



# Trade Unions in Norway

## Coordinated Wage Bargaining and Workplace Level Co-determination

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- The Norwegian unionization rate (52 per cent) is lower than in the neighbouring Nordic countries. Although the unionization rate has remained relatively stable, key challenges arose in parts of the private sector and as a consequence of large-scale labour immigration in recent years.
- Approximately two-thirds of all employees are covered by a collective agreement. Opening clauses are not being used, and there is no tendency towards a shift from multi-employer to single-employer bargaining.
- Labour immigration has spurred the Act on General Application of Collective Agreements to be brought into use as from the year 2004, thereby introducing a principle for wage formation that has previously been absent from Norwegian industrial relations. Today, selected minimum terms of collective agreements are generally applied in the construction industry, in shipbuilding, in agriculture and in the cleaning industry.
- Lately, the use of sub-contractors and of temporary employment agencies as well as of cheaper labour from abroad has become more widespread, resulting in problems both of unionization and application of collective agreements. Still, the introduction of a statutory minimum wage has so far not been on the agenda of the trade unions and is not likely to be in the foreseeable future.



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## Summary

Norwegian trade unions conform to a Nordic model of collective industrial relations, with long traditions of central-level bargaining and with a firmly established practice of bipartite and tripartite cooperation. At the same time, the local unions and their representatives at the workplace level play a key role in wage formation and exercise of the right to co-determination at company level. The absence of the so-called Ghent model is a major explanation of why the Norwegian unionization rate (52 per cent) is lower than in the neighbouring Nordic countries. The unionization rate has remained relatively stable over time, although with major shifts between the main labour confederations. Key challenges for the trade unions include a low unionization rate in parts of the private sector, problems related to large-scale labour migration in recent years and the pressure to maintain the strength of the unions in the face of changes in working life.

### Organizational Structure

- Norway has approximately 90 national unions and four main confederations. More than 90 per cent of the unionized workers are affiliated with one of those main confederations.
- The Norwegian Confederation of Trade Unions (LO) is the oldest and largest of the main confederations, and has a strong position in both the private and the public sector. In combination with the tradition for internal coordination and a centralized organisational structure this has helped LO remain the dominant confederation for labour.
- Over time, the LO unions have lost membership relative to other trade unions, especially to those that unionize employees with higher levels of education/professionals.
- The organizational structure can be described as centralized and hierarchic. National unions and confederations have their counterparts in a corresponding organizational structure on the employers' side.
- The local unions at the enterprise level play a key role in Norwegian industrial relations. The framework for local industrial relations is determined by central-

level agreements, but industrial relations themselves are mainly exercised without any involvement of the central-level partners.

### Membership Figures and Unionization Rates

- The unionization rate amounts to 52 per cent and has remained fairly stable during the last decade after a certain decline during the period 1990–2005.
- Unionization rates vary strongly between industries and sectors. Approximately 80 per cent of all employees in the public sector are unionized. In private manufacturing industries this proportion amounts to 50 per cent, while only one-third of all employees in private service industries are members of a trade union.

### The Bargaining System

- Norwegian wage bargaining rounds are dominated by the so-called trendsetting industries model: thus, wage growth in industries that compete in the international market establish a norm for the remaining parts of the labour market. The model presupposes a strong degree of coordination of wage formation, and is supported by a tradition for incomes policy and tripartite cooperation.
- Bargaining takes place at central as well as local levels. Bargaining at the enterprise level takes place after the conclusion of central-level bargaining and under an obligation to refrain from industrial action (peace duty).
- Only a very limited number of industrial conflicts occur each year, although a conflict may entail many work-days lost.
- Opening clauses are not being used, and there is no tendency towards a shift from multi-employer to single-employer bargaining.

### Collective Agreements

- National collective agreements predominate. The central-level organizations are invariably part of the agreements and industrial relations are regulated by

basic agreements. Enterprise-level agreements cannot violate the principles laid down at the central level.

- Collective agreements are valid for a period of two years, and wage rates are renegotiated in the second year.
- Approximately half of all private-sector employees – and two-thirds of all employees - are covered by a collective agreement.
- General application of collective agreements can only be used in situations where foreign employees have less favourable wages and labour conditions than what is common in the industry in question, and includes only minimum provisions of the collective agreements.

#### Tripartite Cooperation and Income Policy

- Norway has a long tradition of income policies: The social partners are invited to participate in permanent and ad-hoc councils and committees in various policy areas and the government might contribute to the wage settlements, for instance through social reforms.
- The tradition of tripartite cooperation has been maintained by various governments, although with differing emphasis. This applies also to the Conservative government that came to power in the autumn of 2013.

#### Increasing Labour Immigration

- Norway has been the destination for large-scale labour migration from EU countries in Eastern and Central Europe. This has put the labour-market institutions to the test and provided additional challenges to local trade union representatives.
- A number of measures have been adopted to counteract social dumping and ensure that foreign workers enjoy wages and labour conditions that are in accordance with Norwegian legislation and collective agreements. Besides the use of general application of collective agreements, mostly on demand from the trade union side.
- The unionization rate is low among the labour immigrants. This applies especially to workers on short-term contracts and workers in foreign enterprises/enterprises that recruit foreign labour in particular.

## 1. Trade Unions in Norway

### 1.1 Historical Background

The first Norwegian trade unions were formed in the second half of the 19<sup>th</sup> century and organized workers in various industries and crafts. They quickly assembled into national unions, and the Norwegian Confederation of Trade Unions (LO) was founded in 1889. Gradually the industry model became the fundamental organizational principle for LO. Thus, with few exceptions, skilled and unskilled workers at the same workplace and in the same industry are organized in the same union. However, in the private sector this principle is breached, since there are separate unions for white-collar workers in the manufacturing industry, technicians and foremen (Stokke et al. 2013; Løken et al. 2013).

There are also a number of trade unions outside LO. The oldest of these organized professionals such as teachers, doctors, nurses and others. In the 1970s, many of these coalesced into separate confederations. Today, there are four main confederations in Norwegian working life, and more than 90 per cent of all unionized workers are members of a confederated union.

In contrast to the other Nordic countries, the Norwegian confederations have not divided the labour market between them. LO has the ambition to recruit blue-collar as well as white-collar workers and other employees with higher education. At the same time, there are numerous unions outside of LO that organize traditional LO groups, for example in the oil and transport sectors. As a result, competition between the various unions is stronger in Norway than elsewhere in the Nordic region.

LO remains the predominant labour confederation, but it has lost membership relative to non LO unions – chiefly to professional unions for groups with higher education. As of 2014, LO organizes approximately half of all unionized workers. In 1975, the corresponding proportion amounted to 75 per cent.

Norwegian trade unions are funded by membership fees. Members can deduct part of the fee from their income for taxation purposes. The confederations depend on fees from the affiliated trade unions.

### 1.2 Unionization Rates – Status and Development Over Time

The unionization rate among Norwegian employees amounts to a little more than 50 per cent. In contrast to the other Nordic countries, unemployment benefit in Norway is a matter for the state. Thus, Norway has no unemployment insurance schemes (a-kasser) operated by the trade unions such as in Sweden, Denmark and Finland (the Ghent principle). This is pointed out as the chief explanation of why unionization rates are lower in Norway than in the other Nordic countries, at 52 per cent as opposed to approximately 70 per cent elsewhere in the Nordic region. The Norwegian unionization rate is still the highest among European countries that have no unemployment insurance schemes, thus reflecting a Nordic model of strong trade unions. The unionization rate has remained between 50 and 60 per cent throughout the period from 1950 until today, and has thus remained stable when compared to many other countries. The unionization rate reached a peak in the early 1990s (57 per cent).

Altogether 80 per cent of all public-sector employees are unionized, while the corresponding rate in the private sector amounts to barely 40 per cent (2013), with approximately 50 per cent in manufacturing and 33 per cent in private service industries (Table 1). The lowest rates are found in retail trade and hotels/catering, with approximately 20 per cent unionized workers. The unionization rate is lowest in small enterprises, and young workers and employees with a loose affiliation to their workplace are least likely to be unionized.

### 1.3 Today's Organizations

The vast majority of unionized workers are members of a national union, and in later years a concentration has taken place through mergers. As of 2014, there are somewhat less than 90 national unions in Norway, compared to approximately 115 in 1990. The process of mergers in the Norwegian labour movement has thus been gradual, and has chiefly been driven by unions merging to establish larger and stronger organizations or by declining membership base due to structural changes in the labour market. Today, two-thirds of all unionized workers are members of unions that are large in the Norwegian context, i.e. with more than 50 000 members.

Table 1: Proportion of Unionized Workers by Sector (2013, in per cent)

<b>Private Sector</b>	<b>38</b>
Private Manufacturing	49
Private Service Industries	34
<b>Public Sector</b>	<b>81</b>
Municipal Sector	78
Government Sector (including the health enterprises)	85

Source: Fafo/Labour Force Survey 4<sup>th</sup> Quarter 2013.

The majority of the unionized workers are affiliated with a confederation. Today there are four labour confederations in the Norwegian labour market: the Norwegian Confederation of Trade Unions, LO (founded in 1899), the Confederation of Vocational Unions, YS (1977), the Federation of Norwegian Professional Associations, Akademikerne (1997) and Unio (2001). There is a considerable variation in the amount of power and resources that are concentrated at the confederate level. While LO has a tradition for coordinating its member unions and acting as a single entity, the unions in the other confederations have delegated less power to the confederate level. This is reflected in the role of the confederations in bargaining as well as in the organizations' other activities.

#### Norwegian Confederation of Trade Unions – LO

LO is by far the largest of the confederations, representing nearly half of all unionized workers. As of 2013, LO's unions have nearly 900 000 members, whereof approximately 630 000 are employed workers. LO has 24 member unions (22 as of 2013) and has a strong presence in the private as well as the public sector.<sup>1</sup> Approximately half of all members of the LO unions are women.

The member unions vary in size, from more than 300 000 members to unions with a membership base of well under 1 000. The Norwegian Union of Municipal and General Employees, Fagforbundet, is Norway's

largest trade union and has the bulk of its members in the municipal sector. LO's second largest member union is Fellesforbundet, which was established in 1986 and currently includes seven previous LO unions in the manufacturing, construction and service industries. Fellesforbundet's unions include the metalworking industry, which is an important industry for the Norwegian economy. Another large union in the manufacturing industry is IndustriEnergi, which organizes workers in the oil and gas sector. Further LO unions include the Norwegian Civil Service Union (NTL), whose members are mainly found in the governmental sector, and the Norwegian Union of Commercial and Office Employees (HK), which is the union for employees in retail trade and white-collar workers in the manufacturing industry.

LO wields considerable power at the confederate level. For example, the confederation is party to all collective agreements signed by its member unions, it participates in bargaining, and establishment of new collective agreements must be approved by LO. The LO Executive Committee (Sekretariatet), which convenes on a weekly basis, coordinates the unions' policies in key areas. Here all unions are represented with their presidents, although only permanent members have the right to vote.

Traditionally, LO has maintained a close relationship to the Norwegian Labour Party. Even though the relationship between these two parts of the labour movement is not as close as previously, representatives of the two organizations meet at regular intervals in the so-called cooperation committee, and high-ranking trade unionists are members of the Labour Party's governing bodies. This close cooperation with a single political party is controversial, however, and is often used as an argument by competing non-LO unions in their recruitment efforts.

#### Other Confederations

The *Confederation of Vocational Unions (YS)* is the second oldest of the main confederations, with a total of 19 member unions and 223 000 members (2013). The YS unions organize workers in many of the same industries as LO, and are often competing for the same workers. Through its Finance Sector Union, YS has a

1. Two trade unions within air traffic joined LO in 2014. These are Norsk Kabinforening (cabin crew) and Norwegian Airline Pilots Association.



Table 2: Main Confederations and Independent Unions in Norway as of 31 December 2013

	Member unions	Total membership	Employed members	Proportion of women
<b>Norwegian Confederation of Trade Unions – LO</b>	22	897740	627000	52 %
<b>Confederation of Vocational Unions – YS</b>	19	221578	157098	56 %
<b>Akademikerne</b>	13	177948	129689	42 %
<b>Unio</b>	12	322058	241224	75 %
<b>Independent unions</b>		125658	99000	

Source: Statistics Norway, member figures from the relevant confederations and estimates by Fafo.

dominant position within the banking and insurance sector. When compared to LO, white-collar workers account for a larger proportion of the membership in the YS unions.

*Akademikerne* includes unions for lawyers, doctors, dentists, veterinary surgeons, chartered engineers and economists, i.e. occupational groups with higher education. In addition, some of the unions organize members in the liberal professions and self-employed persons. A number of these unions also place major emphasis on providing professionally related services to their members, for example in the form of training courses and insurance schemes.

The youngest of the main confederations is *Unio*, which is also the second largest trade union confederation in Norwegian working life. Its 12 member unions mainly represent professions in the public sector, including teachers and pre-school teachers (Union of Education Norway), nurses (Norwegian Nurses Association), employees in universities and research institutions (the Norwegian Association of Researchers) and police officers (Politiets Fellesforbund). The great majority of *Unio*'s members are women.

The largest *independent* union is NITO, a trade union for engineers. Other large unions outside of the main confederation include Lederne (Norwegian Association of Managers and Executives) and the unions for journalists (Norwegian Union of Journalists) and merchant-navy officers (The Norwegian Maritime Officers' Association).

## 2. The Trade Unions and their Core Tasks

### 2.1 Collective Bargaining

#### The bargaining system

In Norwegian working life, collective bargaining mainly takes place at the industry or sector level. The collective agreement structure is dominated by nation-wide industry based agreements with duration of two years. In the traditional private sector approximately 370–380 collective agreements are in force. Moreover, a number of agreements are signed by a national union and a single employer (usually a »carbon-copy« of the relevant industry agreement), and there are agreements for the public sector as well as other areas with a similar structure of agreements as the public sector, for example private health and care institutions.

In the private sector there tend to be separate agreements for blue and white-collar workers, while in the public sector the agreements will apply to all occupational groups. In years when the two-year long agreements are renegotiated, (such as 2010, 2012 and 2014) the entire text of the agreement is open to negotiation. In addition, wage rates are subject to bargaining in the second year of the agreement period (intermediate wage settlements, 2009, 2011, 2013). Central level bargaining is undertaken by single unions or confederations at sector level (multi-employer bargaining). In large parts of the labour market there is also additional bargaining at the enterprise level over wages and other conditions.



In the public sector, the labour organizations invariably negotiate through bargaining cartels with a basis in the four main confederations. These enter into separate but identical agreements with the employers in the state and municipal sector. In some cases, the trade union side will coordinate their claims and strategy, in other cases they will submit varying demands and ensure coordination in the course of the bargaining round.

In the private sector, collective bargaining can take the form of negotiations over each agreement separately (union-wide) or over all agreements between one confederation and its corresponding employers' association (cross-sector renegotiations). The type of settlement is decided by LO. In recent years, most of the main wage settlements in the private sector have been undertaken union-wide. In intermediate wage settlements, bargaining is always centralized at cross-industry level, meaning that LO and YS are responsible for bargaining over the collective agreements of their member unions. On the employers' side the confederation of Norwegian Enterprises (NHO) bargains with LO in cross-sector settlements, while NHO's member associations are responsible for union-wide settlements. Still, NHO and LO are party to all agreements and will have a coordinating role.

Local (enterprise-level) wage bargaining is undertaken when the central-level bargaining round is over, under an obligation to refrain from industrial action. Other topics may also be included at the enterprise level, among others working time arrangements. The hierarchical structure of the Norwegian agreement system implies that local bargaining outcomes cannot be in breach of the provisions included in agreements concluded at a higher level.

In large parts of the private sector, such as in manufacturing, the local wage increments will often amount to more than the centrally determined increments. Here, so-called minimum wage agreements open up for local wage formation, and the average wage level in the industry is well above the minimum wage rates in the central-level collective agreements. The parties agree that local wage bargaining must adhere to four criteria: the financial position, productivity, results and future prospects of the enterprise. Local wage bargaining involves trade union representatives at the company level, usually without any involvement by the central level. In other industries, for example in parts of the private service in-

dustries, local bargaining plays a less prominent role, and the wage rates in the central-level agreements form the basis for wage determination in the industry in question.

The vast majority of all white-collar workers in the private sector has local wage formation only, often with a strong element of individual wage setting. This applies also in cases where these workers are unionized and covered by a collective agreement. Most central level collective agreements for white-collar workers take the form of frame-work agreements. Local unions/union representatives may still play a role, for example with regard to choice of wage system or determination of a financial framework for the wage settlement.

In the public sector the distribution of funds for central and local wage increments is a contentious issue between the labour unions. The Akademikerne confederation is in favour of a far more decentralized wage formation than that which follows from current practice, while the other confederations are concerned with preserving the scheme of general increases by way of central-level bargaining.

### Coverage of Collective Agreements

Approximately two-thirds of all Norwegian employees are covered by a collective agreement, but this coverage varies considerably between industries, occupations and sectors. If an employer is bound by a collective agreement, the agreement regulates the wage and working conditions for unionised as well as for non-unionised employees within the relevant occupational categories, i.e. both unionised and non-unionised are covered by the agreement.<sup>2</sup> All employees in the public sector are covered by a collective agreement, while in the private sector this proportion amounts to approximately 50 per cent. Large enterprises are mainly covered by collective agreements, while small enterprises most often are not. As a result, the coverage of collective agreements is low in industries such as retail trade, hotels and restaurants and other private service industries.

Establishment of a collective agreement will normally require the unions to have members and elected representatives in the workplace. In Norwegian working life,

2. See Evju (2002) for a description of the legal regulations concerning collective bargaining in Norway.

one of the parties – in most cases a labour union – must submit a demand for a collective agreement on the basis of their organization of a certain proportion of the employees in the enterprise (ten per cent of the employees in question). The members of an employers' association are not automatically covered by a collective agreement, nor has there been a tradition for general application of collective agreements in enterprises without an agreement. However, since 2004 collective agreements have been generally applied in order to prevent social dumping in a number of industries with a high proportion of labour migrants (see 2.2 for more information on The General Application Act). So far, this has had only a negligible effect on wage formation for Norwegian workers without a labour migrant background.

### The Trendsetting Industries Model

Norwegian wage formation is influenced by the so-called »trendsetting industries model«, in which wage growth in industries that compete in international markets sets the norm for what can be achieved in other industries. The trend setting model is based on voluntary measures, tradition and common agreement among the labour market parties and the government. In practice, coordination is accomplished by completing the bargaining round for the collective agreement in the manufacturing sector first (mainly the metalworking and certain other industries). The outcome of this bargaining round will set the norm for what other parts of the private sector and the public sector may achieve. The main confederations as well as the National Mediator and the National Wage Board are all contributing to this type of wage coordination. The model was first designed in the 1960s and has been a governing element in Norwegian wage formation ever since.

Even though there is broad consensus on the principles behind the trendsetting industries model, it has also given rise to tensions in the bargaining system. One challenge is that the wage drift in manufacturing has periodically exceeded the estimates, for example because the white-collar workers' wages have risen more than anticipated. As a result, groups that bargain at a later stage have demanded a wider bargaining framework to avoid lagging behind in wage development. Today, the average wage growth among blue and white-collar workers in the manufacturing sector is considered the norm.

Moreover, the trendsetting industries model is also facing challenges because of increased labour immigration and because high activity in the oil-related industries exerts a pressure on wage levels in parts of the metalworking industries, while the rest of Norwegian manufacturing competes in international markets. In December 2013, a government-appointed commission, including representatives of the social partners, nevertheless concluded that the trendsetting industries model is the best way to achieve beneficial results in socioeconomic terms. Therefore, the commission did not recommend any changes to wage formation as such, but underscored the need for effective coordination of the bargaining rounds (NOU 2013:13).

Another challenge is that the idea of a fixed framework, which is inherent in the model, renders any change to relative internal wages difficult in the public sector, as well as between the public and private sectors and between industries in the private sector. In particular, this has given rise to dissatisfaction in occupational groups dominated by women, such as nurses, pre-school teachers and others. These groups claim that they have lost out in terms of pay over time, and seek to have their wage level upgraded. The demand for a separate fund committed to ensuring equal pay has so far not met with approval, however. Also low-wage unions in the private sector will meet the »trend setting industries argument« if they try to better the relative position of their members through a one-off wage lift or improved low-wage guarantees.

## 2.2 Labour Immigration and General Application of Collective Agreements

In the period from 2004, the Norwegian labour market has received a large number of labour migrants. The migrants have mainly arrived from EU countries in Eastern and Central Europe, but the favourable Norwegian labour market has also attracted considerable migration from the neighbouring country of Sweden. Many workers from Eastern and Central Europe are employed in the construction industry, parts of the manufacturing industry, in agriculture and within cleaning. A considerable proportion of these are posted workers from enterprises in their home countries or rented out by foreign and Norwegian temporary employment agencies (Friberg et al. 2012).

As in the other Nordic countries, Norway has no statutory minimum wage, meaning that wage setting outside collective agreements is based on individual agreements alone. After the EU enlargement, cases quickly came to light in which employees from the new EU countries had wages and working conditions that were by far inferior to what was common in the Norwegian labour market. Upon union request, this resulted in the Act on General Application of Collective Agreements (adopted 1993) being used for the first time in 2004. As of 2014, selected minimum terms of collective agreements are generally applied in the construction industry, in shipbuilding, in agriculture and in the cleaning industry. Further demands for general application have been made in the fish processing and electrical installation industries.

A decision to generally apply a collective agreement is made by a commission consisting of representatives of the social partners and independent members. The rulings of the commission take the form of an administrative regulation and are thereby legally binding. A demand for the general application is normally made by a trade union confederation (LO), but there have also been instances where such a demand is made jointly by employers and trade unions. In some cases, the labour unions and employers' associations have agreed on the need for such general application, whereas in other cases the employers have claimed that the preconditions for such a decision have not been met. The so-called shipbuilding case, concerning a general application of the collective agreement in the shipbuilding industry, was brought to Supreme Court by the employers' association. The employers' claim that the decision would violate Norwegian obligations to the EU was not upheld by the court<sup>3</sup>, but the drawn-out process caused tension between the social partners in the metalworking industry (LO/Norwegian United Federation of Trade Unions on the one hand and the Confederation of Norwegian Enterprise/Federation of Norwegian Industries on the other).

Initially, Norwegian labour unions were reluctant to introduce general application of collective agreements, but eventually realized that they had no other alternatives for ensuring a certain minimum level of wages and

labour conditions in industries employing a high proportion of immigrants and posted workers (Dølvik, Eldring and Visser 2014). The labour unions, headed by LO, have also demanded and achieved new types of regulations and enforcement for preventing social dumping, among others the introduction of joint and several liability in sectors covered by general application of collective agreements<sup>4</sup>, a strengthening of the Labour Inspectorate and the introduction of an accreditation scheme for cleaning firms<sup>5</sup>. Some unions, mainly in the construction industry, have also devoted much effort to recruiting members among foreign workers. Seen as a whole, however, the unionization rate among these categories of labour immigrants remains low.

### 2.3 Industrial Disputes

On average, there are 8–10 industrial disputes in Norway each year. These may become rather comprehensive in scope, however, since they normally are set off in association with bargaining rounds pertaining to national agreements. Strikes are the most common type of industrial action in Norway. Lockouts sometimes occur, though mainly as an element of an ongoing strike/industrial dispute.

Measured in terms of workdays lost per 1000 employees, Norway is ranked midway in Europe (EU 15 + Norway). Several large strikes in the public sector during recent years (2010 and 2012) have caused an increase in the number of workdays lost to strikes (Stokke et al. 2013; Løken et al. 2013).

In Norwegian working life, industrial disputes occur mainly in the context of main bargaining rounds over national agreements. The social partners may take industrial action related to the intermediate settlements, but here the parties tend to come to agreement without any strikes or lockouts. During the period of validity of a collective agreement the parties are obligated to refrain from industrial action, and this obligation is respected with practically no exceptions.

3. Supreme Court rules in favour of equal treatment for foreign workers in shipyards <http://www.eurofound.europa.eu/eiro/2013/04/articles/no1304019i.htm>

4. Government to widen employer liability in bid to combat social dumping <http://www.eurofound.europa.eu/eiro/2009/02/articles/no0902039i.htm>

5. Government launches accreditation scheme for cleaning firms <http://www.eurofound.europa.eu/eiro/2013/01/articles/no1301019i.htm>

## 2.4 Social Dialogue and Co-determination

Norway has a so-called single-channel mode of representation, meaning that the local unions/union representatives at the workplace level represent the members vis-à-vis the employer at the enterprise in question. Thereby, Norway has no works councils of the type found for example in Germany. Union representatives at the workplace level are elected by and among the local union members, and play a key role in advocating members' rights vis-à-vis employers. This applies to co-determination as well as to individual employment rights such as employment security. The European Work Council directive is anchored in the private sector Basic Agreement, and the relevant text is made applicable for the whole labour market.

The parties' rights and obligations are defined in the system of agreements, chiefly in the main agreements. As in the other Nordic countries, Norwegian industrial relations are based on a mutual recognition of each other's roles. For example, the employers accept the right to form unions, while the unions accept the employers' management prerogative. The main agreements also stipulate that the employer has an obligation to inform or discuss a number of issues with union representatives, ranging from design of the workplace to restructuring and downsizing. On the other hand, the agreements also regulate the obligations of union representatives, for example to refrain from unofficial industrial action and respect the duty of confidentiality in relevant situations.

The first main agreement was concluded by the LO and the Norwegian Employers' Association (today the Confederation of Norwegian Enterprise, NHO) in 1935, ushering in a more cooperative era between the social partners after the conflict-ridden years of the 1920s and early 30s. The culture of cooperation was reinforced in the years following the Second World War, when the parties had a shared interest in rebuilding workplaces and businesses. This involved cooperation on productivity development, which gradually led to cooperation in other areas. Employee representatives are routinely involved in development processes, for example by union representatives being included in project groups or similar. Provisions are also made for cooperation in areas such as gender equality, inclusion of vulnerable groups and competence development.

Provisions on co-determination and the role of union representatives are also included in legislation. Employees in limited companies and certain other types of companies may demand to be represented on the board of directors, and these positions will normally be filled by elected representatives of the local unions. The Working Environment Act makes provisions for discussions and dialogue with union representatives with regard to issues such as temporary hiring, use of part-time positions and leasing of manpower. Moreover, enterprises may waive significant parts of the legal provisions pertaining to working hours and certain other provisions by way of a local collective agreement. Many enterprises use this opportunity, and working hours are therefore often an item on the agenda of the social partners at work place level. The EU directive on information and consultation was implemented through an amendment to the Working Environment Act, but will mainly be of relevance only at larger workplaces without trade unions and collective agreements.

In combination, legislation and agreements presuppose cooperation and consultations between the employer and the union representatives in a number of areas, and the partners at the local level also follow this up. We can thus find a large number of enterprises with strong unions and long traditions of social partnership. However, there are also a number of examples of the opposite, not least in parts of the services sector where the unionization rate is low and the trade unions often are in a weak position. Here we may also find employers who see no use in involving union representatives in matters pertaining to the enterprise and where industrial relations tend to be characterized by conflict rather than cooperation.

## 3. Political Influence and Income Policy

The Norwegian trade union movement has a long tradition of seeking to obtain political influence. Trade unions and confederations are involved in political issues in a wide range of areas, such as labour legislation, education policy, pensions, gender equality, social policy, industrial policy, energy and environmental policy and a host of other areas. The employers' side, which is dominated by combined employer and business associations, also participates actively in political processes.

For long periods of the post-war era the social partners have played a key role in influencing labour and social

policy. The methods of participation have included representation by the social partners on commissions and committees that prepare political reforms and proposals for legal amendments, and by contact between the authorities and the social partners in bodies involved in incomes policy, such as the government's consultation committee and the commission for labour and pension policy.

A key explanation for the current position of the social partners in Norwegian politics is the role they played in the reconstruction of Norway after the Second World War. Cooperation on incomes policy and regulation of prices and wages were prominent features of the reconstruction effort in the first post-war decades. At the same time, the central-level organizations were consulted on major political decisions. Many years of social-democratic majority governments also meant that trade unions could exert influence on the design of key welfare-policy reforms. However, even governments based to the right of the political spectrum have placed emphasis on inclusion of the social partners in political processes.

Cooperation on incomes policy today has a different and more indirect character than it had in the 1960s and 1970s, but the authorities still invite the social partners to participate in policy development in areas that are essential to their members. The social partners serve on public commissions and act as important contributors to policy formulation through consultation rounds and in direct dialogue with the authorities. While these roles for many years were played by LO and NHO, which are the largest organizations on each side and the main partners in the private sector, the other organizations have gradually earned their place in councils and commissions. This means that four main labour confederations and five employers' associations now serve on the main commissions dealing with incomes policy.

In the 2000s, the social partners – and the labour unions in particular – have continued to achieve political reforms as part of moderate compromises on incomes policy. During the last decade focus has been placed on two topics in particular: pensions and measures to combat social dumping and dishonest practices in working life.

During the last 10–15 years, the labour movement has achieved political guarantees on pension policy as part of the cooperation on incomes policy. At the same time, Norway has undertaken a major reform of its pension

system. The social partners have been greatly involved in the design of a new pension system, and there has been broad consensus on its main principles, which include adjustment of pensions for life expectancy and a closer link between the number of years spent in the labour force and the level of pension payments. Both of these reforms are expected to help raise the average retirement age.

Measures to combat social dumping have been another central, but conflicted, topic for the tripartite cooperation. On recommendation from the social partners, the authorities have also taken the initiative for tripartite industry programmes for those industries that face the greatest challenges. As of 2014, such programmes are found in the cleaning industry, while programmes for the restaurant/catering industry and parts of the transport sector are being initiated. Through such programs the relevant trade unions and employer organisations work together with the authorities in order to develop measures that will improve wage and working conditions within the relevant industries.

In the autumn of 2013 Norway changed government after eight years with a »red-green« (centre-left) majority coalition. The new government consists of the Conservative Party and the Progress Party and is a minority government with parliamentary support from two centrist parties. In the summer of 2014, the government issued a proposal for a legal amendment that would simplify the use of temporary hiring and change the regulations pertaining to working hours. These proposals have met with criticism from a majority of the trade unions. At the same time, the government has signalled its intention to continue the efforts to combat violations of the provisions on working environment (»labour market crime«). The government has not put forward any proposals to amend the Norwegian sickness benefit scheme, which provides full wage compensation from the first day of sickness absence, and it has in many ways been cautious not to provoke the labour unions unnecessarily regarding social policy matters.

#### 4. Prospects for the Coming Years

Even though the Norwegian unionization rate has remained stable under a long-term perspective, the recruitment of new members represents a challenge to

the unions. A key explanation for the persistently high unionization rate is the strong increase in public-sector employment. Here, the unions have strong local organizations and a corps of elected representatives who can address new employees with an offer of membership. In the private sector, the unionization rate remains high in large workplaces in the manufacturing, construction and transport industries. However, such workplaces account for a diminishing proportion of total employment. The challenges related to recruitment of new members are especially acute in private service industries such as retail trade, hotels/catering, cleaning etc. Many of these enterprises are small, there is rapid turnover among employees, a high proportion of immigrants and many young employees who combine work and studies. Recruitment efforts are also complicated by the fact that many enterprises have no locally elected trade union representative, or because workplace-level organizations are weak.


A high unionization rate and ability to recruit new members are preconditions for the continued strength of the trade unions. In Norway, unions must have members in a workplace in order to demand a collective agreement, and co-determination at the workplace level is exercised by locally elected representatives. To make use of the opportunities for influence guaranteed by legislation and the system of agreements, Norwegian unions need to have a presence in workplaces. This remains a challenge in parts of the private service industries in particular. Here, unionization rates and coverage of collective agreements are so low that the system of collective industrial relations lacks the capacity to regulate wages and labour conditions in the sector as a whole. Even though the unions devote much effort to recruitment in industries that have many non-unionized workers, experience has proven this to be an uphill struggle.

A high unionization rate and extensive coverage of collective agreements are also preconditions for the Norwegian model of wage formation. The trendsetting industries model presupposes that the social partners are able to coordinate wage formation within and between sectors. At the same time, the low coverage of collective agreements in the private service industries, and in industries with a high proportion of immigrants in particular, may give rise to growing social inequality in working life. The trend towards a greater number of white-collar and fewer blue-collar workers may also challenge the traditional model of wage formation.

To date, the Norwegian employers' associations have not withdrawn from the cooperation on incomes policy or the centralized bargaining model, as confirmed by the unanimous recommendation by the commission that studied Norwegian wage formation in 2013 (NOU 2013). Nor are there any signs that large enterprises choose to leave the employers' associations. The option not to join an employer association is used mainly by small enterprises or those that have no collective agreement. In general, such employers wish to have more flexibility in wage formation as well as working hours and hiring. In some instances this can be achieved by hiring subcontractors with migrant workers. In other instances the employer side wants to see changes to current regulations on working time and employment protection. On the other hand opening clauses, permitting local agreement of terms less favourable than those defined by collective bargaining, have not been a topic of discussion between the Norwegian social partners, yet. Continued support by the employers for the current model of wage formation in the years to come will nevertheless depend on the ability of the trendsetting industries model to »deliver« moderate wage growth, and not least on the functioning of the inter-industry coordination mechanisms, i. e. measures that ensure that wages are coordinated across industries and that the norm set by the export industries (trend setting industries) are followed up by the agreements in sheltered sectors.

The approximate stability of the unionization rate conceals large shifts in membership figures between LO and other labour organizations and between the private and public sectors. This development was especially noticeable in the period leading up to the early 2000s, but has persisted during the last 10–15 years as well. LO's ability to coordinate its member unions and the dominant position of these unions in the manufacturing industry have helped LO retain its strong position even after having lost membership relative to other labour organizations. LO's explicit goal is to improve recruitment among new groups of members, including employees with higher education. Membership figures show, however, that competing with established professional organizations is difficult. The private service industries also employ a lot of non-unionized workers. Here, competition is less fierce, but the unionization rate has remained low.

Another issue that will continue to characterize the Norwegian labour market – and industrial relations – is the large-scale labour migration from EU countries in Eastern



and Central Europe. Labour immigration has spurred the act on general application of collective agreements to be brought into use, thereby introducing a principle for wage formation that has previously been absent from Norwegian industrial relations. The general application of collective agreements has had only a minor direct effect on wage formation for Norwegian employees, since these rates are far below the average in the industries concerned. However, the supply of cheap labour from

abroad has had an influence on the enterprises' hiring strategies in the form of a more widespread use of sub-contractors and temporary employment agencies. These have few unionized workers and hardly any collective agreements, and in the long term this may have an effect on the unions' bargaining strength. Still, the introduction of a statutory minimum wage has so far not been on the agenda of the trade unions and is not likely to be in the foreseeable future (Alsos and Eldring 2012).



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