

# Social dialogue in Norway

Camilla Lannem, March 2014, Sofia



# CAs in a brief historical view – the starting point

- Confederation of Norwegians Enterprise (NHO) was established in 1900
  - An answer to the creation of LO (1899)
  - Same organizational structure as LO
- The first national CA at branch level concluded in 1907
  - A merger of five smaller CBAs into one significant one for iron industry
  - Mainly about terms and conditions
  - But also the starting point for social dialogue
  - This CA is still the "mother" of all our CAs for blue collar workers



# ... and the rationale behind it was...

- to improve the efficiency of people management
- to increase the productivity

by

*Letting the employees bargaining collectively in a structured way according to an agreement, including rules and processes for conducting strikes*

- The benefit for the employees: collective power
- The benefit for the employers: agreement periods with the peace obligation for all workers, the production could run without disturbance from labour disputes



# The next step – development of social dialogue

- In 1935 LO and NHO concluded a separate CA for Social Dialogue
- Purpose: creating a common understanding for the need of improving work conditions for the employees and economical performance for the companies
- This Basic agreement is still recognized as the "the constitution of work life" in Norway



# ... today we would say

## Social dialogue is the "gearbox" in the Norwegian model

- Historically transformed different interest into solutions that (for the most part) have generated economic growth and welfare
- More than 100 years of cooperation, not a permanent body for tripartism
- Foundation for the tripartism in any country is bipartism:
  - True representativity of social partners
  - Respect for different roles in different situations
  - Professionalism and credibility
  - Social partners respected by the political authorities

Examples: New legislation, new policies (pensions, immigration) and solving difficult issues (absence from work, integration, infrastructure)



# Characteristics for Industrial Relations in Norway

- Law regulations re employment conditions
  - No minimum wages set by politicians, differs according to branch
  - Regulated by law; holiday entitlements, minimum pension, sick leave, maternity leave
  - Government policy is to leave quite a lot to the labour market parties



# Characteristics for Industrial Relations in Norway

- The role of Trade Unions
  - Free and independent trade unions
  - No political interference, but clearly a political preference (LO)
  - Strong local independency for the shop stewards
    - Majority of all rights are limited to the shop stewards
    - Trade Union representatives have no formal right to interfere with local practices
  - Freedom for all to unionize or to stay outside



# Characteristics for Industrial Relations in Norway

- Board of Directors
- Employees elect 1/3 of the board members
- All employees in the enterprise are eligible, all employees have the right to vote
- The employee board members have all the rights and responsibilities as the shareholder's board members have

**Sound labour relations must be based on confidence and mutual respect between management and workers in the individual company**





# The Basic Agreement

## “The constitution” of work life in Norway

- Negotiated between NHO and LO every 4th year for private sector, consensus
- Contents:
  - negotiation procedures and conflict solving procedures
  - rights/obligations of shop stewards
  - Workers’ involvement; cooperation, information, consultation rights
- No regulations of terms and conditions (not a single word on wages!)



# Terms and conditions

- Negotiated on two or three levels depending on
  - issues “on the table” – decided by LO
- Central and/or sectoral level
  - Central; salary increases, special issues like pension, working hours, social benefits etc
  - Sectoral; salary increases, other payments relevant for the sector,
  - framework for local agreements etc
- Local level
  - Consultations, not traditional collective bargaining with the right to strike

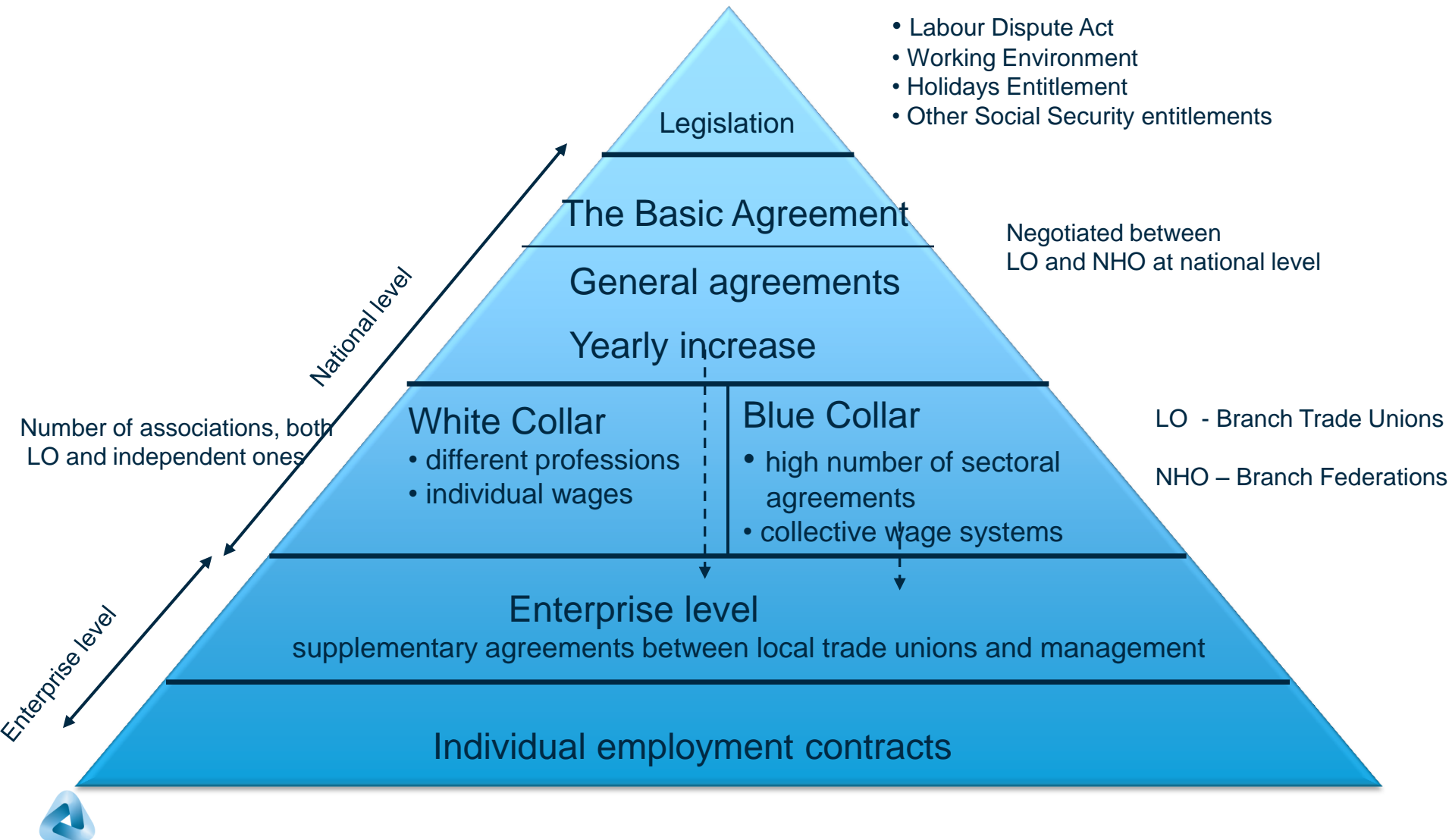


# Typical Sectoral Wage Agreement - content:

1. Scope and extension
2. Working hours
3. Salary
4. Competence development /training
5. Duration



# The structure of collective agreements - private sector



# What's the Value Added for the Employers ?

- CA is an efficient way of managing the work force
  - According to law a CA constitutes regulation of work conditions also for non-unionized employees
- Industrial Action (eg strike) prohibited as long as the CA is in force
- Right to Industrial Action on CA Branch level (national) only
  - Sharing risks for strike
- Common framework/cost base (closer to a level playing field)
  - Work hours, shift payment, etc



# What's the Value Added for the Employees ?

- Within the "framework" of the CA management and shop steward have freedom to enter into local CAs
  - Approval from the Trade Union not requested
  - wage formation/distribution and yearly increases (approx. 2/3 of yearly increases agreed locally)
- The system provides solid conflict solving processes accepted by both parties (our Basic Agreement)
  - Disputes of interest
  - Disputes of rights
- Positive involvement from the employees and their shop stewards in building a safe and sustainable business



# Industrial conflicts

- Two types of conflicts:
  - Disputes of interest
  - Disputes of rights



# Disputes of interest

- *Dispute on the future content of a collective agreement*
- The Labour Disputes Act provides rules of procedure for conflicts of interest
- Collective agreements are negotiated every second year. Following negotiations and compulsory mediation, industrial action (strike/lockout) may take place





# Dispute of rights

- *Dispute on the interpretation of an existing agreement*
- Negotiations at various levels as stipulated in the Basic Agreement must be conducted
- If the dispute is not settled by negotiations, it will be brought before the Labour Court for final decision
- Peace obligation: No right to strike at any time



# Tripartism

- Not in the Constitution, yet works well
- Foundation for the tripartism in any country is bipartism
  - True representativity of social partners
  - Respect for different roles in different situations
  - Professionalism and credibility
  - Social partners respected by the political authorities

Long history in Norway. Now found at state, regional and local level

Examples: New legislation, new policies (pensions, immigration) and solving difficult issues (absence from work, integration, infrastructure)

