

The importance of collective bargaining for Norwegian Employers

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CBA in a brief historical view – the starting point

The formation of an organized labor market started in the 1870s

The first union-organized strike was in 1889 – known as the "typographer-strike"

The Norwegian Confederation of Trade Unions (LO) established in 1899

- A centralized system, an "umbrella" for all the branches, with greater capacity and more power
- A common "strike fund" financed by annual fees from all members

CBA in a brief historical view – the starting point

Confederation of Norwegian Enterprise was established the year after, in 1900.

- An answer to the creation of LO
- Same organizational structure with purpose of "matching" LO

CBA in a brief historical view – the starting point

The first national CBA at branch level concluded in 1907

- A merger of five smaller CBAs into one significant one for different sectors within the iron industry
- Mainly about terms and conditions
- But also the starting point for social dialogue; recognized the right for shop stewards and a arbitration court for disputes between the organizations
- This CBA is still the "mother of" all our CBAs for blue collar workers

..... and the rationale behind it was simply

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, which included rules and processes for conducting strikes

- The benefit for the employees was collective power, while
- The benefit for the employers was agreement periods with the obligation for all employees not to strike – a "peace-period" where the production could run without disturbance from labor disputes

The next step – development of social dialogue

Started in the 1930-century - Economical downturn

- A deep disagreement between LO and the governing Labor Party
- Instead of using the relationship with the Labor Party to force changes through political actions and legal regulations, LO started to build deeper relations with the Employers (NHO).

In 1935 LO and NHO concluded a separate CBA for Social Dialogue with the purpose of 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

The last significant step – the pre-war initiative

Norway suffered in a severe way under the second world-war

The need for rebuilding the nation after the war turned out to be an unification process of all forces despite political orientation and earlier disagreements between unionized and non-unionized employees and employers preferences in this respect

Special agreement to join forces in "productivity improvement committees" at business level was established

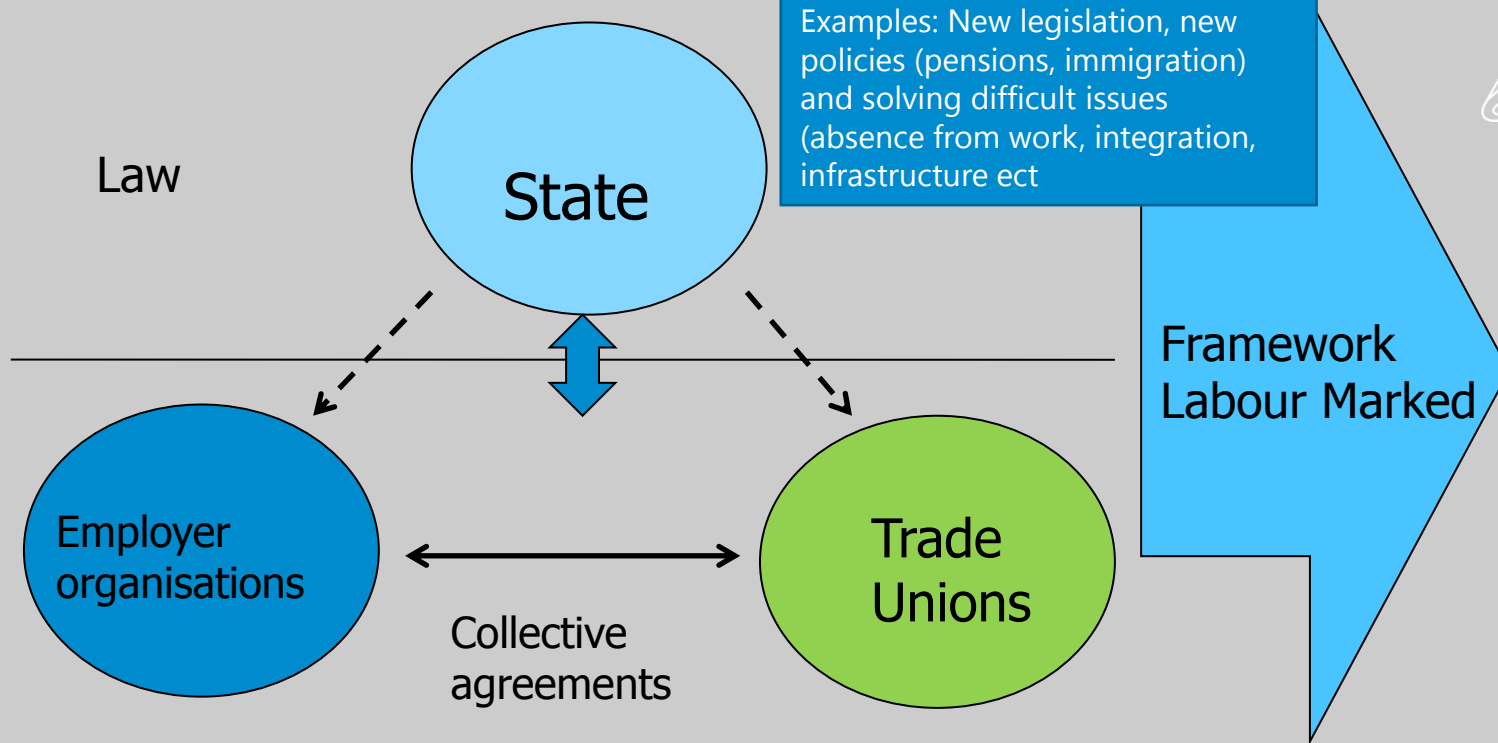
Social dialogue is now the "gearbox" in the Norwegian model

Historically transformed different interest into solutions that (for the most part) have generated economic growth and welfare

More than 100 years of cooperation not in the Constitution, yet works well at state, regional and local level

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



Tripartism

The Basic Agreement “The constitution” of work life in Norway

Negotiated between NHO and LO every 4th year for private sector

Contents:

- negotiation procedures and conflict solving procedures
- Rights and obligations of shop stewards
- Workers’ involvement; cooperation, information, consultation rights

No regulations of terms and conditions (not a single word on wages!)

Sectoral agreements – regulates terms and conditions

Negotiated on two or three levels depending on issues “on the table”
mainly 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
- Local payment policy, wage system, specific local entitlements etc

What's the Value Added for the Employers ?

CBA is an efficient way of managing the work force

- According to law a CBA constitutes regulation of work conditions also for non-unionized employees

Industrial Action (eg strike) prohibited as long as the CBA is in force

Right to Industrial Action at sector level (national) only

- Sharing risks for strike – gives power in the negotiations

Common framework/cost base

- Work hours, shift payment, holiday entitlements etc

What's the Value Added for the Employers ?

Within the "framework" of the CBA management and shop steward have freedom to enter into local CBAs.

- Approval from the Trade Union not requested.
- Wage formation/distribution and yearly increases (approx. 2/3 of yearly increases agreed locally)
- Shift schemes, job rotation, training, workwear etc

What's the Value Added for the Employers ?

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

Wage formation in Norway

No national minimum salary

- For some sectors the Government makes the actual CBA temporarily mandatory for all companies operating within the sector (shipbuilding, construction and agriculture)

Centralized negotiations

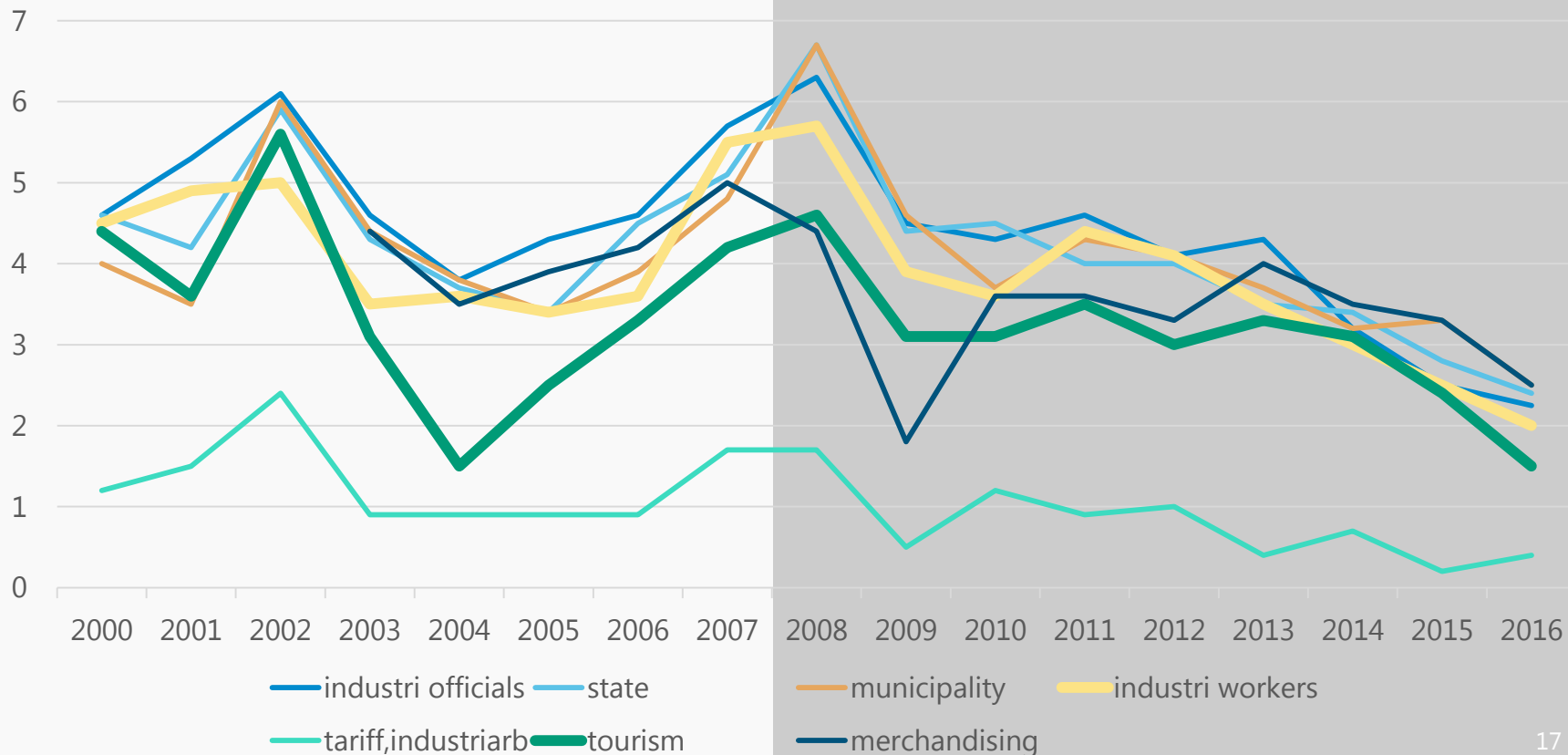
- General minimum increase
- Minimum salary adjustments
- CBA signed – local negotiations starts

Wage formation in Norway

Approximately 50 percent of employees (white collar) in private sector have individual salary agreed directly with management.

- The role of their union is to locally negotiate with the employer the total increase of the salary budget for their members.
- The national CBA gives the right to negotiate – a framework agreement

Salary increases i Norway all sectors 2000 - 2016



Labor cost in Norwegian industry compared to trading partners



	Average wage cost pr. worked hour (NOK)		Relative level trading partners =100	Breakdown of labor cost on various components				
				Pay for worked time	Pay for not worked time (vacation ect)	Combined	Other social costs (pension, paid leave ect)	Total
	2015	2016	Relative level	%	%	%	%	%
Norge	401	407	132	66,3 ⁴	12,3 ⁴	78,6 ⁴	21,4 ⁴	100
Belgium	376	391	127	47,6	20,2	67,8	32,2	100
Danmark	359	382	124	73,8	15,3	89,1	10,9	100
Germany	342	364	118	57,3	21,1	78,4	21,6	100
Sweden	336	355	115	58,6	10,7	69,3	30,7	100
Austria	316	332	108	52,5	21,5	74,0	25,9	100
Finland	310	325	106	59,0	20,6	79,6	20,3	100
France	303	321	104	56,4	13,2	69,6	30,4	100
Netherlands	295	315	102	57,6	20,1	77,8	22,2	100
Ireland	291	307	100	61,2	22,0	83,2	16,7	100
Italy	254	260	84	53,1	18,5	71,6	28,3	100
Great Britan	254	237	76	72,0	13,4	85,4	14,6	100
Spain	191	199	65	54,5	19,9	74,4	25,7	100
Czech Republic	83	91	30	61,4	12,0	73,4	26,5	100
Poland	69	71	23	59,4	23,2	82,6	17,4	100

NOK 1 = € 9,1298 (13 March 2017)