



# Collective and individual participation: Conflicting or compatible?

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# "The Norwegian wonder"

Critics of "the nordic model" in the 1980ties:

"Public sector too large and expensive"

"Wage distribution too narrow"

"Offers of the welfare state too good"



"Will weaken national competitiveness and productivity"

**Today:** Norwegian economy has never been better.....

**Explained by "The cooperation between the social partners"?**

## Some changes in Norwegian work life from 1981 - 2006

GNP per capita has increased more than 70 percent

Number of female employees about 40 percent higher

The part of higher educated employees are doubled

Industry reduced with 100 000 man years while productivity rose

Public and private services had 50 percent increase

Every fourth employee changed job in 2005

Labour market changes by the EU expansion in 2004

# Number of labour conflicts in . . . : [www.eiro.eurofound.eu](http://www.eiro.eurofound.eu)



	1999	2001
Danmark	1079	954
Finland	65	84
Sverige	10	20
<b>Norge</b>	<b>15</b>	<b>3</b>
Spania	739	729
Frankrike	1398	1089
Nederland	24	16

# Norwegian employees are loyal to employers and management

Min  
77

Average  
82

Max  
88

Percent of employees who will support changes decides by management, even if they disagree, and are not asked of opinions (N=2297)

# Construction of the party based model

## Legal regulations

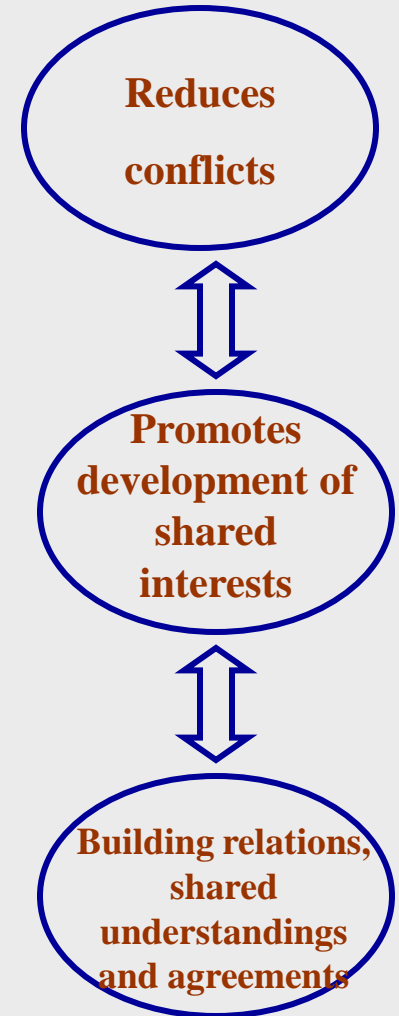
Labour protection and work environment acts (1892 – 2005)  
Joint stock company act 1972 (employee board representation)  
Welfare rights (education, social insurance, etc)

## Social partner's agreements

Agreement in mechanical industry 1907  
Main agreement 1935 (negotiation rights)  
Productivity agreement 1946 (create and share)  
Part B in 1966 (codetermination and participation)

## The system of cooperation

National: tripartisme (negotiating agreements, wages, politics)  
In companies: company assembly, company board, company representative advisory board (BU), work environment representative advisory board (AMU), department representative advisory board, negotiation representative advisory board



# The system creates:

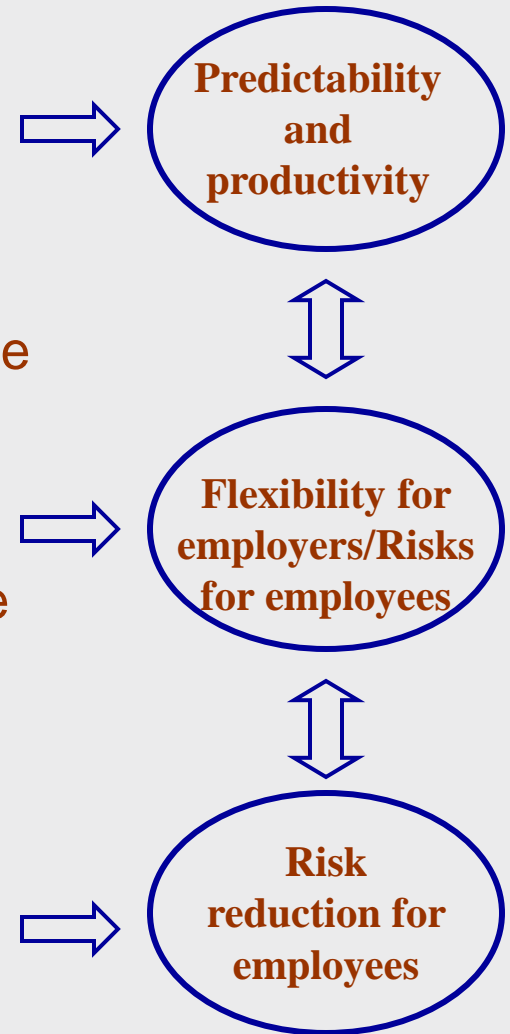
- On macro level:
  - Centralised wage formation, wages compressed form above and below
  - Lifelong education offers
  - Welfare state contributions: education, social security
  - Companies with highly educated staff are growing most
- On work place level:
  - Arenas and traditions for cooperative problem solving
  - Shop floor stewards “grease” restructuring
  - High flexibility and pace of change

# Weak collective labour protection in lay offs and downsizing

- "We have insisted it more important to create new work places than to preserve old and maybe obsolete ones."  
Jan Balstad, former second leader of LO, on why LO did not demand stronger collective labour protections
- Protections against collective/mass lay offs or downsizing are weak, but individual protections are strong
- There are traditions for generous compensations from employers when downsizing and lay offs are implemented (cooperative structures' impact on work life culture)

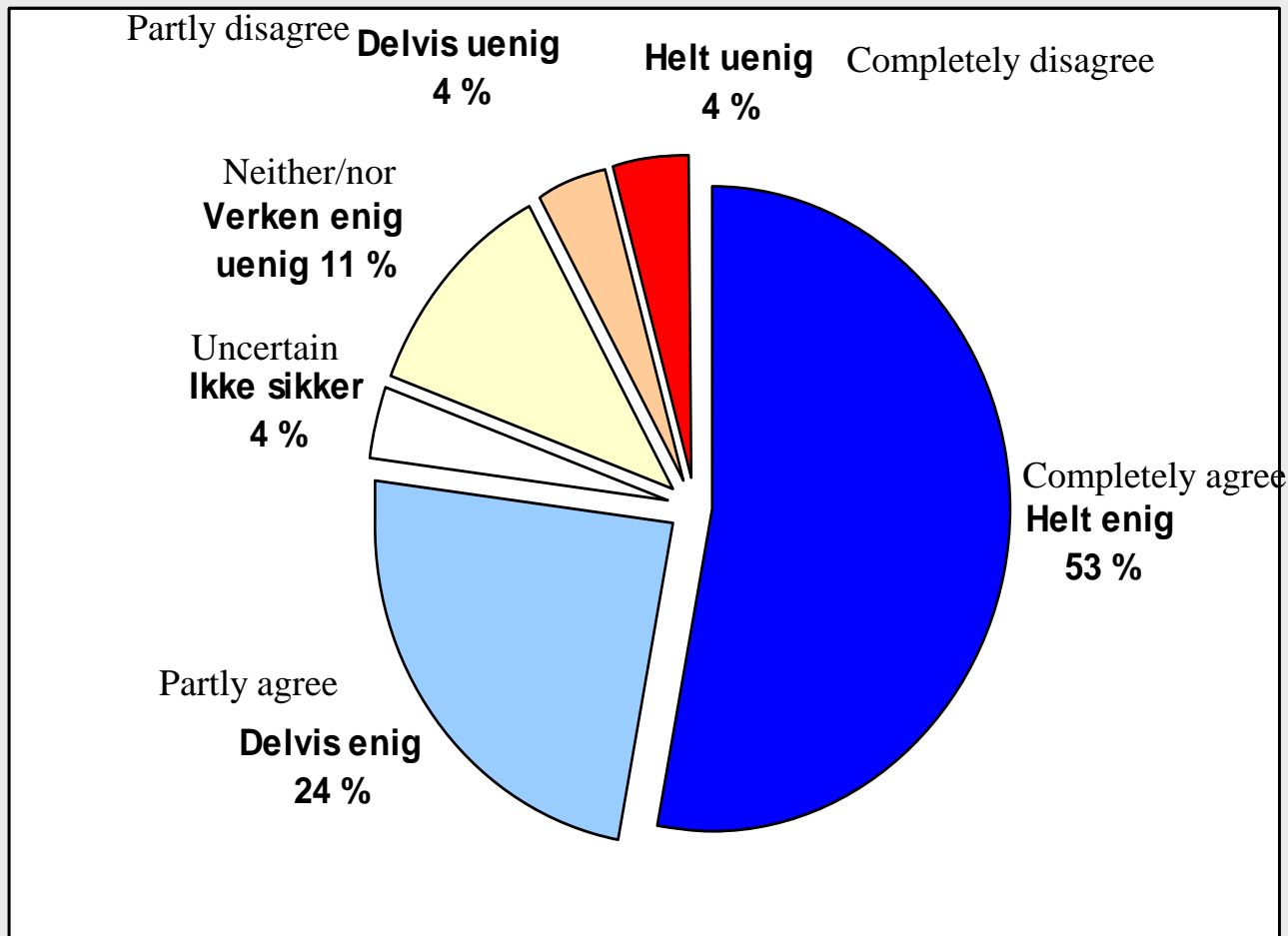
# Impact of the cooperative model:

- 'Rigid' wage formation
  - No concession bargain like in Germany
- Great ability for change and development
  - Restructuring and capital migration increase
  - Labour market mobility rises
  - Labour immigration increase
  - Possibilities for downsizing at low costs are good
- Welfare state supports work life changes
  - Connecting work, education and leave arrangements
  - Social security net and rights



# Praxis in the system of cooperation :

Leaders involve unions in major development projects in order to increase acceptance of change from employees



# Norske Skog Follum 1997 – The party-cooperation as development organisation

The Corporation: “Follum must reduce costs with 18% within 3 years”

CEO: Takes the problem to the company representative advisory board (BU)

BU: Agreement on improvement and profitability

- Reduce work force from 750 til 650 in 3 ys, without dismissals
- Increase part with vocational training from 40 to 90 percent
- Reduce sick leave and injuries at work

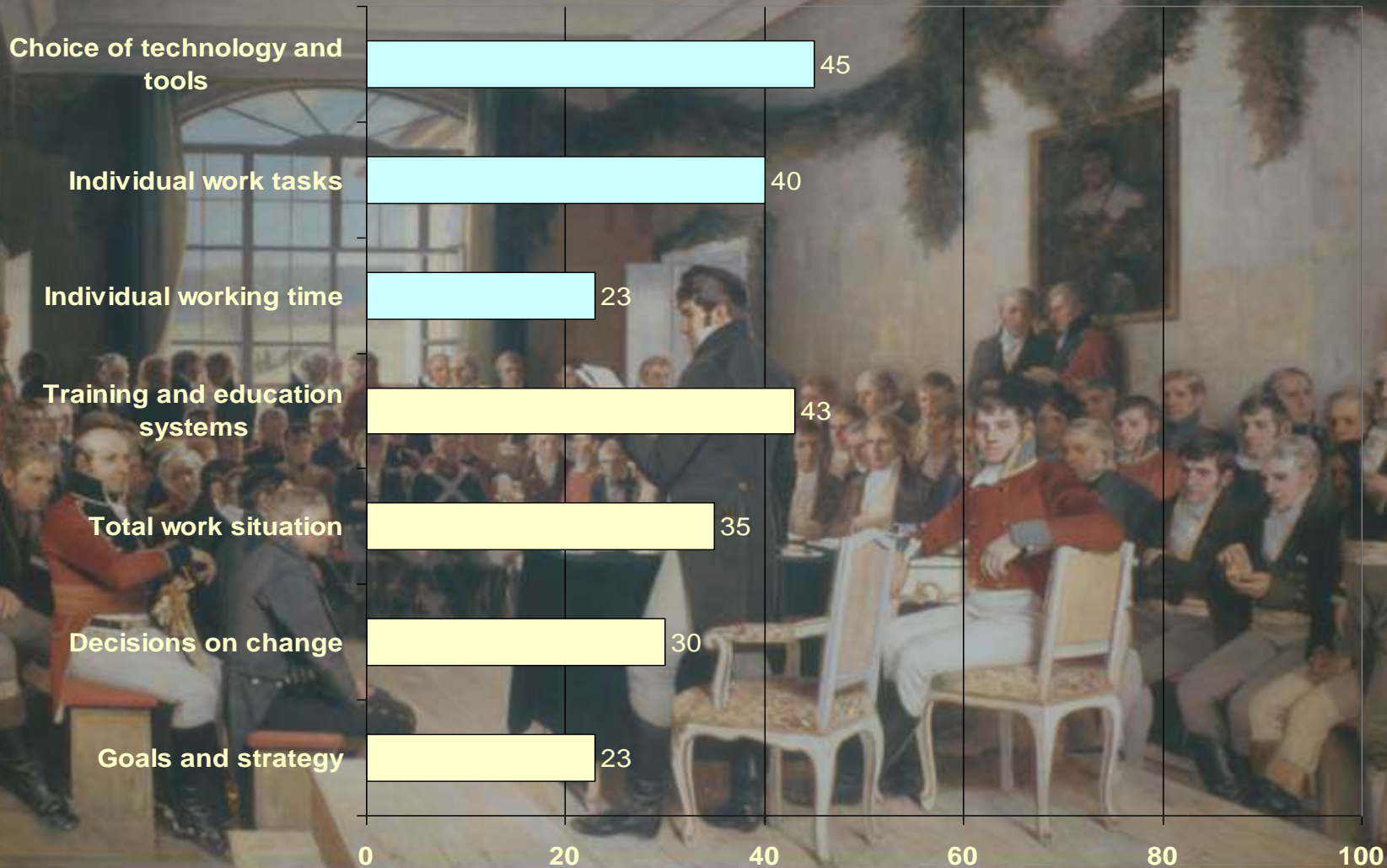
Result:

- Downsizing went too fast (45 left with early retirement)
- Tasks and responsibilities had to be redistributed quickly
- Production increased 8000 tons of paper during autumn 1997
- A new department of education was established
- European HES-award i 2000
- Improved performance after 3 år: NOK 65 mill (goal was 130)

# Conditions for party based development

1. That both managers and employee representatives dare to set shared development agendas by themselves without "modern" concepts or external consultants
2. That both managers and employee representatives conceive party based collaboration as a strength, not a compulsory burden
3. That both parties dare to leave the role as 'negotiators'
4. Mutual acceptance of differing goals (means can fulfil several/different goals)
5. That there are separate bodies to handle conflicts (negotiation representative advisory boards)
6. That development are integrated in daily work, not placed in separate projects or units

# Percent of employees and leaders who want more influence on.... (n=654 - 1799)



EIDSVOLD 1814

# An efficient work life?

**26 percent** "spend lots of time on things that are unnecessary and ought to be dropped" (n=3217)

**24 percent** "spend lots of time waiting on others to their job" (n=3421)

**35 percent** "spend lots of time that others ought to do" (n=2330)

# The "new" model ?

Expand cooperation on development and change



New processes and products (innovation)



Profits reinvested in more development



Renewable work ↔ Renewable workforce



Renewable enterprises ↔ Sustainable work life

## Challenging trends:

- Individualisation of labour relations
- Increasing wage gaps
- Import of services, outsourcing, work migration and social dumping dismantles relations and positions in the party based system
- The knowledge about the Norwegian party based system erupts



**”Modern times”**

**The national stability provides local flexibility**

**The model makes it possible to take advantage of the differences between labour and capital more than to nurse them**