelse. In: Arbeiderhistorie 2008. Oslo: Arbeiderbevegelsens arkiv og bibliotek.

- The shop stewards and training/study: Information on rules and rights related to training and education.
- The shop steward in the local union: Information on the local union, tasks, organisation, management.
- Bargaining: Basic elements and principles in collective bargaining at local level
- New shop stewards: Information on basic elements of the collective agreement, and how to utilise it as a tool to improve wage- and working conditions.
- The shop steward, the labour movement and the society: Historical background of the trade union movement.
- The shop stewards tools – the collective agreement: The basic features of the agreement, understanding of agreements and how it works.
- Young members: How to increase the youth's influence and how to engage the youth.
- The shop stewards tools – The Basic Agreement: Information on main features of the Basic Agreement and how to use it.
- The shop steward and meeting meetings: Training in managing meetings and routines related to speaking time, proposals, voting rules, how to make minutes and protocols.
- The shop steward and secretarial duties: How to assist members, write protocols, write letters, archive routines etc.
- The shop steward as a leader: Introduction to tasks and responsibilities.

When it comes to more advanced training, a course labelled "the LO school" (LO-skolen) was established as early as in 1939, and has existed since then, however in different forms and formats. The program now consists of five modules that last for 2 weeks each, and the participants have to choose four of these modules to complete the course. The modules include labour law, business economics, organisation and management studies, pedagogics and various international topics. Further studies and modules are available, including:

- Labour law (university level)
- Various organisational topics
- Environmental topics
- History/ideology/society (political and cultural history, equality, history of work)
- International topics (European issues, study trips to Brussels and Luxembourg, perspectives on the Middle East, English language training, a course for Nordic trade unionists that is organised every year in Geneva in conjunction with the ILO conference, and other international subjects)

In 2013, more than 21 000 persons completed training for trade unionists, including the unions' basic training and the MoTo-programme. In addition, close to 300 persons completed some forms of advanced training for leading trade unionists.