Espen Løken and Torgeir Aarvaag Stokke

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Fafo

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Fafo-report 2009:33

ISBN 978-82-7422-691-3
ISSN 0801-6143

Cover photo: © Anders Thormann / Samfoto
Cover design: Fafo Information office
Printed in Norway by: Allkopi AS

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Preface

For years Norway has managed to create both economic growth and social equality and consequently has ranked high on several international ranking systems, whether they be of economic performance, employment or social equality. This fact has led to an increased interest in the Norwegian social model. Labour relations constitute an important part of this model, characterised by strong employers' and workers' organisations and by close cooperation between the government, employers' associations and trade unions, as well as by strong co-determination and participation at company level.

However, up-to-date inter-disciplinary descriptions of Norwegian labour relations are not readily available in English. This report is an attempt to meet this need by describing the main institutional frameworks and social actors, at both national and enterprise level, within Norwegian working life.

In our work we have benefited from earlier studies at Fafo particularly those by Dølvik and Stokke (1998) and by Løken and Barbosa (2008). In the last chapter on Norway and the European Union we have benefited greatly from a paper by Anne Mette Ødegaard.[1]

Our research has received grants from the Ministry of Labour and Social Inclusion. We also want to thank Fafo's Information Office for the layout work.

Oslo, June 2009
Espen Løken and Torgeir Aarvaag Stokke

[1] Ødegaard, A.M. (2008), *Europeiske reguleringer og partssamarbeid*. Oslo: Fafo.

Introduction

A brief overview of the Norwegian model

The Norwegian model of labour relations represents organisational and public policy developments over more than a century of collective bargaining and interest articulation. The general characteristics of the model are variants of the Nordic model of labour relations, and can be summarised as follows:

- Universal welfare arrangements and a large public sector
- High employment, among both men and women
- Small wage differences and a large degree of social mobility
- Strong collective actors
- Centrally coordinated wage formation and local bargaining at company level
- Close cooperation between the government, employers' associations and trade unions as well as strong co-determination and participation at company level

An important feature of the model is that strength is a main characteristic of both the employees' and the employers' organisations, as well as the fact that relations between them have been built over many decades. The trade union density is above 50%, which is high compared to most continental European countries. The density of employers' associations in the private sector is approximately 60%. In addition, the model includes long traditions of collective agreements and the public regulation of industrial conflicts.

Cooperation between employers and employees is based on four pillars that work together:

- Close cooperation at national level between a strong trade union movement, centralised employers' associations and the state. This cooperation has often demonstrated the capacity to deliver results, and there is general consensus between the large political parties on the importance of this
- Cooperation between employers and employees at company level, which provides legitimacy and contributes to productivity and a low level of conflict

- Co-determination and representation on the board of directors
- Individual labour law that protects workers' rights and at the same time emphasises workers' obligations to participate in creating a sound working environment

It should be noted that the strong ties between national organisations have their counterpart within companies. The management and the workplace branch of the union(s) are responsible for the implementation at company level of national accords and for the results of collective bargaining as well as being responsible for participation within productivity enhancement, restructuring and organisational development. This combination of national and local structures allows the flexible practice of the regulations within each company.

Taken as a whole, it could be said that these pillars represent fundamental shared values and ideas based on the belief that cooperation leads to productivity and the ability to restructure at company level. According to this belief, cooperation leads to a sound economy at national level, while also furthering increases in real wages and a sound working environment for the workers. Therefore cooperation is valued by both the trade unions and the employers, and is a principle which has dominated Norwegian working life since World War II at least. This model has always been anchored in the protection of workers' rights on the one hand and in maintaining stable and predictable environments for the companies on the other hand.

Both laws and collective agreements are used as tools to implement and maintain the model. The power of these tools resides in the recognition by the parties both of rights and duties and of the acknowledgement of a common goal which is beneficial for the community and the company, and the recognition of the fact that the parties have both common and conflicting interests. The result is a relatively stable balance of power between labour and capital, a balance deeply anchored in a class compromise connected to historical and political developments.[1]

A brief historical background

Workplace participation and cooperation in productivity growth and industrial restructuring complementing central concertation have been key features of Norwegian industrial relations, which were shaped in the 1930s and the post-war period. However, the first nationwide collective agreements had already been made 30 years earlier (1907) within the metal manufacturing industry ("Jernavtalen"). These agreements did not just establish the mutual recognition of the organised parties but also the minimum wages according to skills and supplementary local wage formation.

Following a period of economic crisis, mass unemployment and industrial conflict in the 1920s and 1930s, a cooperative system of industrial relations became institutionalised in 1935 with the signing of the first *Basic Agreement* by the employers' organisation NAF (today NHO) and Arbeidernes Faglige Landsorganisasjon (today LO). This agreement has subsequently been part of all the collective agreements between the parties.[2] In the same year a crisis pact between the Labour party and the Agrarian party brought organised labour into the government. This event formed the beginning of a long-lasting coalition between labour, small farmers and fishermen which has been a persistent feature of the political configuration in which Norwegian industrial relations have been embedded.[3]

Following World War II a strong feeling of solidarity emerged among the population. The country was to be rebuilt, and the trade unions and employers' associations joined in this effort with the Labour Party in the driver's seat. A central policy within all unions was to contribute actively to industrial modernisation in order to ensure productivity and profitability. Throughout this post-war period the aforementioned duality was always fundamental: the workers contributed to the companies' efforts to increase industrial growth and to moderate wage increases, and in return the workers benefited from growth, acquired rights and secured the working environment. This dualism was the basis for the reforms of the system for negotiations and of industrial democracy which were developed during the 1960s and 1970s.

In the 1960s and 1970s a regulatory regime for moderate wage increases and for well-organised capitalism were developed further. In the 1960s the so-called "frontfagsmodellen" was introduced, meaning that negotiations conducted within a few industries which were characteristically exposed to competition from abroad set the norm for wage increases for all other industries and sectors. The national wage negotiations in the private sector were coordinated, a permanent Contact Committee between LO, NAF and the state was established, and the Technical Calculation Committee for Wage Settlements was set up to prepare wage and income statistics for the bargaining rounds.

Cooperation committees (works councils) as we know them today were established within companies throughout the private sector as a consequence of the Cooperation Agreement which was established between NAF and LO in 1966 as part of the Basic Agreement. Similar cooperative agreements were established in the public sector in 1980 (the state) and 1982 (the municipalities).

During the late 1960s the debate regarding board-level representation within companies increased. A few years later, employees were granted board-level participation through the *Limited Liability Companies Act* (1973) along with equal rights and duties befitting their status as shareholders' representatives. In 1977 the *Work Environment Act* extended existing schemes of employee participation through the activities of Work Environment Committees and safety delegates. This is a strong protection Act which in principle puts the working environment before profitability, and is based on the notion that workers' participation and a sound working environment will lead to efficient production.

The 1970s onwards marked the expansion of the public sector and the increase in female employment. Organisational diversity on the trade union side led to more complex bargaining rounds and an increase in public sector strikes especially during the 1990s. However, tension has so far not led to a fragmentation of the Norwegian model but rather to adjustments and an inclusive incomes policy.

Main industries/trades

The Norwegian economy is small and open. Industrialisation arrived late, and exports have to a large extent been dominated by raw materials such as fish, timber and semi-finished metals and chemicals produced through the use of cheap hydropower. Since oil was discovered in 1968 the petroleum sector has gained increasing economic importance. In 2006 the petroleum industry accounted for 26% of GDP and half of Norway's exports, although this industry did not even exist in 1970.

When it comes to employment, according to Statistics Norway[4] (2007) the dominant industries are health and social services (19%), retail trade (8.2%) and education (7.6%). Manufacturing industries and mining employ only 11.3% of employed people. The oil and gas industry, by far the most important industry in respect to the cost of production, employs only 1.4%. Public administration, defense and compulsory social security account for 6.2%.

Central government, including health trusts, accounts for 10.2% of employment while 18.4% are employed by the municipalities and counties. Private sector and government enterprises account for the remaining 71.3%.

Altogether by the end of 2008 there were 191,000 companies with employees, including publicly-owned companies. Of these, 100,000 companies have between one and four employees. In fact, 57% of employed people work in companies with fewer than 100 employees.

Labour market

A total of 73.4% of all persons between 15 and 64 years are in the workforce (as of the third quarter of 2008) which is a high number compared to other countries. This is due to a high employment rate among women: 76.3% of men and 69.7% of women are in the labour force. Unemployment numbers are fairly low: 2.6% of the workforce was unemployed in the third quarter of 2008, evenly distributed between men and women, while 8.2% had temporary jobs.

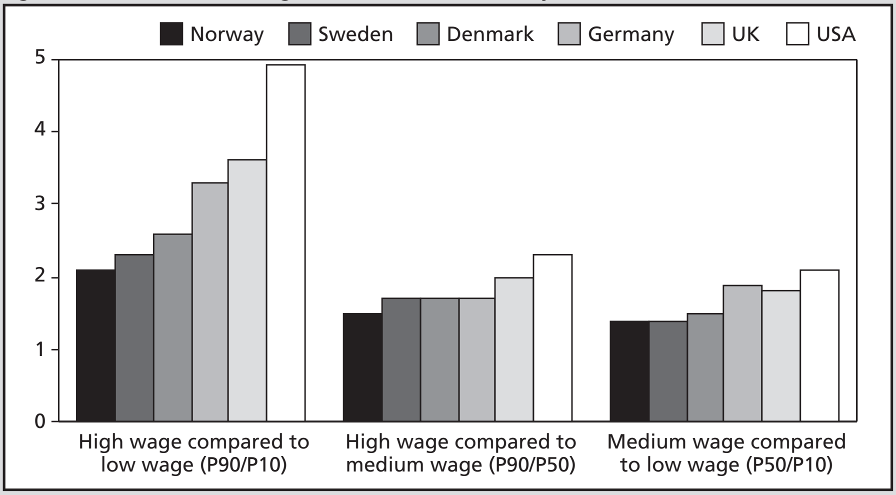
The proportion of employees working outside regular working hours is 36% (2007) of which the majority work shifts.

A total of 42% of female workers work part time, in contrast to only 13% of male workers (2008).

Wages

Norway, together with the other Nordic countries, has the most compressed wages in the world. This is due to coordinated negotiations in the labour market, the target of full employment, and generous welfare arrangements. This is depicted in Figure 1-1 which is based on the salaries of full-time employees in 2005. The chart shows that the difference between the highest- and lowest-paid 10% of all employees is very small compared to other industrialised countries.

Figure 1-1 Differences in wages (2005 or last available year)

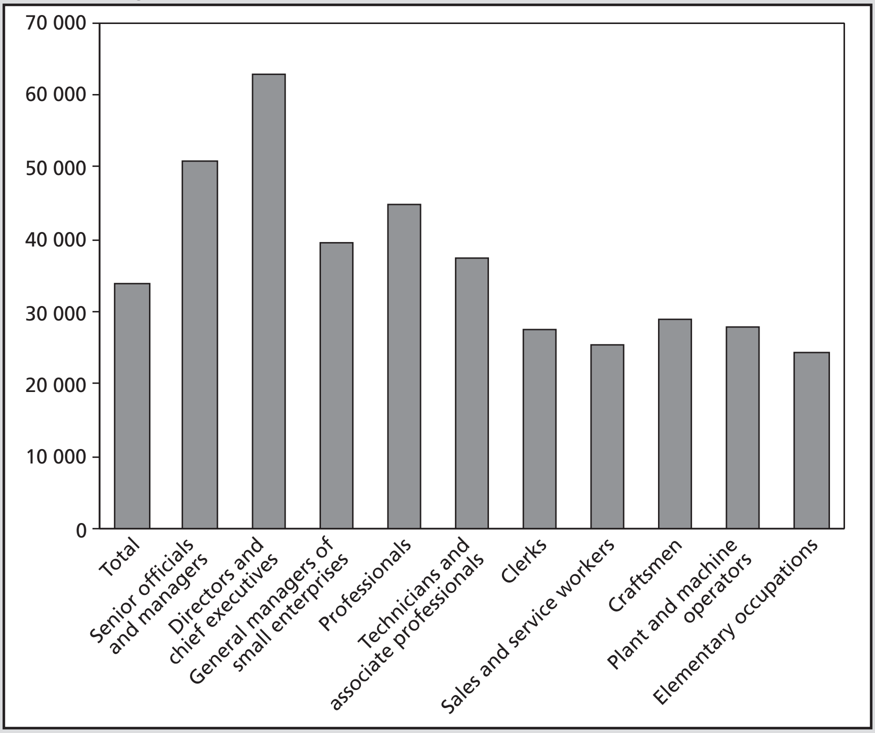


Source: OECD – Distribution of gross earnings of full-time employees (2005/2002 last available year)

Wages constitute 60% of the total income in Norwegian society, and the distribution of wages between groups has been stable over recent years, indicating a high degree of social equality. However, the distribution of income among different groups in society as a whole has become more uneven in recent years due to an uneven distribution of income from capital.

The nominal wage is slightly higher in Denmark than in Norway, but the levels in Finland and Sweden are substantially lower. Full-time employees in the private sector had average monthly earnings of NOK 33,900 in the third quarter of 2007. In comparison, the amount for the public sector was NOK 31,800, a relatively small difference. The distribution among different occupations is shown in Figure 1-2.

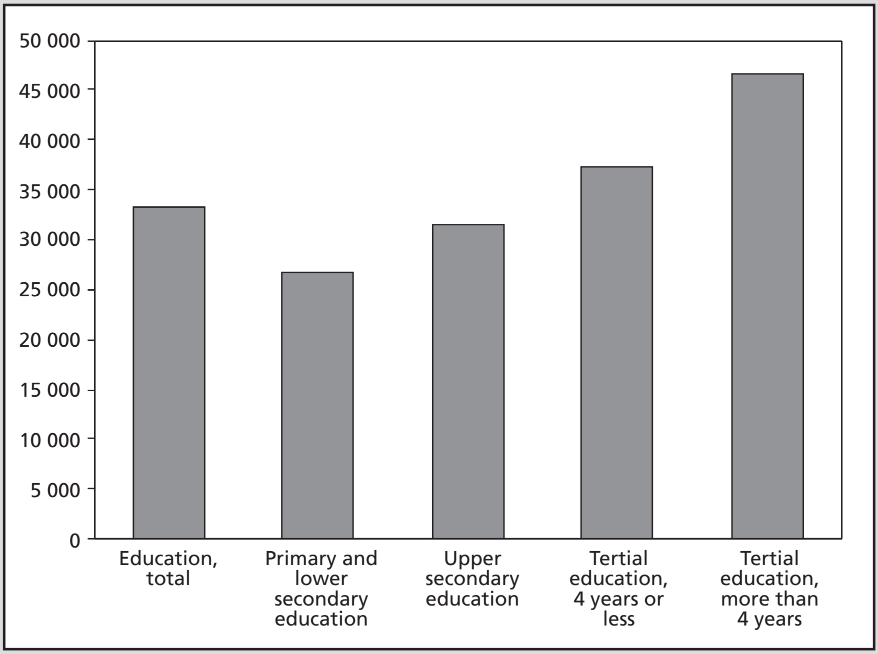
Figure 1-2 Average monthly earnings for full-time employees in the private sector, by occupational group, as of third quarter 2007. NOK



Source: Statistics Norway http://www.ssb.no/english/subjects/06/05/lonnansatt_en/tab-2008-06-19-03-en.html

Figure 1-3 shows differences according to education (2007).

Figure 1-3 Average monthly earnings by educational level 2007. Full-time employees. NOK



Source: Statistics Norway 2009, StatBank

Women's wages as a proportion of men's wages were 84.3% in 2007. In the public sector the number was 88.1%, and in the private sector 83.1%. This gap is largely a result of the continued segregation of the labour market. Male domination of approximately 80% prevails in the manufacturing, communication and transport, and building and construction industries, while the opposite situation exists within the health and care services.

Welfare

A fundamental feature of the Norwegian societal model is universal tax-based welfare services (available to all whether one is in work or not). 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 workforce as well as in relatively lower wages for educated employees compared to most countries.

The main social insurance schemes are the National Insurance Scheme,[5] the Family Allowance Scheme and the Scheme for Cash Benefit for Families with Small Children. All persons who are residents or who work as employees in Norway are insured under these compulsory schemes. These services take care of children, elderly people, those who are sick or in need of care, and those who fall outside the labour market. In total, approximately 25% of the GNP is used for social issues (OECD Stat 2006).

As of 2006 *Maternity leave* is 44 weeks with full pay or 54 weeks with 80% pay. This leave is shared between the parents, but six weeks is reserved for the father in order to encourage fathers to be more at home with their babies. Maternity leave, child benefits and a large increase in the number of kindergartens since the 1970s, have contributed to an increase in the birth rate and to the majority of women working outside the home. The new government in 2005 promised that all children would be offered a place in a kindergarten, and during 2009 it is expected that 422 of the 430 municipalities will offer full coverage.[6] In addition to the importance of a worker's right to secure the family's economy, this policy has consequences for traditional gender issues and has resulted in a large increase in the Norwegian workforce.

The pension system in Norway consists of pensions from the national insurance scheme, to which everyone is entitled, and from various supplementary pensions. These are financed partly by the general taxation system and partly by employer and employee contributions. The retirement age in the current National Insurance Scheme is 67, and the old age pension consists of a basic pension, a supplementary pension and possible supplements for children and a spouse. The amount of the supplementary pension depends on the number of pension earning years built up by the recipient and on the yearly pension points earned according to income.

A pension reform, which will enter into force in 2011, will introduce flexible retirement from the age of 62 but will encourage workers to work longer through better pensions if they do so.

The most important supplementary pensions are occupational pensions, i.e. pensions from pension schemes in employment relationships. By an Act from 2006 all employers are required to offer occupational pension schemes through a minimum contribution of 2% of the yearly wage. Most of these schemes are contributions-defined but some are benefit-defined.

There are also various early retirement schemes, i.e. pension benefits paid out from a lower age than the national insurance retirement age and lasting until the national insurance retirement age is reached. The most important is the AFP early-retirement scheme, a scheme which is part of most collective wage agreements. This scheme gives employees of enterprises that are covered by the scheme the possibility of retiring at any time from the age of 62 until the retirement age in the National Insurance Scheme.

The legal framework

The legal framework consists of both laws and collective agreements

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. This means that collective agreements also create legal rights as they are binding contracts between a trade union and an employer or an employers' association. Collective agreements have priority over direct statutory regulation, and accordingly a hierarchical, three-tier collective bargaining system has constituted a fundamental element in labour market regulation.

Individual labour law regulates the rights and duties of the individuals, while collective labour law regulates collective bargaining and is based on a general peace duty except during the renegotiation of collective agreements.

Important labour laws

The main piece of legislation concerned with the rights of the individual employee is the *Working Environment Act.*[7] The purpose of this Act is to ensure the safe physical and organisational working conditions and equal treatment among workers, and to ensure that the working environment forms a basis for a health-promoting and meaningful work situation. It regulates matters such as employment protection (appointment, working time, dismissal, leave of absence), protection against discrimination, and employee rights in relation to transfers of undertakings. This Act also establishes general requirements with regard to the working environment, including health and safety. The Working Environment Act applies to all businesses with employees, with the exception of seafaring and fishing which are regulated by separate regulations. Both employers and employees have duties: employers shall ensure that the provisions laid down in and pursuant to the Act are complied with, while employees are obligated to cooperate on the design, implementation and follow-up of the undertaking's systematic work on health, environment and safety. Employees shall also take part in the organised safety and environmental work of the undertaking and shall actively cooperate in the implementation of measures to create a satisfactory and safe working environment.[8] The Working Environment Act contains requirements regarding safety representatives and Working Environment Committees elected from employees in all companies (see Chapter 6).

Pay, among other matters, is regulated in the individual employment contract, unless the employer is covered by a collective agreement. Some of the provisions of the Working Environment Act regulate aspects that concern the employment contract. 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 equal treatment of women and men is regulated by the *Gender Equality Act.*[9] The purpose of this Act is to promote equal status between men and women, and its aim in particular is 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 shall promote gender equality in their spheres of activity.

Employees' social welfare entitlements are mainly regulated by the *National Insurance Act*, and are matters to be 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 and death of the family breadwinner. The scheme also offers financial support to single-parent families. Short-term benefits due to illness or unemployment vary according to income, while pension allowances are calculated on the basis of a basic amount which is adjusted annually by parliament. There are also legal stipulations regulating occupational injury compensation.

The *Annual Holidays Act*[10] 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,[11] but most Norwegians have a minimum of five weeks according to collective agreements, which is also followed by most companies without collective agreements.

The main bargaining rounds, both in the private and the local public sector, are regulated by the *Labour Disputes Act*, which includes rules for mediation and the use of the Labour Court for disputes of rights. The fundamental ideas underlying the Act are the juridification of collective agreements as an instrument for regulating wages and working conditions, and the creation of machinery for the peaceful solution of industrial disputes. The Act lays down peace obligations when an agreement exists, and formalises the distinction between disputes of interest[12] and disputes of rights previously embodied in collective agreements.[13] For disputes of interest there is a system of mediation, leaving open recourse to industrial action if mediation fails.

The *Limited Liability Companies Act* and the *Public Limited Liability Companies Act* entitle the employees to be represented on the board 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 which 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. If the company does have a corporate assembly (which is mandatory for companies with more than 200 employees), the employees are entitled to elect one-third of the members of the corporate assembly.

Municipal employees and employers fall under the same labour law provisions as those in the private sector. In certain issues the state sector is covered by the same laws which apply to the rest of the labour market. However, there are two Acts that 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*[14] which replaces the Work Environment Act on some issues.

Agreement structure

We will go into more detail on collective bargaining later. At this point we will concentrate on basic agreements and only briefly sketch the further structure of agreements. The collective bargaining system is a multi-tiered system in which centralised concertation is complemented by workplace structures of cooperation 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 which regulate the relationship between the labour market parties in all sectors.[15] The main purpose is to create the best possible basis for cooperation between the parties at all levels.

The first *Basic Agreement*[16] was introduced in 1935 between NAF (later NHO) and AFL (later LO) and was subsequently revised every fourth year. This collective agreement covers employers' and employees' rights and obligations in their daily interaction at enterprise level, as well as conflict-solving procedures. The Basic Agreement is included in all collective agreements between LO-affiliated trade unions and NHO-affiliated employers' federations covering workers in establishments affiliated with NHO. Today other confederations and some independent unions as well as employers' associations have similar agreements, and all sectors are covered.

Among other issues, the question of sympathy 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 "Cooperation Agreement" which regulates the activities of different coordinating bodies. This latter agreement also 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 central parties' desire to have a well-defined relationship at central level, as well as enhancing cooperation at company level. It reflects an aim both of regulating conflict, typified by disagreements about the distribution of revenues, and of achieving consensus through dialogue and negotiation, typified by cooperation regarding the development of companies. Since the relationship between the labour market parties is regulated to only a limited extent through statutes, the importance of the basic agreements becomes 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 cooperation agreements, makes it easier for the labour market parties to cooperate locally on a wide range of issues. This cooperation often encompasses joint actions to enhance organisational or productivity development. The agreements also reflect the central role which local trade unions play in representing employees in this type of cooperation in Norway.

Nationwide sector and workplace agreements

Basic agreements do not contain regulations on wages or working conditions. These issues 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 ununionised 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 from collective bargaining outcomes are unacceptable.[17]

The centralised bargaining for wages and collective agreements is usually supplemented with bargaining at 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 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 contain a duty for local parties to try to solve local disputes, while parties to sectoral collective agreements have a similar duty if a dispute is transferred to their level.

The *Labour Court* is a court for disputes over rights, and 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, since 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 from the government and consists of seven judges, of which four are appointed based on suggestions from 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 invoke the National Wages Board are proposed by the government and adopted by parliament. The Board is independent from the government and consists of three unaffiliated experts and two permanent representatives from employers' and employees' organisations, who are all appointed for three years at a time, 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. Firstly, it encourages negotiations to be held between the employee and employer prior to court proceedings. Secondly, it stipulates that the 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 to be 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 working-time aspects was introduced in 2006. Disputes concerning legal rights to maternity leave, reduced working hours and increased working hours among others are handled by a government-appointed board. The board is an independent regulatory body, and issues a recommendation which is followed by the parties in the vast majority of cases.[18] 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 the ordinary courts.

The organisations

The organisations on both sides are strong and share a long history. The *Norwegian Confederation of Trade Unions (LO)* was founded in 1899 (with the name Arbeidernes Faglige Landsorganisasjon). The predecessor of NHO, the *Norwegian Employers' Confederation (NAF)*, was founded the year after. In the *public* sector industrial relations developed rapidly from the 1950s.

LO and NAF have since been joined by other organisations on both sides, of which many have become important.

Trade union density

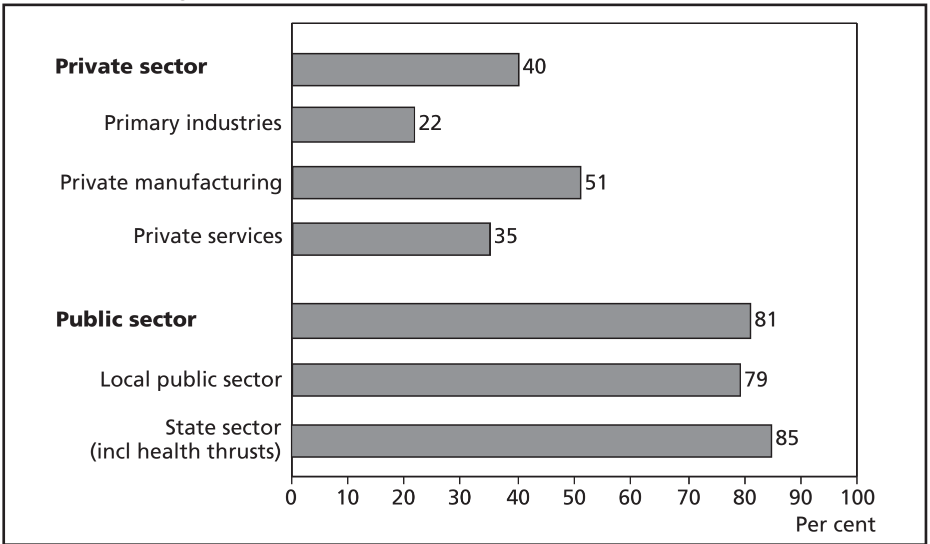
As of 31 December 2008 Norwegian trade unions altogether had 1,621,000 members, including non-employed members.

Trade union density – the share of the employed workforce that is unionised – can be measured in different ways, which result in slightly different numbers. According to the Labour Force Survey by Statistics Norway, the trade union density is 55% (as of the second quarter of 2004). Based on union membership statistics and the number of employees reported in the National Accounts statistics, 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.[19]

Although the density is high compared to most other countries, it is lower than in the other Nordic countries which have union densities of between 65% and 80%. 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). Daily cash benefits during *unemployment* in Norway partially compensate for the loss of income, provided that the person is registered as an applicant with the Norwegian Labour and Welfare Administration and that he or she has previously earned income. There are no separate union-driven unemployment insurance funds.

The union density numbers vary considerably among sectors and industries, as shown in Figure 3-1. 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 within the retail trade, hotels and restaurants.

Figure 3-1 Trade union density among sectors. Labour Force Survey from the second quarter of 2004. Percentage



Source: Nergaard, K. and T. A. Stokke (2006), Organisasjonsgrader og tariffavtaledekning i norsk arbeidsliv 2004/2005. Oslo: Fafo. Fafo report 518 – http://www.fafo.no/pub/rapp/518/518.pdf

The wide range of functions performed by unions in the workplace is one 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 workforce in a negative way as well-educated groups such as teachers, nurses and academics are well unionised.

There is a slightly higher degree of union membership among women (59%) than 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 done by Fafo[20] show that union density within the private sector varies significantly with the size of the workplace. The larger the workplace, the larger the share of trade union members. In companies with fewer than five employees, four out of five are unorganised, while in companies with more than 200 employees 65% are union members. In the public sector there is hardly any correlation between the size of workplace and union density.

The trade unions

Almost all of the approximately 90 national trade unions are today affiliated to one of four confederations. These four confederations are:

Table 3-1 Norwegian confederations of trade unions as of 31.12.08

Norwegian name	English name	Founded	Members
Landsorganisasjonen (LO)	The Norwegian Confederation of Trade Unions	1899	865,392
Yrkesorganisasjonenes Sentralforbund (YS)	The Confederation of Vocational Unions	1977	216,104
Unio	The Confederation of Unions for Professionals, Norway	2001	280,976
Akademikerne	The Federation of Norwegian Professional Associations	1997	143,848

Source: Statistics Norway

A significant restructuring of the trade union confederation level took place around the turn of the century. Prior to 1997 there were three trade union confederations in Norway: LO, YS and AF. AF (the Confederation of Norwegian Professional Associations) was founded in 1974, and organised unions for employees with higher education. AF played a significant role in the public sector bargaining rounds especially in the 1990s but was hampered by increasing internal tension. In 1997 Akademikerne was founded by several unions breaking away from AF. In July 2001 AF was dissolved while most of the remaining unions participated in the founding of Unio (originally UHO) in December 2001.

The Norwegian Confederation of Trade Unions (LO)

LO, founded in 1899, is by far the dominant union force even though 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 within the large public sector, especially the local public sector (municipalities). Today LO represents just over half of the unionised workforce. The confederation consists of 21 different national unions with a total of 865,392 members, of which approximately 72% 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 national unions vary in membership from fewer than 1,000 to more than 300,000. In recent years, more unions have merged in order to achieve greater influence and provide better service to their members. The largest unions are:[21]

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

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 top level leadership of LO.

Throughout its history, LO has maintained a close relationship with the Norwegian Labour Party, which has been in government most of the time since World War II. In the beginning they were two sides of the same movement, but the ties have loosened and today they are two distinct organisations. As Labour is built on the same fundamental ideas as those held by the LO, the majority still wants to maintain a special relationship with this party. LO also has contact with other political parties and interest groups that empathise with the views of the trade union movement, but not in the same formalised manner as it does with Labour.

The Confederation of Vocational Unions (YS)

YS was founded in 1977 and today consists of 22 independent trade unions, totaling 216,104 members of which 74% are employed. For the most part its unions organise workers within the public sector and finance.

There is no general organising principle which determines either the division between national unions or the manner in which each union is established. Most of the unions affiliated to YS are fairly small with fewer than 10,000 members. The larger unions are:

- The Finance Sector Union (Finansforbundet), which is dominant within this industry
- The Norwegian Union of Municipal Employees (Delta)

YS' highest authority is the General Council, which is made up of delegates appointed by the unions. The General Council meets at least twice a year, and every four years it elects the YS leadership.

The boundaries between YS and LO are quite blurred which has led to rivalries and competition. In the public sector and within many private companies unions belonging to both LO and YS compete for members, primarily among white-collar workers since LO dominates among blue-collar workers.

Historically the main difference between LO and YS has been a stronger political engagement by LO. LO's close ties with the Labour Party have been a primary motivation for employees joining YS federations as YS markets itself as a "politically independent umbrella organisation". Today the relationship between LO and YS is fairly good although competition for members still remains. While LO and YS unions always used to negotiate separately with the employers' organisations, in recent years it has become more usual for them to negotiate together, especially in the state sector and within private transportation.

The Confederation of Unions for Professionals (Unio)

Unio is Norway's second largest confederation of unions. Founded in December 2001, Unio is today a confederation of ten member unions with a total of 280,976 members working almost exclusively within the public sector.

The affiliated unions are professional unions for teachers, nurses, researchers, police, clergy and physiotherapists among others. The two large affiliated unions are:

- The Union of Education (Utdanningsforbundet), which organises teachers in primary and secondary schools as well as pre-school teachers
- The Norwegian Nurses Organisation (Norsk Sykepleierforbund)

The Federation of Norwegian Professional Associations (Akademikerne)

Founded in 1997, *Akademikerne*, is a confederation of professional organisations whose members have an extensive academic education. They include lawyers, engineers, psychologists, doctors, veterinary surgeons, social scientists, architects, business school graduates, economists, dentists and agronomists.

Akademikerne has 13 member organisations with a total of 143,848 members. The two larger affiliated unions are:

- The Norwegian Society of Chartered Technical and Scientific Professionals (Tekna), for professionals with a Master's degree or equivalent in science or technology
- The Norwegian Medical Association (Den norske lægeforening), which organises doctors

Whereas the three aforementioned confederations cooperate on many issues, especially within the public sector, Akademikerne stands out somewhat – for example, in contrast to the other union confederations, Akademikerne prefers individual wage bargaining.

Independent unions

In addition to the national unions affiliated to the four confederations, there are approximately 20 independent national unions. Most of these are fairly small and specialised, the largest and most important being the *Norwegian Society of Engineers and Technologists* (NITO) with 61,812 members.

Union activity at workplace level

At the workplaces union representatives within each union are elected locally and engage in union work and represent the members vis-à-vis the employers. Employers are obliged by a collective (usually basic) agreement to allow union representatives to use work time, paid for by the employer, for union activities. In larger companies and public departments, it is usual for one or more of the elected union representatives of larger unions to work full time on union activities and to be paid by the employer. The members of each union form a workplace branch within each company or public department, which is responsible for local union activity including both local bargaining and dialogue with the management. If there is more than one union affiliated to the same confederation in a company, these will usually form a joint committee.

If a company belongs to a group of companies, the unions, especially LO unions, will normally establish a body which coordinates the workplace branches across union borders and which elects common union representatives (convenors). Sometimes even unions outside LO will take part in these coordinating bodies.

The relationship and shift in balance among the trade union confederations

There are no clear demarcations between the confederations. LO and YS can in principle organise all kinds of employees, while Unio and Akademikerne have requirements as to educational level. Although LO and YS on the one hand, and Unio and Akademikerne on the other, organise largely different segments of the labour market based on education, there is competition between them all.

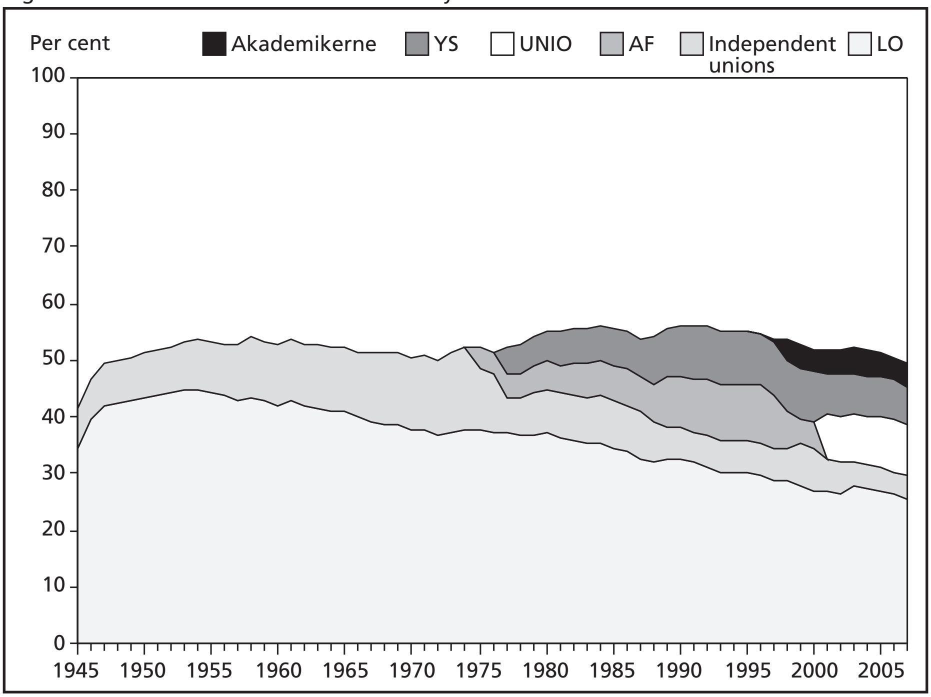
LO and YS organise the same groups to a large extent: workers with low to average education and salary. However, while LO is much larger, being dominant among blue-collar workers and maintaining a strong presence within most industries in both private and public sectors, YS is concentrated in female-dominated, semi-skilled occupations in the public sector and the finance sector.

While Unio organises most professional groups with a college degree, LO and YS are also open to these groups and have a fair number of members with higher education. Likewise Unio is open not only to professions with a college degree but also to groups with an extensive academic education, and therefore competes to some degree with Akademikerne.

There has been a substantial shift in balance among the confederations over recent decades. During the period following World War II, LO was dominant with more than 40% of the employed as members, and approximately 80% of all union members. As new confederations have been established and the balance between blue- and white-collar workers has shifted, LO's share of the total number of union members has fallen even though the number of members has increased significantly. Despite the relative decline in membership, LO and its unions are still the largest in both private and public sectors, and dominate the bargaining rounds.

In Figure 3-2 trade union density is measured on the basis of membership statistics and employees in the National Accounts statistics. Predecessors of AF and YS are grouped together with independent unions. The aforementioned stability of trade

Figure 3-2 Trade union confederation density



Source: Torgeir Aarvaag Stokke

union density can be noted[22] as can the steady decline in the density of LO and a similar growth for the other confederations and independent unions.

While LO exerts a strong central authority over its unions, the confederational level is relatively weaker within the other confederations.

Employers' associations density

Altogether member enterprises of the employers' associations (not including the state) total approximately 1,529,000 employees as of 31 December 2008, according to Statistics Norway. If the state is included, this accounts for 71% of all employees, according to the Labour Force Surveys. Thus employers are better organised than employees (compared to a union density of just above 50%). In the private sector the density of employers' associations amounts to approximately 60%.[23] While the trade union density has been relatively stable, the density of employers' associations within the private sector has in fact almost doubled since 1950. However, in contrast to the situation with the trade unions, many European countries have a higher density on the employers' side than Norway and the other Nordic countries.

As with the trade unions, the density of employers' associations increases with company size.

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). These are listed in Table 3-2 together with the number

Table 3-2 The largest employers' associations in Norway as of 31.12.2008

Name	Member enterprises	Employed
The Confederation of Norwegian Enterprise (NHO)	18,706	534,884
The Federation of Norwegian Commercial and Service Enterprises (HSH)	12,657	173,495
Spekter	186	175,345
The state	n/a	129,000[24]
The Norwegian Association of Local and Regional Authorities (KS)	939	430,659

Source: Statistics Norway

of member enterprises and the total number of people employed within the enterprises. All associations are national organisations.

Confederation of Norwegian Enterprise (NHO)

The only *confederation* in the private sector is the *Confederation of Norwegian Enterprise* (NHO – Næringslivets Hovedorganisasjon), which was the result of a merger in 1989 between NAF, founded in 1900, and two industry and craft associations. Altogether NHO comprises 18,706 firms with 534,884 employees, mainly within manufacturing but also within construction, craft trades and the service sector.

All members belong to one of 21 nationwide sector branch federations[25] 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. 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 1,982 member companies with 118,095 employees.

NHO and its federations combine the role of an employers' association with that of an 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 the LO and YS unions, and is party to all their collective agreements. In addition, many white-collar collective agreements are branch independent and are renewed by NHO on behalf of several federations.

NHO has as its primary objective to simplify the contents of collective agreements and labour law and to decentralise wage formation. This objective is shared with other employers' associations, and is the most important recurrent topic in collective bargaining.

The Federation of Norwegian Commercial and Service Enterprises (HSH)

The *Federation of Norwegian Commercial and Service Enterprises* (HSH) is the primary employer partner within trade and private services and consists primarily of smaller firms totalling 12,657 members with 173,495 employees. HSH represents among others 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.

As with NHO and its associations, HSH combines the role of employers' association with that of an industrial interest organisation. As HSH has no branch employers' federations, HSH negotiates wages and collective agreements at national level with LO and YS on behalf of all HSH's members within each agreement area.

Spekter

In 1993 a new employer organisation, the *Association of Public Owned Enterprises* (NAVO), was founded to meet the needs of semi-autonomous state enterprises. As more enterprises were separated from the state administration so NAVO grew rapidly, and in 2002 the organisation made a leap when the public hospitals in Norway were organised as health trusts, all of which became members of NAVO.

As 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 – altogether 186 with 175,345 employees. Accordingly, in 2007 NAVO changed its name to *Spekter*.

Spekter mainly undertakes the role of an employers' association, with the role of an interest organisation being under development. It aims to establish a bargaining and wage system where as much as possible is agreed within the single enterprises.

The state

In the *state sector* (state administration) the government is the formal employer, and the main negotiation rounds are currently the responsibility of the Ministry of Government Administration and Reform. Today this sector has approximately 129,000 employees,[26] a number which has been reduced considerably during the last 15 years due to reforms leading to many employees being transferred to autonomous state-owned enterprises, and due to local governments taking over responsibility for bargaining with teachers in primary and secondary schools.

The Norwegian Association of Local and Regional Authorities (KS)

The local public sector is represented by the *Norwegian Association of Local and Regional Authorities* (KS). KS is a national members' association for municipalities, counties and public enterprises under municipal or county ownership. All municipalities and counties are members. KS is an employers' and central bargaining organisation, an advisory and consultative body, and a spokesman and advocate vis-à-vis central government on behalf of its members. As a central bargaining agent, KS negotiates on behalf of 939 employers with a total of 430,659 employees. Oslo, the capital, is a member of KS but bargains on its own and has its own collective agreements.

Other organisations

In addition to these five larger organisations, there are at least 17 smaller, independent employers' associations. The largest is *The Norwegian Employers' Association for the Finance Sector* (Finansnæringens Arbeidsgiverforening) with 244 member enterprises with 37,749 employees, and the *Norwegian Shipowners' Association* (Norges Rederiforbund) with 163 members employing 40,000 people.

The relationship and shift in balance among the employers' associations

There is a relatively clear demarcation of bargaining territories, although there have been examples of tensions and of enterprises moving their membership between associations. As former state-owned companies have become partly privatised so the boundaries between territories have become more blurred. However, although Spekter today is home to member enterprises which are purely private, NHO has always been the dominant organisation in the private sector and remains so today. The dominant role of private manufacturing associations coordinating their policies under the auspices of NHO have contributed to an institutionalisation of an all-encompassing bargaining structure, especially as it pertains to LO and its unions, which has been and still is based on relations characterised by large amounts of trust.

Collective bargaining

Introduction

As briefly explained in the chapter on legal framework, the collective bargaining system is a multi-tiered system in which centralised concertation is complemented by workplace structures of cooperation 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 which, 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.

Collective bargaining agreements exist in order to regulate standard wage rates and working conditions. They subject both employers and employees to obligations, and grant rights. Not only are wages determined by the collective bargaining agreements – collective agreements also 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.

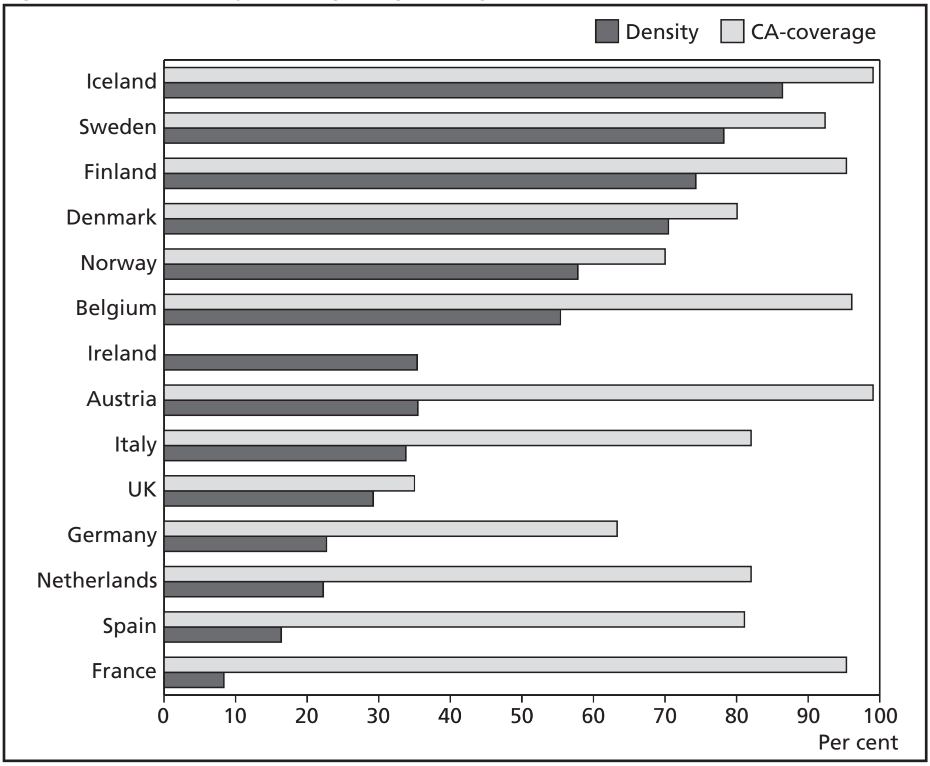
The early retirement scheme AFP is also an example of bargained welfare. The scheme grants employees who are covered by a collective agreement the right to retire at the age of 62. Although AFP is mainly financed by employers, the state also contributes. The old age pension system will be reformed from 2011 so that all employees may retire at 62 but only employees within companies covered by a collective agreement will receive extra pension.

Collective agreement coverage

According to the Labour Force Survey (2004) 58% of all employees in the private sector state that they are covered by a collective agreement.[27] Other more accurate measuring methods indicate a somewhat lower number – approximately 55% in the private sector, a number which has been fairly stable for many years. Given that the public sector has 100% coverage, the coverage of collective agreements in the whole labour market is approximately 70%.[28] 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.[29]

Figure 4-1 shows union density and collective agreement coverage in 14 European countries. As can be seen, Norway has a relatively high union density and a more modest collective agreement coverage. The reason why European countries such as Austria, Italy and France have a high collective agreement coverage in spite of low union density is the existence of institutionalised mechanisms for extensions of collective agreements even if the workforce 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 recently there were no such extension mechanisms.[30] Collective agreements are activated on the basis of trade unions being in place, and

Figure 4-1 Union density and bargaining coverage in 14 countries*



* Density numbers from 2003, collective agreement coverage numbers from around 2000.

* Sources: Stokke, T.Aa., S. Evju and H.O. Frøland (2003), *Det kollektive arbeidslivet : organisasjoner, tariffavtale, lønnsoppgjør og inntektspolitikk*. Oslo : Universitetsforlaget. Visser, J. (2006), "Union membership statistics in 24 countries." *Monthly Labour Review*, 129 (1), 38-49. Figures for Iceland from Statistics Iceland.

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 which 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 will 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 company level.

For blue-collar workers minimum wages are usually set in the nationwide collective agreement accompanied by bargaining at local level to decide the actual wage. In some industries the wage agreements are "normal wage" agreements, which means that the nationwide agreement actually decides the wage rates within the industry. However, central agreements within the Spekter area (except in the hospital sector) stand out as they contain no wage rates at all; these are delegated to local agreements between companies and unions.

Collective wage systems may also contain elements of variable pay based on performance or results, for example piecework wage and bonuses based on individual or company performance. The share of employees in the private sector with variable pay (bonus, piecework, provisions etc.) increased from 12% at the beginning of the 1990s to 35% in 2003.[31] If regulated by collective agreement, these variable pay arrangements are normally negotiated with the union at company level.

There is no statutory minimum wage in Norway, but wage agreements will normally contain pay minima. Some employers' associations support a statutory minimum wage but the unions are opposed to this as they are afraid 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 work immigrants into 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 which were 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*[32] was passed to prevent potential negative aspects of immigration. The Act gives a government-appointed Tariff Board[33] the right to decide that the individual provisions of a nationwide collective agreement, in part or in full, shall apply to all employees, both foreign and 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 within certain other sectors and areas. 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.

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.

Different bargaining models have been employed during recent decades. The degree of coordination within and across sectors varies from bargaining round to bargaining round. Bargaining basically alternates between the highest intersectoral level and the industry level in the private sector. As the dominant confederation, LO's General Council decides whether negotiations are to be carried out centrally or by national branch organisations. This alternation provides the trade unions with flexibility in the choice of the level and form of coordination. The employers' association NHO does not necessarily have to agree upon the chosen level of coordination, and may apply centralised authority throughout the bargaining round. This is especially the case in bargaining at branch level, where in recent decades NHO has actually increased its own role. Intermediate or mid-term bargaining rounds are always centrally coordinated and normally focus on pay.

If negotiations take place at intersectoral level, bargaining occurs between the organisations at the top level (LO, YS, NHO etc.) and covers broad issues. Combinations of intersectoral and industry-level bargaining have also occurred. LO and YS 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.

Public sector bargaining

The settlement period in the public sector also lasts two years, and allows for wage renegotiations in the second year. The bargaining rounds of the local government and Spekter sectors are regulated by the Labour Disputes Act, while the state sector is regulated by the Civil Service Disputes Act

In the *state sector* and *Spekter area,* agreements are settled with bargaining cartels of unions from the confederations, who can commit the individual unions.

In the *local government sector* (municipalities), as in the state and Spekter sector, cartels of unions from the four confederations form the central partners for bargaining with KS. However, in the local government sector individual unions may be entitled to bargain independently and may go on strike independently of the cartel as it is the individual unions who are party to the agreements.

Collective agreements often have to be approved by a ballot vote of the union members who are covered by the agreement. Even KS conducts a ballot among its members.

Tension in the bargaining rounds in the state and local government sector has increased over the last 20-25 years. Two recurring controversies have produced a number of strikes. The first is that while the LO-NHO area signals the acceptable wage increase, white-collar workers in manufacturing often experience a higher wage increase. The bargaining parties in the public sector argue that both groups should be included in the wage guidelines applied to public employees. The second concerns relative wages. Little scope for local wage formation and general increases in the form of kroner (as opposed to percentage increases) resulted in wage compression, particularly during the 1990s. Groups that could compare their wages with private sector conditions experienced increased dissatisfaction. Today changes have occurred both in the overriding incomes policy and in the collective agreements in order partly to address both controversies. However, these issues are likely also to affect further collective bargaining rounds in the public sector.

Local agreements

Bargaining is conducted both at sector and local (undertaking) levels. The centralised bargaining for wages and collective agreements is therefore usually supplemented with bargaining at local level between each undertaking and the local union(s) of the undertaking. Local bargaining is done under a peace clause, which means that strikes are prohibited.

While this has always been the model in the private sector, public sector bargaining up to the 1990s was centralised at national level only. However, since the 1990s local bargaining has also been widely used in the public sector.

The negotiations at undertaking level are conducted by local parties without involving central parties, unless the local parties are unable to agree on a revised agreement.

At local level the parties may enter into supplemental agreements, partly encouraged by, and within the framework set by, the central accords but also by agreements on issues which the parties find useful or necessary. Examples of this include the Agreement on Fundamentals of Homework, Equality of Status Agreement, Agreement on Alcohol and Drug Abuse, Agreement on Reorganisation and Efficiency Processes, Agreement on Permission to Electronic Register Employees' use of e-mail and Instructions on personnel data.

Disputes

Resolutions of disputes concerning the revision of collective agreements rely to a large extent on mediation, which in practice is compulsory. The State Mediator must be notified of all strikes and lockouts beforehand, and decides whether a temporary peace should be imposed. If so, the parties must go through a compulsory mediation before industrial action can take place.

If a strike or a lockout can cause "serious damage to society" the government may present a special act to parliament in order to end a work stoppage. The dispute is then to be resolved by an arbitration board, the National Wages Board. Use of compulsory arbitration was frequent in the late 1970s and the 1980s, and came under criticism by the ILO for being used in disputes that were not threatening essential services, and thus its usage violated international conventions. 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. Breakdowns 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.[34] In parts of the manufacturing sector, work efforts and the corresponding wages can be reduced to 45% during a bargaining impasse. And in the Spekter area, local negotiations are conducted during a pause in the sectoral negotiations. Local disagreements can thus be transferred to the closing sectoral-level negotiations.

Work stoppages

As a result of the extensive obligation to maintain peace as well as of strict regulations concerning the use of industrial action, the level of conflict has been low and mainly associated with short-term, although sometimes large-scale, strikes during renegotiations of agreements. The trend is also towards fewer workdays lost, as shown in Tables 4-1 and 4-2. Measured by the number of strikes per year, Norway tends to rank low in European comparisons. The lockout is a legal measure in Norway but is rarely used. Measured by working days lost, the ranking is medium (table 4-2).

Table 4-1 Work stoppages in main bargaining rounds 1986-2008[35]

	1990	1992	1994	1996	1998	2000	2002	2004	2006	2008
Work stoppages	15	16	20	18	36	29	16	12	12	10
Workers involved	60,674	38,925	14,735	53,257	26,950	93,889	9,865	9,873	29,109	12,963
Working days lost	139,047	365,319	97,213	549,842	286,407	496,568	150,775	141,179	146,758	62,568

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

Table 4-2 Working days lost per 1000 employees. Yearly average 1981-2007

	1981-1990	1991-2000	2001-2007
Spain	637	331	124
France	70	66	103
Italy	585	128	87
Finland	373	135	65
Belgium	46	29	35
Denmark	160	167	33
Norway	93	94	30
Great Britain	292	22	28
Sweden	83	30	23
Ireland	325	95	22
The Netherlands	17	29	9
Germany	27	9	6
Switzerland	0	2	4
Austria	2	4	1

Note: Based on basic data from ILO and Eurostat. Missing data for France (2007) and Austria (2006, 2007).

In summary it could be said that the Norwegian system is a well-regulated system of collective agreements with a peace clause which is in force other than during the negotiation period every second year. The nationwide collective agreements are supplemented by extensive agreements at 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 fairly high density, but at the same time the system is dependent on strong local partners at company level who agree to company implementation of central accords and to collective bargaining at company level.

Tripartite concertation

Introduction

Industrial relations in Norway have been marked by a strong presence of the state in wage-setting, mediation and the settlement of disputes as well as by the statutory regulation of workers' rights.[36] However, cooperation has gradually been extended into many political and work-life issues. Thus the Norwegian model is a corporative model 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 cooperation with the government, public administration and the Members of Parliament. However, cooperation also occurs at levels ranging from company to state, and over the last century many arenas have been created as meeting places for union representatives and employers.

Thus the state has 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 developing the model.

The corporative institutions

Development and change are often achieved by establishing committees appointed by the government or ministries, in which organisations participate and 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 within central labour issues are rarely completed without a preceding dialogue. However, strong permanent institutions have also been established.

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

Five years later the *Technical Calculation Committee for Wage Settlements* (Teknisk Beregningsutvalg) was established, for which the Ministry of Labour and Social Inclusion has administrative responsibility. This committee plays a central role in ensuring that the social partners and the authorities have as far as possible a shared understanding of the situation in the Norwegian economy, and that the parties to collective wage negotiations agree as far as possible 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 which 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 and Social Inclusion has administrative responsibility. The same organisations as those in the Contact Committee participate. In 2008 the government extended the scope of this committee to also go through forthcoming evaluations of the pension reform in connection with the pension settlement, and the committee accordingly changed its name to *Arbeidslivs- og pensjonspolitisk råd*.

Income policy

An example of the close cooperation between the three parties at 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, and Norwegian companies' competitiveness was weakened and unemployment increased. In order to overcome this crisis, the state and social partners agreed to pursue a Solidarity Alternative, according to which centralised income policies should aim at lowering unit costs by 10% compared to trading partners, and at the same time bring down 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 expressed broad political consensus and the commitment of the social partners to continued concertation. Employers have from time to time declared a goal of more flexibility for companies and labour deregulation, but sacrificed this for the aim of regaining control over wage determination and avoiding inflation and a 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 was expected.[37] 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 been able to influence 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 income policy concertations were initiated later under governments of different colours, the main difference being that other union confederations and employers' associations have been incorporated in the process over recent years. Generally there have been limited changes in the bargaining system in spite of modifications of the pattern of coordinated wage-setting and macro-economic policies over recent years. In fact, bargaining coordination has been strengthened, sometimes even across confederations.

Oil revenues, which have had a potentially inflationary impact, have to a large extent been kept in check through centralised wage determination, with the manufacturing sector being the pace-setting industry. This has also meant a stricter control of wage costs in the public sector than AF, and later Akademikerne and Unio, have appreciated. Today the two confederations pursue different strategies. Unio argues that female-dominated professions in the public sector have suffered several imbalances in the Norwegian bargaining system. This materialises as a large gender wage gap between the public and private sectors and should, according to Unio, be reduced by allocating extraordinary wage increases to these professions financed by the state. Many LO and YS unions may even agree, counting on the fact that their groups will also receive wage increases. Akademikerne on the other hand opts primarily for a strong decentralisation of wage bargaining. This has been achieved for academic professions in the local government sector but not for state employees.

Labour market policy

Another important recent example of tripartite concertation is the *Inclusive Workplace Agreement*.

In response to the high sickness absence and disability benefit inflow rates during the 1990s the Norwegian government decided on the fairly unusual route, at least in an international perspective, of shifting parts of the responsibility for solving these issues onto social partners. In order 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 cooperate on strengthening active measures at the workplace – *the Inclusive Workplace*

Agreement.[38] The main idea behind this is that the workplace is the principal arena where progress could and should be made.

Sickness benefits

Employees are entitled to daily cash benefits from the first day of sickness. Daily benefits equal normal wage, i.e. 100% compensation, and may last for up to one year. The first 16 days are paid by the employer, after which the benefits are covered by the state. The same daily cash benefit is granted for up to ten days per year if the employee has to be absent from work in order to care for a sick child.

The purpose of the Inclusive Workplace Agreement was to help to:

- Create a more inclusive workplace for the good of individual employees, workplaces and society
- Reduce the utilisation of disability benefits and sickness absence
- Make better use of older employees' resources and labour in the workplace

The operational objectives were threefold: firstly, to reduce sick leave absence by 20% compared to the situation in the second quarter of 2001; secondly, to stimulate the inclusion into the workforce of far more people with an impaired functional capacity; and thirdly, to raise the effective retirement age by making older workers stay longer in work.

A special agreement of cooperation was drawn up between individual enterprises and the authorities, i.e. the National Insurance Service (today part of Norwegian Labour and Welfare Organisation). Enterprises signing the agreement committed themselves to working systematically for the reduction of absence due to sickness. In return the authorities provided these enterprises with 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 agreement period it was clear that the objectives were far from being attained although studies suggested that the climate for constructive in-house cooperation related to risks of exclusion had improved in IW enterprises and that the level of sickness absence 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 persons with impaired functional capacity or older workers, which was also a part of the commitment undertaken when signing up as an IW enterprise.[39] However, as the IW concept had gained considerable support in Norwegian workplaces and among the social partners, the government and the social partners agreed to enter into a renewed IW agreement for a new period (2006-2009).[40]

A durable model

Central concertation has prevailed through shifting political regimes in Norway, and has encouraged further cooperation 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. Today there are ten main actors – the government and the organisations mentioned in the third chapter. Although the challenges for coordination increase with the number of actors, the dominant path still seems to be the common good.

Relations at company level

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

- Co-determination in company development
- Health and safety activities
- Bargaining and local agreements (see 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 arrangements 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 as most employees are unionised, at least in larger workplaces. 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, and are hardly controversial. 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. LO and NHO pursue a formalised joint cooperation on enterprise development, which includes the funding of company-level projects which act to encourage cooperation 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 more 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 they also play a significant role in the more formal structures for employee representation.

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 *works councils* within 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 works councils compulsory in companies with more than 100 employees. The parties may also jointly raise the establishment of a works council as a demand in companies with fewer than 100 employees. In the public sector there are similar arrangements.

These works councils 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 works councils for groups of enterprises and divisional councils for companies with more than 200 employees.

A survey conducted in 2003 among companies with more than ten employees showed that in fact eight out of ten companies in the private sector practised some form of representative employee participation (representation on the board of directors is not included).[41]

Beyond participation and representation in the workplace, employee representation on the boards of companies is regulated in the *Limited Liability Companies Act* and the *Public Limited Liability Companies Act*. Although there are also other relevant acts, the majority of legal arrangements in this area are based on the principles of these Acts. Employees have a right to board-level representation in companies that on average have had 30 employees or more during the previous three years. In companies with more than 50 employees, employees are entitled to a number of representatives not exceeding one-third of all the board members or a minimum of two representatives. Employee representatives are elected by all employees. Companies which in the previous three years have had on average 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 board-level representatives and deputies from their own ranks, not exceeding one-third of the total number of board representatives and 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 usually elected as board members.

Employee representation on the board of companies was a hot issue in the years around 1973 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. Recent surveys have shown that approximately 60% of companies with more than 50 employees had employee representation.[42]

Health and safety activities

The Working Environment Act makes working environment committees compulsory in all enterprises with more than 50 employees, and also in enterprises with between 20-50 employees if required by one of the local parties. These committees are bipartite bodies composed of an equal number of employee and employer representatives. The various duties of these committees include considering questions relating to plans that may be of material significance for the working environment, in areas such as rationalisation schemes, work processes and hours of work arrangements.

The Act also makes it compulsory to have in all companies[43] a number of safety representatives. Their aim is to safeguard the interests of employees in matters relating to the working environment, both physical and psychosocial. Their number depends on the size of the establishment, the nature of the work and the working conditions in general, and the company is responsible for financing their training. They have considerable power: if a safety representative considers that the life or health of employees is in immediate danger, he or she may halt the work until the Labour Inspection Authority has decided whether work may be continued. A recent report[44] based on a large survey shows that approximately 80% of all companies with more than ten employees have safety representatives, and the main conclusion is that the safety representative system overall is well established and functions well. The report also shows that the representatives have power: approximately 20% of them have used the right to halt work due to danger to life or health.

To reduce the risk of accidents, damages and health problems in the building and construction industry, which is characterised by frequent changes in the workforce, a tripartite arrangement of regional safety representatives for building and construction activities was established in 1981. These mobile delegates are financed by the companies and operate across all companies and building sites within a region. They are also assigned the role of safety delegates according to the law within companies without elected delegates of their own. In 2008 it was decided to establish a similar arrangement of regional safety representatives within hotels and restaurants, and a few other industries are expected to follow suit.

Norway and the European Union

Norway is incorporated in 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 EU level. The main rule is that the EU decides minimum standards although the countries may have higher standards.

European regulations on information, consultation and cooperation have so far had two important consequences for working life within Norway:[45]

- Rights on information and consultation are extended as being valid for all workers, as regulations which were reserved for workers covered by collective agreements are now anchored in the Working Environment Act
- Workers within multinational companies have extended rights across borders regarding information and consultation, as well as representation on the boards of European Companies (SE)

As a consequence of the free movement of labour within the EEA, Norway has experienced a large increase in work immigrants, especially from the new member countries of 2004 from Eastern Europe. From 1 January 2003 to 1 January 2009 the registered number of work immigrants from these eight countries increased from nearly zero to 61,000.[46] This development has caused renewed attention to be paid to the challenges of social dumping and low wage competition, leading to the use of the Act relating to General Application of Wage Agreements (see chapter on collective bargaining).

We will limit ourselves in this chapter to a brief description of the most important legislation and regulations affecting the Norwegian social dialogue, and then we describe the social dialogue and arenas at 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.[47] This directive commits the employer to inform about planned redundancies and to discuss with employee representatives how to reduce negative effects. 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,[48] gives rights to employees for information and consultation in reasonable time before a transfer take 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.[49]

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 transboundary bodies representing all employees, which improve 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 additional agreements 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 national level. The directive gives the workers rights to information and consultation on the economic and staff situation, 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 as these issues traditionally have been dealt with in the basic agreements. Only minimum provisions are incorporated in the law, meaning that private companies with less than 50 employees are not embraced if not covered by a collective agreement.

In 2001 the EU agreed on the 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.* A SE company is a joint-stock company at European level with its own legislative framework which allows companies incorporated in different EEA states to merge or 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 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 coming together to form the SE enjoyed worker involvement provisions beforehand. The purpose is to avoid the establishment of an SE company removing or weakening employee involvement, stating that the best existing involvement rules should be applied. In Norway Directive 2001/86 was implemented through a regulation to the new law on European companies (*Lov om europeiske selskaper ved gjennomføring av EØS-avtalen*) in 2005.

Social dialogue

Norwegian labour relations are influenced both directly and indirectly by the European system of social dialogue. Parts of the regulations which are binding through the EEA agreement are made by the parties at 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 in two main parts: the cross-sectoral dialogue and the sectoral dialogue. The European Works Councils have also resulted in a new arena for information and consultation at enterprise level in multinational companies.

Although some of the regulations have resulted in a slight shift from collective agreements to law provisions, meaning that unorganised workers are more covered, 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.[50]

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. From 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, HSH and the Ministry of Government Administration and Reform take part. In addition, there is an employers' organisation representing the interests of European crafts, trades and

SMEs, of which the Norwegian Federation of Craft Enterprises (NHO Håndverk) is an associate member.

The Maastricht Treaty (1993) cleared the way for negotiated agreements between parties at European level, primarily the confederations, which in turn could become binding directives within the EEA. As of 2008 the parties have entered into three such agreements.[51] The European parties are also consultative bodies and take part in EU processes within several policy areas, such as macro economy, employment, further and supplementary training, industrial democracy etc. Furthermore, they take part in several committees through which they influence policy development within 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 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 as it is anticipated that it will be easier to accomplish results through this dialogue where the interests differ less than within the cross-sectoral dialogue. This dialogue takes place in 33 different industrial sectors.[52] The parties are primarily trade union federations and employers' associations.

The sector dialogue is an important tool for tackling industry-specific questions at 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 almost 500 joint texts including joint opinions and agreements, guidelines and codes of conduct.[53] As 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 sister organisations as the number of EU countries has increased and Norwegian organisations mostly have observer status.[54]

European Works Councils

A social dialogue has evolved within multinational companies through the European Works Councils. For Norwegian-based multinationals and trade unions these councils are probably the most concrete result of the European cooperation when it comes to labour relations. These councils may become even more important in the future as the EU Commission action plan 2006-2010 prepares for the development of transboundary negotiations for agreements within companies and sectors on issues such as work organisation, working conditions and training.

For further reading

Dølvik, J.E (2007), *The Nordic regimes of labour market governance: From crisis to success-story?* Fafos Rådsprogram 2006–2008. Oslo: Fafo.

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.

Evju, S. (2008), "The right to strike in Norwegian labour law." *Arbeidsrett*, vol. 5 no. 2.

Evju, S. and L. Holo (2000), "Labour law and the labour market in Norway". In: Neal, Alan C., ed., *European social policy and the Nordic countries*. Aldershot; Ashgate.

Løken, E. and A. de F. Barbosa (2008), *Industrial bacalao? Industrial relations in Norway and Brazil and within Norwegian companies in Brazil*. Fafo-report 2008:04. Oslo: Fafo.

Magnusson, L., H. Jørgensen and J.E. Dølvik (2008), *The Nordic approach to growth and welfare: European lessons to be learned?* Brussels: ETUI-REHS.

Moene, K.O. and M. Wallerstein (2006), "The Scandinavian Model and Economic Development". In *World Bank Development Outreach*, February 2006.

Olsen, T. (ed) (1996), *Industrial Relation Systems in the Public Sector in Europe*. Fafo-report 195. Oslo: Fafo.

Other sources

European Industrial Relations Observatory (EIRO): Eironline, www.eurofound.europa.eu/eiro/country_index.htm

Endnotes

[1] Dølvik, J.E (2007), *The Nordic regimes of labour market governance: From crisis to success story?* Oslo: Fafo. Fafos Rådsprogram 2006–2008.

[2] The organisational picture has become more complex as more nationwide organisations have emerged both on the employers' side and the unions' side. See more on this later.

[3] 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.

[4] All facts in text boxes are based on statistics from Statistics Norway. See www.ssb.no/english/

[5] For detailed information, see brochure from Ministry of Labour and Social Inclusion www.regjeringen.no/upload/AID/publikasjoner/veiledninger_og_brosjyrer/2008/dnts_eng.pdf

[6] Econ Pöyry, November 2008.

[7] Law text in English: www.arbeidstilsynet.no/binfil/download.php?tid=42156

[8] Working Environment Act, sections 2-1 and 2-2.

[9] Law text in English: http://www.regjeringen.no/en/doc/Laws/Acts/The-Act-relating-to-Gender-Equality-the-.html?id=454568

[10] Law text in English: http://www.arbeidstilsynet.no/binfil/download.php?tid=40352

[11] Employees get one extra week of holiday from the year in which they reach 60 years of age.

[12] Issues of interest include notably those relating to pay and other employment conditions. Negotiations on managerial decisions involve issues of interest, as do negotiations on the conclusion of agreements on pay and other conditions. Negotiations with a view to reaching new agreements are also a typical example.

[13] Evju, Stein (2008), "The right to strike in Norwegian labour law." *Arbeidsrett*, vol. 5 no. 2.

[14] Law text in English: http://www.ub.uio.no/ujur/ulovdata/lov-19830304-003-eng.pdf

[15] Evju, S. and L. Holo (2000), "Labour law and the labour market in Norway". In: Neal, Alan C., ed., *European social policy and the Nordic countries*. Aldershot; Ashgate.

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

[17] 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.

[18] Bråten, M. (2009), *Evaluering av tvisteløsningsnemnda etter arbeidsmiljøloven : første funksjonsperiode 2006–2008*. Oslo: Fafo. Fafo report http://www.fafo.no/pub/rapp/20093/20093.pdf

[19] ibid.

[20] Nergaard, K. and T. A. Stokke (2006), *Organisasjonsgrader og tariffavtaledekning i norsk arbeidsliv 2004/2005.* Oslo: Fafo. Fafo-report 518 http://www.fafo.no/pub/rapp/518/518.pdf

[21] See annex for a list of unions and urls to their websites.

[22] The slight fall in total density during the most recent years coincides with an exceptionally strong growth in employment.

[23] Stokke, T.Aa., S. Evje and H.O. Frøland (2003), *Det kollektive arbeidslivet : organisasjoner, tariffavtale, lønnsoppgjør og inntektspolitikk*. Oslo: Universitetsforlaget.

[24] As per 31 December 2006.

[25] See annex for a list of federations and urls to their websites.

[26] Fornyings- og administrasjonsdepartementet (2007): Statstilsette i tal. Lommestatistikk for statsforvaltninga 2007

[27] In the public sector all employees are covered as mentioned before. Therefore the coverage both in the state and the municipal sector is 100%.

[28] Nergaard, K. and T. A. Stokke (2006), *Organisasjonsgrader og tariffavtaledekning i norsk arbeidsliv 2004/2005*. Oslo: Fafo. Fafo-report 518 http://www.fafo.no/pub/rapp/518/518.pdf

[29] Dølvik, J.E (2007), *The Nordic regimes of labour market governance: From crisis to success story?* Oslo: Fafo. Fafos Rådsprogram 2006–2008.

[30] A kind of extension mechanism – the Act relating to general application of wage agreements – is described later (wage systems).

[31] According to calculations made by Kristine Nergaard at Fafo.

[32] An English translation of this Act can be found at: http://www.npd.no/regelverk/r2002/Allmenngjoeringsloven_e.htm

[33] This Board is constituted of one representative from the employers' organisations, one from the trade unions, and three "neutral" representatives appointed by the government.

[34] Stokke, T.Aa (2008), "The Anatomy of Two-tier Bargaining Models." *European Journal of Industrial Relations,* vol. 14, No. 1, 7–24.

[35] 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.

[36] Dølvik, J.E (2007), *The Nordic regimes of labour market governance: From crisis to success story?* Oslo: Fafo. Fafos Rådsprogram 2006–2008.

[37] 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.

[38] An English translation of this can be found at: http://www.disabilityworld.org/04-05_02/employment/norway.shtml

[39] 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

[40] For the Letter of Intent regarding a more inclusive working life 2006-2009, see http://www.regjeringen.no/upload/AID/temadokumenter/velferd/ia/A_more_inclusive_working_life_2006-2009.pdf

[41] Kvinge, T., B. Grimsrud and P. Schøne (2005), "Ansattes medbestemmelse i norsk arbeidsliv – omfang og kjennetegn". In: Torp, H. ed., *Nytt arbeidsliv. Medvirkning, inkludering og belønning.* Oslo : Gyldendal Akademisk.

[42] Hagen, I.M. (2008), *Ansatte i styret: statusrapport 2007*. Oslo: Fafo.

[43] In companies with fewer than ten employees the parties may agree to have other arrangements.

[44] Torvatn, H., Forseth, U., Andersen, T.K. (2008), *Partner for arbeidsmiljø – det norske verneombudets rolle og funksjon*. SINTEF Technical report.

[45] Ødegaard, A.M. (2008), *Europeiske reguleringer og partssamarbeid*. Oslo: Fafo.

[46] Source: UDI. This number does not include posted workers and the self-employed.

[47] Council Directives 75/129/EEC and 92/56/EEC.

[48] Council Directives 77/187/EC and 98/50/EC.

[49] Ødegaard, A.M. (2008), *Europeiske reguleringer og partssamarbeid*. Oslo: Fafo.

[50] Ibid.

[51] 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.

[52] According to ETUC, April 2009.

[53] According to ETUC, April 2009.

[54] Dølvik, J.E. and A.M. Ødegård (2004), *Ti år med EØS-avtalen: konsekvenser for norsk arbeidsliv og fagbevegelse.* Oslo: Fafo.

Annex: Internet adresses

Trade unions

The Norwegian Confederation of Trade Unions (LO) **www.lo.no**
See also brochure: The Norwegian Confederation of Trade Unions, This is LO
http://www.lo.no/lobasen/Content/121443/THISISLO.PDF

Norwegian United Federation of Trade Unions (FF)	www.fellesforbundet.no
Norwegian Engineers' and Managers' Association (FLT)	www.flt.no
Norwegian Union of General Workers (NAF)	www.arbeidsmandsforbundet.no
The Electrician and IT Workers' Union (El & IT)	www.elogit.no
Norwegian Union of Social Educators and Social Workers (FO)	www.fo.no
Norwegian Prison and Probation Officers' Union (NFF)	www.fengselogfriomsorg.no
Norwegian Union of Employees in Commerce and Offices (HK)	www.handelogkontor.no
Norwegian Union of Railway Workers (NJF)	www.njf.no
Norwegian Musicians' Union (NM)	www.musikerorg.no
Norwegian Union of Municipal and General Employees (NUMGE)	www.fagforbundet.no
National Union of Norwegian Locomotivemen (NLF)	www.lokmann.no
Norwegian Food and Allied Workers' Union (NNN)	www.nnn.no
Norwegian Union of Military Officers (NOF)	www.milnytt.no
Norwegian Union of Industry and Energy Workers (IE)	www.industrienergi.no
Norwegian Union of Postal and Communication Workers (Postkom)	www.postkom.org
The Labour Press Union (APF)	www.a-p-f.no
Norwegian Seafarers' Union (NSF)	www.sjomannsunion.no
Norwegian Union of School Employees (SL)	www.skoleneslandsforbund.no
Norwegian Civil Service Union (NTL)	www.ntl.no
Norwegian Transport Workers' Union (NTF)	www.transportarbeider.no
Norwegian Players' Association (NISO)	www.niso.no

The Confederation of Vocational Unions (YS) **www.ys.no**

See also brochure: The Confederation of Vocational Unions,
Facts about the Confederation of Vocational Unions – YS
http://www.ys.no/filestore/YS-Facts03.pdf

Military Officers' Association (BFO)	www.bfo.no
Norwegian Association of Librarians	www.bibforb.no
Norwegian Union of Marine Engineers (DNMF)	www.dnmf.no
Association of Pharmacy Technicians	www.farmasiforbundet.no
Finance Sector Union of Norway	www.finansforbundet.no
Norwegian Union of National Defence Civil Servants	www.personellforbundet.no
Norwegian Union of Municipal Employees (Delta)	www.delta.no
Negotia (private sector white collar workers)	www.negotia.no
Bank of Norway Staff Union	www.nbff.no
Union of police station chiefs and police administrators	www.nlpl.no
Norwegian Radiographic Society	www.radiograf.no
Norwegian Association of School Leaders	www.nslf.no
Norwegian Customs Union	www.norsktollerforbund.no
Norwegian Union of Energy workers (SAFE)	www.safe.no
Parat	www.parat.com
Union of state health care and prison and probation service employees	www.stl.no
Union of Civil Servants in Norway	www.stafo.no
Union of transport company employees	www.ytf.no
Vocational Union of work and welfare	www.avyo.no
Vocational Teachers Union	www.ly.no
Norwegian Association of Dairymen	No web site
National federation of tax employees	www.skl.no

The Confederation of Unions for Professionals (Unio) **www. unio.no**

Union of Education	www.utdanningsforbundet.no
Norwegian Nurses Organization	www.sykepleierforbundet.no
The Norwegian Association of Deacons	www.diakonforbundet.no
Norwegian Association of Researchers	www.forskerforbundet.no
Norwegian Police Federation	www.pf.no
Norwegian Physiotherapist Association	www.fysio.no
The Norwegian Association of Occupational Therapists	www.netf.no
The Norwegian Association of Clergy	www.prest.no
The Norwegian Association of University and College Graduates	www.uhf.no
The Norwegian Association of Tax Auditors and Accountants	www.skatterevisor.no

The Federation of Norwegian Professional Associations (Akademikerne)

www.akademikerne.no

Norwegian Union of Salaried Architects	www.afag.no
The Norwegian Medical Association	www.legeforeningen.no
The Norwegian Dental Association	www.tannlegeforeningen.no
The Norwegian veterinary association	www.vetnett.no
Association of War Academy Trained Officers	www.kol.no
Norwegian association of natural scientists	www.naturviterne.no
The Norwegian Association of Lawyers	www.jus.no/nj
Norwegian Association of Graduate Teachers	www.norsklektorlag.no
The Norwegian Psychological Association	www.psykologforeningen.no
The Association of Social Scientists	www.samfunnsviterne.no
The Norwegian Association of Economists	www.samfunnsokonomene.no
The Norwegian Association of Masters of Science in Business	www.sivilokonomene.no
The Norwegian Society of Chartered Technical and Scientific Professionals (Tekna)	www.tekna.no

The employers' associations

Confederation of Norwegian Enterprise (NHO) **www.nho.no**

See also brochure: www.nho.no/getfile.php/filer%20og%20vedlegg/Managing_the_elements_lavopploest2.pdf

Branch federations in NHO

Association of Norwegian ICT- and Knowledgebased Enteprises	www.abelia.no
Norwegian Petrol Retailers Organisation	www.bensinforhandlerne.no
Federation of Norwegian Industries	www.norskindustri.no
Federation of Norwegian Building Industries	www.bnl.no
Norwegian Electricity Industry Association	www.ebl.no
National Federation of Norwegian Fish and Aquaculture Industries	www.fhl.no
Federation of Norwegian Avitation Industries	www.nholuftfart.no
Norwegian Federation of Craft Enteprises	www.hbl.no
Federation of Norwegian Meat Industry	http://www.kiff.no/
Norwegian Logistics and Freight Association	www.ltl.no
Norwegian Media Businesses' Association	www.mediebedriftene.no
Norwegian Association of Motorcar Dealers and Service Organisations	www.nbf.no
Federation of Norwegian Food and Drink Industry	www.nhomatogdrikke.no
Norwegian Oil Industry Association	www.olf.no
Federation of Norwegian Costal Shipping	www.rlf.no
Norwegian Hospitality Association	www.nhoreiseliv.no
National Federation of Service Industries	www.nhoservice.no
National Forestry Association	www.skogbruk.no
Norwegian Technology	www.norskteknologi.no
Federation of Norwegian Transport Companies	www.transport.no
Norwegian Federation of Graphic Arts Enterprises	www.nhografisk.no

Other employers' associations

Federation of Norwegian Commercial and Service Enterprises (HSH)	www.hsh-org.no
Spekter	www.spekter.no
Ministry of Government Administration and Reform (The State)	www.regjeringen.no/en/dep/fad.html?id=339
Norwegian Association of Local and Regional Authorities (KS)	www.ks.no
Norwegian Employers' Association for the Financial Sector	www.finarb.no
The Norwegian Shipowners' Association	www.rederi.no

Other actors and institutions

Norwegian	
The Government	www.regjeringen.no/en.html?id=4
The Labour Court	www.arbeidsretten.no
The Ministry for Labour and Social Inclusion	www.regjeringen.no/en/dep/aid.html?id=165
The Norwegian Labour Inspection Authority	www.arbeidstilsynet.no
The State Mediator	www.riksmeklingsmannen.no
European	
European Trade Union Confederation (ETUC)	www.etuc.org/
BusinessEurope	www.businesseurope.eu/
European Centre of Employers and Enterprises providing Public services (CEEP)	www.ceep.eu
UEAPME	www.ueapme.com

Laws

Act relating to civil servants, etc. [Civil Service Act]
www.ub.uio.no/ujur/ulovdata/lov-19830304-003-eng.pdf

Act relating to gender equality [Gender Equality Act]
www.regjeringen.no/en/doc/Laws/Acts/The-Act-relating-to-Gender-Equality-the-.html?id=454568

Act relating to general application of wage agreements etc.
www.npd.no/regelverk/r2002/Allmenngjoeringsloven_e.htm

Act relating to holidays [Annual Holidays Act]
www.arbeidstilsynet.no/binfil/download.php?tid=40352

Act relating to working environment, working hours and employment protection, etc. [Working Environment Act]
www.arbeidstilsynet.no/binfil/download.php?tid=42156

Other Norwegian laws mentioned in the report are not available in English

European directives

Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies
http://ec.europa.eu/employment_social/soc-dial/docs/directive98_59_en.pdf

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
http://ec.europa.eu/employment_social/soc-dial/docs/directive2001_23_en.pdf

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
http://ec.europa.eu/employment_social/soc-dial/docs/directive94_45_en.pdf

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
http://ec.europa.eu/employment_social/soc-dial/docs/directive2002_14_en.pdf

Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company with regard to the involvement of employees
http://ec.europa.eu/employment_social/soc-dial/docs/directive2001_86_en.pdf

Agreements

Basic Agreement LO-NHO 2006-2009 with supplemental agreements
www.lo.no/Documents/Lonn_tariff/BasicAgreem06-09_1.pdf

Basic agreement for the state sector 2006-2008
www.regjeringen.no/en/dep/fad/Documents/Acts-and-regulations/Rules/2006/Basic-agreement-for-the-civil-service.html?id=449042

Norwgian Tripartite Agreement on a More Inclusive Workplace 2001-2005
www.disabilityworld.org/04-05_02/employment/norway.shtml

Letter of Intent regarding a more inclusive working life 2006-2009
www.regjeringen.no/upload/AID/temadokumenter/velferd/ia/A_more_inclusive_working_life_2006-2009.pdf

Labour relations in Norway

Labour relations constitute an important part of the Norwegian social model, characterised by strong employers' and workers' organisations and by close cooperation between the government, employers' associations and trade unions, as well as by strong co-determination and participation at company level. This report gives an up to date inter-disciplinary picture by describing the main institutional frameworks and social actors, at both national and enterprise level, within Norwegian working life. The report consists of seven parts; a general introduction, legal framework, the organisations, collective bargaining, tripartite concertation, relations at company level, and Norway and the European Union.

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www.fafo.no/english/

Fafo-report 2009:33
ISBN 978-82-7422-691-3
ISSN 0801-6143
Order no. 20123