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We're not always happiest out in the open

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Apr 08, 2011

Newsletter from the Nordic Labour Journal 3/2011

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Theme: Staffing agencies challenging the Nordic model



Financed by
Nordic Council of
Ministers

NORDIC LABOUR JOURNAL

Work Research Institute

OsloMet – Oslo Metropolitan University,

Postboks 4 St. Olavs plass, NO-0130

Oslo

PUBLISHER

Work Research Institute, OsloMet

commissioned by the Nordic Council of

Ministers.

The Nordic Council of Ministers is not

responsible for the content

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An email edition of the newsletter can

be ordered free of charge from

www.nordiclabourjournal.org

ISSN 1504-9019 tildelt: Nordic labour

journal (online)



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Editorial: Mobile labour creates turbulence

"I have freed my own work from the shackles of time and space," says the head of Microsoft Finland in our piece on open plan office spaces. He commutes in time and space between his virtual and real mobile workplace.

COMMENTS

07.04.2011

TEXT: BERIT KVAM

An office space should inspire everyone, including the boss, to social contact and concentration. Meanwhile the world's first lab studying open plan offices is looking for answers to how such organisation of space can improve working health and productivity.

Mobility is a hot topic for debate within working life and in labour politics, and it mirrors a sign of the times: more and more people and businesses are on the move.

Jørgen Rønneest, the employers' representative in the European social dialogue, talks in Portrait about the need for well-functioning labour markets and increased mobility in order to meet our aims for increased growth and higher employment rates.

This also forms the basis for the introduction of the directive on temporary agency work in Europe, and there is currently a lively debate on this in the Nordic region. The staffing agency trade is growing. How does that influence the labour market? We have made the staffing agency trade the Focus for this edition of the Nordic Labour Journal.

Why do we fear this trade, which after all only employs just over one percent of the employable population? Is it because the staffing agencies challenge the Nordic model?

Employers in Norway are worried because the number of sole traders within the cleaning industry has tripled over just a few years. They want to know whether this is the answer to the desired increase in flexibility.

Not all are singing from the same hymn sheet: Danish trade unions think the EU directive on temporary agency work will lead to fewer staffing agencies pushing down salary and working conditions in the labour market.

Swedish trade union IF Metal has entered into an agreement with employers which the trade union movement is very happy with: "We have a unique agreement for Sweden's staffing agency trade," says Veli-Pekka Säikkälä.

Yet one timely question is still raised in the Research column: "Do we know enough about staffing agencies as a phenomenon?" Senior researcher Ann Cecilie Bergene highlights some of the challenges and asks: are the Nordic welfare societies ready for this kind of player?



Adecco's country manager for Norway, Anders Øwre-Johnsen, ended up in the media spotlight when it emerged that employees in several nursing homes staffed by Adecco had not been paid overtime and that their rotas were illegal.

Staffing agencies challenging the Nordic model

From time to time "The Great Debate" over the role of staffing agencies rolls out in the Nordic countries, despite the fact they provide a only a small percentage of the workforce.

THEME

07.04.2011

TEXT: BJÖRN LINDAHL

What makes this employment model appear to be a challenge to the Nordic model? 0.8 - 1.3 percent of the Nordic region's employable population are temporary workers, compared to the European average of 1.7 percent. By the end of this year the EU directive on temporary agency work must be implemented.

"The EU directive on temporary agency work is a crucial issue for the Swedish model," says Henrik Bäckström, head of the employer and trade federation Swedish Staffing Agencies, which comes under Sweden's employer and trade organisation for the service sector, Almega.

He is opposed to the idea of allowing temporary staff the same salary as staff in the company they are hired out to.

"In Sweden salary and terms of employment are agreed in negotiations between the parties to the labour market. The main part of this directive, however, says salary and terms of employment for hired workers should be stipulated in law and indirectly by somebody else - with no input whatsoever from the employee or the staffing agency. In other words there is a real risk that the core of the Swedish model will be legislated away," writes Henrik Bäckström on the Swedish Staffing Agencies website.

The hiring out of labour was in principle banned in the Nordic region until the early 1990s. This stemmed from a 1933 ILO convention which stated any labour exchange which was run for profit should be abolished. Employment protection legislation was based on full time employment being both desirable and the norm.

Need for flexibility

But a growing service sector and the need for flexibility meant there was soon a need for other forms of hiring people. Many businesses have chosen to maintain a small permanent staff while hiring extra temporary staff during busy times. Various forms of hiring out staff emerged. In Finland the shipyards were the first to make use of it, with companies hiring labour from each other. The easing of legislation gave rise to quite a few cowboy operators.

In Finland the staffing agency trade still battles with the bad reputation it got during the 60s and 70s when agencies tried to find ways around labour, social and tax legislation, while speculating with bankruptcies so that many people lost their income. When temps were also used as strike breakers in the 80s the agencies' reputation fell even further.

Risk of social dumping

The Nordic model is known for strong trade unions and organised employers. Staffing agencies represent a challenge because those working there are employed by the agency while working with the client. This creates a fuzzy situation in the workplace when figuring out who is really part of the business. Trade union membership is often low among staffing agency workers. Those who are organised are often members of unions that gather all of the different employment groups within the staffing agency.

The risk, as trade unions see it, is that staffing agencies weaken employees' salary demands. This becomes particularly evident when a company is downsizing. Employees can often be re-hired by the same company when the economy turns for the better, but now they'll be employed by the staffing agency.

Ahead of Sweden's 2010 elections the centre-left opposition wanted to introduce an extra tax on companies using temps for long periods of time. The Left Party said such companies should pay an extra five percent employer's tax.

"It is a good idea to punish those who have an employment policy which damages the individual worker and society," said party leader Lars Ohly.

Adecco, the world's largest staffing agency, has had a lot of negative press in Norway lately, after revelations the company had broken work environment law in nursing homes run by them on commission from Norwegian municipalities, and for wrongly claiming millions of Kroner through incorrect invoicing.

"Most Norwegian employers feel a social responsibility and treat their employees well. But we need legislation to secure a minimum standard and which will identify the exceptions - that's what the Adecco affair has shown us. Without the working environment act Adecco would be able to legally carry on, which in the long run would squeeze out the serious actors in the trade," says Norway's Minister of Labour Hanne Bjurstrøm.

Difference between contract and hiring

The debate on staffing agencies does not always distinguish between what could be damaging with the actual employment structure and other negative aspects which also - wrongly or rightly - are associated with staffing agencies.

Norway's Adecco debate is similar to a debate in Sweden following revelations by enrolled nurse Sarah Wägnert who described how older people could lie for hours calling for help and often would develop bedsores at the old people's home Polhemsgården in Solna outside Stockholm. ISS Care had to pass the running of the home back to the municipality, and a new law, Lex Sarah, was later introduced. It says anyone who comes across information about serious abuse must report this to social services.

Although the Adecco case was about working conditions for employees and not about old people in a home, both cases saw agencies carrying out contracted work. Such work is not considered staffing activity and is not covered by the EU directive on temporary agency work which all EU countries plus EEA members Norway and Iceland must implement by 5 December this year. Contracted work on average makes up just ten percent of staffing agencies' activities.

Difficult issue also within the EU

Also within the EU the temporary agency work directive has been a difficult issue. The Commission presented its first proposal for a directive as early as in 1982. But as no agreement could be reached in the European Council, the proposed directive was withdrawn. The issue was left with the European social partners, which during the 1990s managed to agree on many issues. Yet there was no agreement on the temporary staffing issue. In 2002 the Commission tabled a new proposal. It was blocked by the UK. Finally, in December 2008, an agreement was reached. The directive has two main points:

- Basic work and employment conditions for employees who are hired out by staffing agencies must be equal to those they would have been offered if hired directly by the company in which they will work.
- Staffing agencies must be allowed the freedom to operate. Existing state restrictions must serve the common good, particularly the employee's need of protection, the right to health and safety at work and the need to guarantee a well-functioning labour market and the prevention of abuse.

Many European countries have a minimum wage to prevent the erosion of good working conditions. Minimum wages are often set by the state, and the motivation is to fight poverty. In the Nordic region the minimum wage is considered to be problematic, as it reduces the responsibility of the parties to the labour market, while it could contribute to lowering the general salary level.

Different Nordic strategies

That's why Sweden and Denmark's trade unions prefer to negotiate collective agreements directly with the staffing agencies, or that conditions covering the staffing agency trade are included in collective agreements with other employers.

In Iceland wage and employment conditions in a collective agreement represent minimum standards covering all employees within a particular occupation and area of agreement. Employers and employees are automatically bound by the collective agreement's decisions on salaries and other employment conditions, no matter whether they are trade union members or members in employers' organisations.

Finland and Norway have special boards which will say whether a collective agreement is of a generally binding nature or not, if one of the parties to the labour market asks for it. In Finland this happens almost automatically if the agreements are representative enough. Out of 160 national agreements in Finland, 120 are generally binding.

Norway's board has been more restrictive. The country's first declaration of a generally binding nature of a collective agreement covered three unions within seven onshore plants within the oil industry, towards the end of 2003. Then followed the building industry, electrical industry and agriculture. Next up is the cleaning industry, for which the board is expected to publish its decision shortly.

New area of conflict

With the exception of the cleaning industry, where both employers and the trade union wish a declaration of a generally binding nature of a collective agreement, there has been disagreement over the way forward for other trades.

"Generally binding collective agreements have become a new area of conflict. In other areas there is a joint understanding among employers and unions that collective agreements are a good tool. That understanding is lacking within the staffing agency trade," says Jan Olav Andersen, who heads the negotiating team at Norway's Electrician and IT workers' union.

He is also unhappy with the lack of information about what kind of documentation which is needed for the so-called tariff board to make decisions on whether a collective agreement should be generally binding.

"It's like sending in the proposal for the agreement to be generally binding into a thick fog," he said.

One of the prerequisites for a collective agreement to be declared generally binding is the ability to document that foreign workers perform jobs under less favourable conditions compared to those stipulated in the trade's collective agreement.

Norway's large labour migration

Staffing agencies have provoked debate in Norway partly because the country has received more foreign labour from Eastern Europe compared to the other Nordic countries. These workers are often employed by staffing agencies.

"The past few years have seen an explosion in immigration from new EU member states in the wake of the 2004 expansion into Eastern Europe, especially from Poland. There are in all 74,000 immigrants and people born to parents from this area," writes Statistics Norway.

Norway's Institute for Labour and Social Research, Fafo, has measured attitudes among Norwegian companies that fall under generally binding collective agreements and which use Eastern European labour. A majority in both the building trade and in industry are positive to generally binding agreements, yet industry is more sceptical than the building industry. 70 percent of building industry bosses were positive in 2009. In industry just over half were quite happy or very positive about generally binding collective agreements, while 18 percent were quite or very negative.

"If you think of the controversy surrounding the generally binding collective agreements, it is surprising that not more business leaders were negative. This could mean generally binding agreements feel less dramatic on a local level compared to centrally on the employers' side," writes Fafo researcher Torgeir Aarvag Stokke in the report "Generally binding collective agreements in the EU and in Norway".



Woman cleaning a glass window.

Black market cleaning a major problem for Norway's cleaning industry

Are staffing agencies just one step on the road towards an even more flexible labour market, where those performing services become their own employers? NHO Service, the employers' organisation for Norway's cleaning industry, is sounding the alarm over an increase in cleaning businesses from 2,000 to 6,500 over just a few years.

THEME

07.04.2011

TEXT: BJÖRN LINDAHL, PHOTO: CATA PORTIN

"You could ask how foreigners arriving in Norway immediately know how to set up a company. I suspect they have simply signed a piece of paper without knowing what they're doing. At the same time they've signed away their rights to unfair dismissal protection, holidays and sick pay," says Kjell Edvard Fixdal who was asked by NHO Service to map the spread of unserious work among Norwegian cleaning companies. The information was used to demand the general appli-

cation of the collective agreement for workers in the cleaning industry. A decision on this application is expected soon.

"Since both employers, trade unions and the minister of labour thinks there should be a general application of the agreement it is nearly 100 percent certain that it will happen," says Petter Furulund, head of NHO Service.

When Kjell Edvard Fixdal examined the trade he came across a company called Renholdsentralen. It wanted to build a net-

work of a thousand cleaners who'd all be sole traders. They would work as sub-contractors to Renholdsentralen which would earn provision by getting the sole traders to work for free one hour a day.

When Nordic Labour Journal tries to contact Renholdsentralen and talk to Erik Bosheim, supposedly the company's leader, it turns out the company has already ceased to exist.

"I quickly pulled out when I understood this was all stuff and nonsense," he says.

"It is possible it would have been feasible to organise the company like that, but not in today's climate within the Norwegian cleaning industry. Our starting point was that those signing an agreement with Renholdsentralen would earn at least as much as what is agreed in the collective agreement. But far too many players are not serious," he says.

A survey from the Norwegian market research agency Opinion shows the Norwegian cleaning industry's annual turnover is five billion Kroner (€6.4m). 46 percent of private purchasers of cleaning services say they pay cash in hand. That's the equivalent of 100,000 households. This survey backs up earlier calculations from Norwegian tax authorities.

In Norway, unlike in Sweden and Finland, there are no tax breaks for the use of household services.

EU directive on temporary agency work could reduce social dumping

Trade unions believe the EU directive on temporary agency work will see fewer staffing agencies pushing down salaries and working conditions.

THEME

07.04.2011

BY MARIE PREISLER

Trade unions are frustrated over businesses' rapidly increasing use of temporary staff from low-cost countries, so the upcoming EU directive on temporary agency work is being welcomed as a protection against social dumping. Right now the details for how the directive should be implemented are being put in place.

In recent years many trades have been using labour from staffing agencies in countries with lower wages and lesser working conditions. In Denmark there are no firm numbers for this kind of temporary labour, but trades like the building industry, vegetable production and hotel cleaning have all been using temporary workers from countries like Poland to an increasing degree in recent years.

Trade unions say this means a considerably increased risk of social dumping. If a company can hire temporary workers who are cheaper than their own staff there is the danger that staffing agencies will take over the work in the long run, and permanent staff will lose their jobs.

That's why trade unions are very happy with the 2008 EU directive on temporary agency work, and with the fact that member countries must implement the directive by 5 December this year, says Ane Kristine Lorentzen, a lawyer with Denmark's Confederation of Trade Unions (LO) who's in charge of LO's work with the directive's implementation.

"There is no doubt that foreign staffing agencies are a major problem.



This has spread to many trades and created a labour market B team which again leads to a serious risk of social dumping. So the new EU regulations are a great step forward, especially if the implementation secures equal treatment of foreign temporary staff and Danish employees," says Ane Kristine Lorentzen.

Principle of equal treatment

Central to the the directive on temporary agency work is the principle of equal treatment. That means temporary staff shall enjoy the same employment and working conditions as if they were directly hired by a company to perform the same tasks. The directive on temporary agency work is also a so-called minimum directive, which means it will be possible to enter into collective agreements which are even more beneficial to the worker.

Yet the directive does not especially focus on situations where temporary workers are hired from an agency in another EU country, a fact which trade unions say carries a huge risk of social dumping. The Ministry has given trade unions a promise in writing that it will stop social dumping by including another directive when Denmark implements the directive on temporary agency work - namely the posting of workers directive. It secures foreign temporary workers the same salary and employment rights as others working in a Danish company.

As a result Denmark will have an efficient protection against social dumping, concludes LO in its recent 143 pages long report on social dumping and the challenges related to the use of foreign staffing agencies. Still the trade unions aren't beside themselves with excitement. They point out two possible loopholes in the directive. One is the fact that EU countries can disregard the principle of equal treatment in cases where the temporary worker is a full-time salaried employee with the staffing agency. According to Denmark's LO this represents a major loophole. Because if both the agency and temporary worker say there is permanent employment the temporary worker no longer has to enjoy the same rights as the company's permanent staff.

More atypical employment

The other possible loophole in the directive on temporary agency work, according to trade unions, is the fact that EU countries can allow the social partners to enter into collective agreements which bypass the principle of equal treatment, as long as a reasonable level of protection is maintained for temporary workers.

"A collective agreement in some cases means better protection, but we're worried foreign staffing agencies will enter with salary demands on individual companies, so we do not welcome that possibility," says Lars Lyngse, international advisor at 3F, Denmark's largest trade union.

Right now the Danish government is negotiating with the social partners on how to integrate the directive into Danish legislation, and how to approach the disputed areas. Danish trade unions are very clear in their advice to the government: don't allow any loopholes which allow employers to disregard the principle of equal treatment. 3F is worried over a tendency in Europe where businesses are increasingly making use of atypical employment, including temporary staff.

"This is a worrying tendency all over Europe, and it is strongest in countries that lack our strong traditions for negotiated solutions. Atypical employment pushes aside traditional full-time jobs and puts pressure on salary and employment conditions," says Lars Lyngse.

Advantages with temps



"Temporary work is not exclusively a bad thing, however," underlines Lars Lyngse.

He points to the fact that many nurses quit their permanent jobs during the latest boom years and went for jobs with staffing agencies which paid better. This forced employers to increase general level of nurses' pay.

A recent study shows temporary work is often a stepping stone to permanent employment, and according to the union representing Danish temp agencies four in five jobs offered by agencies are 'new' jobs which would not exist if they weren't temporary jobs. That means temporary workers don't necessarily take jobs away from others.

"80 percent of all temporary jobs solve tasks which would have been solved by outsourcing, overtime or not solved at all, so it is a myth that temporary workers steal other people's jobs," says Jakob Tietge who represents staffing agencies at the Danish Chamber of Commerce.

The agency trade itself says it has one of the highest trade union membership rates in Denmark. It also argues temporary work through Denmark's staffing agencies make up less than one percent of the Danish workforce. A study from the Nordic management consultancy Capacent shows one in six Danes have worked through a staffing agency.

The Danish staffing agency trade has developed a system of certification for agencies, but trade unions wish to see a proper authorisation system with regular and thorough independent controls to weed out the less than serious players.

Minister of Employment Inger Støjberg declined a request to comment on the implementation of the temporary workers directive as negotiations with the social partners begin on 12 April.

Unique collective agreement for Sweden's staffing agencies

Staffing agencies in Sweden are experiencing a boom. In the last quarter of 2010 turnovers were up 42 percent on 2009 figures. Staffing agencies do however provoke conflicting feelings and staffing was one of the key themes during the latest collective bargaining process.

THEME

07.04.2011

TEXT: GUNHILD WALLIN

A few weeks back the staffing agency trade introduced a critics' prize. It will be awarded someone whose views on the trade have contributed to pushing the debate on staffing agencies' roll and development forward.

"It might sound like a joke but it most definitely is not. On the contrary, we want to hear from people who have constructive views on how the trade should develop," says Henrik Bäckström, head of Swedish Staffing Agencies, an employer and trade federation for staffing, outplacement and recruitment companies operating in Sweden.

A unique agreement

The staffing agency trade has provoked strong feelings, not least during last year's collective bargaining process during which the hiring out of personnel was one of the major issues. This came as 14 unions within Sweden's Confederation of Trade Unions joined forces to demand regulation of the staffing agency trade. There were claims that businesses hire staff to bypass employment protection legislation - something employers deny. The trade unions wanted to make sure employers can't take on external staff in cases where there are already people on redundancy with reinstatement rights. Temporary staff are already covered by an agreement from the early 2000s with Swedish Staffing Agencies, which stipulates that hired workers should receive the average pay at the workplace they come to. This means hired staff are 35 percent more expensive compared to permanent staff, and this serves as protection against salary dumping.

Little by little the trade union IF Metall reached an agreement with the Association of Swedish Engineering Industries and Industriarbetsgivarna - an umbrella employers' organisation covering major Swedish industry employers. It says a company cannot hire staff for six months as long as there are redundant workers with reinstatement rights. There are two exceptions: the employer can hire staff for a maximum of 30 days during the six months, or if there is a local agreement

which allows for the hiring of staff. If an employer breaks the rules he must pay compensation to people with reinstatement rights.

Trade unions also take part in the hiring process and have the right to provide hired staff an introduction to the union. Veli-Pekka Säikkälä from IF Metall is content with the agreement.

"We have a unique agreement for Sweden's staffing agency trade," he says.

A chance for a job

Veli-Pekka Säikkälä points out that in a perfect world everybody would have a permanent job and work Monday to Friday, but that's not the world we're living in. So staffing agencies are needed, and many workers with foreign heritage and young people enter the labour market through agencies. At the same time hired staff have less job security than permanent staff because economic downturns tend to hit the staffing trade first.

"This is a group which to a degree remains on the outside, even though we try to include them. They're more vulnerable than permanent employees, since a business can easily tell them 'we don't want you'. In that case it might not be that easy to make the demands you should be able to make as a union member. This is one of the negative aspects with staffing agencies," says Veli-Pekka Säikkälä.

Trade unions are now encouraging the setting up of union chapters within staffing agencies and want hired workers to take part in chapter meetings where they work, even if they have no voting rights. IF Metall sees an increasing number of members from staffing agencies, with an increase from two to five thousand just over the past year.

The Confederation of Swedish Enterprise is positive to staffing agencies. Being able to hire temporary staff helps companies be flexible, says Christer Ågren, the confederation's deputy managing director.

"Companies need more flexibility. They can maintain a smaller permanent staff and deal with labour intensive periods by hiring in staff. It's a way of rationalising and keeping companies effective," he says.

Bright future

Christer Ågren does not accept trade union criticism saying companies use staffing agencies to bypass the Employment Protection Act (LAS), and especially the reinstatement right which follows a redundancy. This is not a correct criticism, expect perhaps for in a small number of cases, he says.

Christer Ågren predicts a bright future for staffing agencies, especially within certain trades. He holds up one Stockholm clothes store as an example - it is completely staffed with workers from staffing agencies. The company did not want to take on personnel responsibilities, and outsourced this to a staffing agency. The workers ended up with a safer job, with a collective agreement and regulated terms.

"But I doubt we'll see that kind of development within industry. For them it is more about being able to hire temporary staff in order to stay flexible."

Wanting a strong opponent

How does a high number of hired staff in a workplace affect the dialogue between the social partners?

"When there is no permanent staff it can impact on local trade union activity. It is good that this issue is being looked at and a consequence affecting many employers, yet we cannot allow it to be an argument for companies not to run their businesses in an efficient way. At the same time our members want a proper union opponent, many tell us so," says Christer Ågren.

He believes the staffing agency trade will grow while pointing out that Sweden uses fewer hired staff than many other European countries. There is also a limit to how many hired staff a company will want to take on, since they are more expensive than permanent staff.

"The future challenge is to make sure growth within the staffing agency trade happens in an orderly way, and I feel we're succeeding. Sweden also enjoys one of the most advanced agreements for how staffing agencies must adapt to businesses," he says.

A young and dynamic trade

Sweden's staffing agency trade is relatively young. The market only opened in 1993, when it became legal to hire temporary staff. A few major players still dominate the market, for instance Manpower, Proffice, Poolia and Adecco but there

are also several smaller, specialised companies. Staffing agencies work first and foremost with the hiring out of temporary staff, recruitment and retraining, and the hiring out of staff remains the main part of business. New players are still entering the field.

Securing the health sector

One person who saw the need for hired staff was Hidayet Tercan, founder of Zemrete - a staffing and recruitment agency specialising in health workers. She left her job as a business development manager at the department store Åhléns with a vision to hire out health workers who would really focus on the patient. She knew nothing about the issue and began by reading everything she could find. One of the things that struck her was Europe's demographic development and she realised there already was, and increasingly will be, a battle over health workers in European countries. In order to motivate health workers even the permanent staff must be prepared to move around and be willing to work extra in new settings. And that is dependent on someone who can match up employers and job seekers.

"We have no choice in future. There's a massive lack of health personnel and it will get worse. If health workers aren't prepared to do extra work we will not be able to offer health care," she says.

Her company launched in October 2007 and the first workers were posted in June 2008. today Zemrete has contracts with 3,000 doctors, nurses, enrolled nurses and nursing auxiliaries. In reality they're already employed but can put in extra hours at short notice. Everyone has gone through an interview process and all credentials have been thoroughly checked. The idea is for them to share the company's view that caring for the patient is the most important thing. All workers are also offered courses in ethics.

No replacement for permanent jobs

But can a hired person meet patients needs if the rest of the workplace doesn't? Hidayet Tercan reckons most health workers will do a good job. Sometimes some of their hired-out health workers will complain about bad working conditions, in which case the company will discuss this with the customer. The idea is not to deliver a service at any price. They have enough business Zemrete is not taking on new customers at the moment. Tercan has not heard anyone complaining the hired workers are taking jobs from permanent staff.

"That might be a problem within other sectors, but in the health sector you hire if you can. We fill a hole and the staff we hire out get positive reactions from permanent workers wherever they go," she says.

The Swedish Association of Health Professionals, which organises nurses, has registered the rise of staffing agencies within the health sector and acknowledges that the staffing

agency trade probably will grow further as the lack of health professionals grows.

Competition is good

"It's positive that our members get more employers to choose from. As there is a shortage of nurses they often get better pay than if they had permanent jobs. So we see no risk of salary dumping," says chief negotiator at the Swedish Association of Health Professionals, Kerstin Persson.

Yet it would not be good if too many temporary staff are being hired.

"You lose the ability to develop and the commitment to creating a better health sector if too many people work there on a temporary basis," she says.

Temporary work agencies: misfits in Nordic working life?

This year will see the implementation of the EU directive on temporary agency work which is meant to improve labour mobility and facilitate the growth in temporary work agencies. It will also lay down demands for equal treatment of permanent staff and workers recruited through temporary work agencies.

RESEARCH

07.04.2011

TEXT: ANN CECILIE BERGENE

But do we know enough about the phenomenon that is temporary work agencies? Are the Nordic welfare societies ready for such a player on the labour market?

In the following I wish to illustrate some challenges. These will be formulated as questions and hypotheses as there is little research in this field so far.

Even though there are some important differences between temporary work agencies, like Adecco, and external service providers, like ISS, both represent a challenge to the Nordic model. While external service providers employ workers and retain management responsibility when they sell services to a third party, temporary work agencies are companies which exist solely in order to buy and sell labour. They are, in other words, employment providers and not employers. Temporary work agencies are only a link between someone offering and someone seeking labour. Workers will therefore come under the management of the company commissioning the work, on the same terms as the company's permanent staff.

This raises some questions when it comes to the Nordic model which is based on wide employee participation on a company level and tripartite cooperation on a national level. The Nordic idea has been that workers have more to bring to a company than pure manpower, and that they should therefore have a say in how things are run. This idea has played an important role in the struggle for better working conditions and in the improvement of innovation and organisation.

Temporary work agencies and external service providers will, however, not always fit into the usual company structure with a visibly present management and a permanent group of employees. Employees recruited from temporary work agencies and employees of external service providers will be working in the same workplace as directly employed workers, but

will have a different and non-present employer. What could the consequences be?

Firstly, these employees will have different rights because their work contract is with a different employer, and because it is framed by a commercial contract between employer and commissioner (i.e. the employer of the company's 'normal' employees). They might also fall under a different collective agreement linked to the temporary work agencies or external service providers.

Secondly, workers who are recruited via temporary work agencies or employed by external service providers will face challenges by working in a workplace not controlled by their own employer, but rather by the company commissioning the work. This makes it very hard to take part in the decision-making process in the workplace. If the commissioning party initiates refurbishment which will impact on these workers' physical working environment, will they then be consulted?

In other words; the use of temporary work agencies and external service providers raise questions around participation in the decision-making process. Where should workers have input geographically? In the workplace or with their own management who are based somewhere else? Should this participation be limited by workplace or by employer? In case of the latter, what kind of participation are we talking about? And with whom does a worker have input? As a worker, what kind of things can you influence at the work place which commissioned your work? What can you do if your employer does not have a mandate to meet demands because of contractual limitations with the commissioning company?

An example: A hotel commissions an external service provider to provide a cleaning service, covered by a commercial contract which sets the price and which says the hotel may perform changes within their premises as long as this

does not affect the service provided in a quantitative manner. If the hotel decides to refurbish the rooms or buy new furniture which could potentially make the cleaner's job more time consuming, the cleaners would have no input in the decision making process. The employer would hesitate to demand any adjustments with the commissioning party, because the latter could then demand a renegotiation of the contract, i.e. a cut in the price they pay for the service.

Thirdly, the use of temporary work agencies and external service providers changes the prerequisites for participation in the decision-making process, for instance the demand for trust, predictability, long term stability, personal relations and mutual respect. If participation is meant to be institutionalised, it must happen in setting of permanent cooperation, i.e. in the shape of meetings, set routines and representation. In some cases, for instance at some hotels, very few employees remain. The hotel as a company will have a small administration comprising a hotel manager and his or her assistant, while most of those working in the hotel will be employed by one or more other employers (one for cleaning, one for the restaurant and one for the reception/booking).

Nationally the tripartite cooperation is being challenged by the fact that in examples like this you have four and maybe five parties with partly differing and partly overlapping interests. The state is less affected, but the two other parties will have difficulties appearing appearing as unitary agents. Trade unions face internal disagreements over the organisation of temporary and external workers. Should the before-mentioned cleaners belong to a union for hotel employees or for cleaners? Which collective agreement should cover them? And what about the employees recruited from temporary work agencies? Is there a need for a separate non-sector trade union with a non-sector collective agreement?

Similarly, employers' organisations could face an internal split when representing both service providers/temporary work agencies and companies commissioning their work. These two types of companies might not always have shared interests, however. It seems, at least, that all parties to a contract need to be present in a national cooperation, requiring a four-party cooperation between the state, trade unions, employer organisations representing the service providers/temporary work agencies and employer organisations representing the commissioning companies.

In my view there is a need to to establish both theoretically and practically what impact a liberalisation of private labour exchanges and service provisions will have on our society, especially with the aim of preventing social dumping. Within low pay trades it seems quite clear that commissioning companies must be made far more responsible than what they are today. One step in the right direction would be to include them as a separate party on all levels - including on a European level. Meanwhile trade unions need to find a strategy

for recruiting these workers and they must find out who should be representing them.



Jørgen Rønne represents employers in the European social partner cooperation

The employers' voice in the European dialogue

Will the social partners reach agreement on the working time directive like they managed to come to an agreement on work-related stress? Initial talks have begun but nobody knows how it will end. The social dialogue is nevertheless playing a part in Europe's policy development.

PORTRAIT

07.04.2011

TEXT: BERIT KVAM; PHOTO:BSLN

Jørgen Rønne has represented employers in discussions between the social partners in Europe for nearly two decades. Both a member and the leader for the Social Affairs Committee i Business Europe, he has contributed to the integration of the social dialogue into EU's policy development. The Lisbon treaty acknowledges both the role of the partners and their importance to the development of labour marked policies, and the treaty established the Tripartite Social Summit.

"Labour market politics have seen a dramatic development over the past 20 years," says Jørgen Rønne.

He has witnessed the shifting of goals and ideals from the early 1990s with Jacques Delors heading 12 member states

dominated by social democratic politics, the introduction of the European Union and the internal market - to today's EU with Josè Manuel Baroso the President of a Commission under a new structure following the Lisbon Treaty and an expanded EU with 27 member states with nearly exclusively conservative governments.

"This development means the employers have drawn the long straw," says Jørgen Rønne.

"Today growth and employment, mobility and increased educational input are central issues in European labour markets. At best this is in the interest of employers, while the issues that used to be the main focus of trade unions in the early

1990s - a joint social platform and better rights for employees - play a lesser part," he says.

"It would never happen"

The social dialogue started from scratch in the early 1990s, and many on both sides of the table were very sceptical.

"In 1990 both employers and trade unions said 'let's keep out of this, the social dialogue won't achieve anything'."

Employers considered it to be too risky, while employees felt the dialogue to be empty and meaningless. But what many thought 'would never happen' has happened.

"You could say that again, there aren't many sceptics left. It turned out we could reach agreements and that the agreements could make a difference. To me this has been very exciting," says Jørgen Rønne, who is also happy to hear EU Commission President Barroso say the contribution from the social partners has been important to the work of finding solutions to the economic crisis.

Yet he is less enthusiastic when it comes to possible negotiations on the working time directive.

"Remember this has been debated for 15 years. Over the past five to six years it has been treated by the Commission and in Parliament without any agreement being reached. There is not much chance of anyone coming up with new ideas."

What's the main obstacle?

"There's disagreement on whether the opt out should be removed. That means employers want it to be possible to work for more than 48 hours a week in certain circumstances, while employees feel that exception to the rule must be removed, and that nobody should work more than 48 hours a week - period. That's one of the things we can't agree on."

Career in Business Europe

The Social Affairs Committee formulates Business Europe's labour market and social policy. Jørgen Rønne has been an ordinary member representing the Confederation of Danish Employers (DA), acting director for the secretariat at the Social Affairs Department and in 2008 he started a four year stint as head of the Social Affairs Committee. He has a degree in political science and has been part of the social dialogue and negotiations between the social partners since 1995.

The dialogue has shifted its focus in step with social changes. It has moved away from focusing on rights which to a large extent was driven by the desire for harmonisation between the twelve member states, which by today - with 27 member states - seems unrealistic.

The trade union's position has changed dramatically too. There have been falling membership numbers, problems in Germany's trade union movement after the reunification and a lack of trust in and support for trade unions in former Com-

munist states. According to 'Industrial Relations in Europe 2010' trade union support fell from 27.8 percent in 2000 to 23.4 percent in 2008. That means the loss of some three million members. It's largely a pan-European trend with only Norway bucking the trend with a small increase in trade union membership. The spread and number of employers' organisation members has remained stable.

"There's a conservative wave washing over Europe and this is reflected in the EU Commission's policies too. Today's challenge is to secure growth and increase employment numbers. A prerequisite for this is a well-functioning labour market and increased labour market mobility nationally and internationally."

Mutual dependency

The economic crisis has sparked a political about-turn and acknowledgment throughout Europe that we are all dependent on each other.

"So if the German economy is doing badly, the Danish economy will do badly. Denmark, for instance, needs to import labour, Danish companies can move abroad and Danes are able to go to Sweden, Norway, Germany or the UK to work. Mobility has become a labour market policy benefit but also an individual benefit. Yet these kinds of cross-border movements are not something a single member state can handle in isolation. Importing labour from third countries is also not something a member state can solve on its own. And when you approach sensitive issues like immigration and integration it is particularly important to have support and back-up from companies and especially from trade unions."

The demographic development is the main future challenge. Europe's labour force will shrink by 50 million workers over the next 40 years.

"And that puts a dramatic break on growth if it is left unchallenged. How do we create a climate where we can solve the demographic challenges faced by the EU as a whole and to different degrees by the individual member states?"

Basic differences

How has your work with the social dialogue affected you?

"My basic belief in finding solutions to existing problems - which I find exciting - remains. But I have learned a lot. First and foremost that the differences between the countries are much larger and much more deep rooted than we think. There's this perception that there are no major differences between labour markets in the Nordic countries. This is an illusion. There are huge differences. The role of trade unions in Denmark, Sweden and Norway differs immensely. Legislation is different. The union membership is different, yet in some way we resemble each other; negotiations represent an important way of finding solutions to problems."

"There is also a widespread belief that all other countries resemble each other, while my own country is different and has a unique problem. But all countries are different. I believe that is one of the most important things that I have learned."

In order to succeed with the European social dialogue it is necessary to agree on a few basic principles, Jørgen Rønnevig thinks. That was the case during the work on the framework agreement on work-related stress.

Agreement was reached that stress could be a result of private and work-related issues, but no matter the cause the employers would take the responsibility to improve things. In return they were free to choose how to do this, since workplaces were very different from each other.

"It sounds so obvious now, but this was not something we could look up in a book. It was something we developed. We needed to identify what was acceptable to trade unions and what was acceptable to employers.

"We needed to generalise the problems in a way which was attractive to both partners. It will also be necessary to do this if we want to find a solution to the working time directive," predicts Jørgen Rønnevig.



A modern workspace should offer many different environments depending on the task at hand

We're not always happiest out in the open

To fulfil the promises of a better working life where people want to work for longer, we need new ways of reorganise the way we work - physically. Nordic Labour Journal has visited two workplaces in Finland where the new office space is already a reality.

NEWS

07.04.2011

TEXT: CARL-GUSTAV LINDÉN, PHOTO: MIKAEL NYBACKA

In Turku South-West in Finland you'll find the world's first lab for the study of how people work in open office spaces.

"We compare good and bad office spaces and aim to show that it will pay to go for quality, something which will be measurable in increased productivity," says head of research Valtteri Hongisto from the Finnish Institute of Occupational Health.

There is little research on open office solutions and their impact on workers' happiness and productivity. Acoustics, temperature, air quality, furniture and indoor climate are all aspects which are equally important as how work is organised.

Researchers are trying to find out how people react to different situations by testing different types of materials in walls, floors and ceilings, while also exposing volunteers to different audio environments. The volunteers will spend a few hours doing different psychological performance tests which measure the brain's ability to handle information in different situations mirroring different types of office work. The aim is to create good examples which architects can use when they plan new office environments.

Visual architects

The technical solutions already exist. The next step is to find methods and examples to use in the planning of a better office space. Hongisto, himself holding a Ph.D. in acoustics, underlines the importance of the audible environment and

how people react differently to sound. Interior designers rarely have any competence on acoustics and concentrate on the visual instead.

"The most usual problem is noise which prevents people from concentrating, or spaces that are not private enough for conversations."

If acoustics are bad it is possible to make out what is being said 20 metres away. Many people are on video conferencing throughout the day and could make life unbearable for colleagues, while the person doing the talking feels confidential information becomes public too easily. Draughty or too hot spaces represent another great obstacle to well-being.

Different types of work

Many problems stem from the fact that people and teams perform different types of work, which sometimes require silence and concentration and sometimes open debate. In Finland Microsoft has come far in its work to furnish its offices with flexible solutions, which means people can choose whichever area suits their task best. Areas adapted to different functions are becoming more and more common in public administration, and according to Hongisto they're here to stay.

"Equality is important so mobility is good."

If someone is given their own room, everyone should be told why to avoid jealousy and a feeling of hierarchy.

The boss with no workspace

The head of Microsoft Finland, Ari Rahkonen, has for a long time worked without having his own office space, but now he hasn't even got his own work station. When the new Espoo office was ready he was allocated a locker which only houses a box with space for his personal possessions.

"When I go to fetch a cup of coffee chances are my space has been taken by the time I return," he says.

Swedish research shows people working in open plan offices are more often off sick compared to those who have the chance to work in private when needed. Stress, health, comfort in the workplace, productivity and the will to stay in work when retirement age approaches - all this can be linked to the work environment.

Microsoft has furnished their offices according to the needs people have at any given time. If someone needs peace and quiet to concentrate on a project, the 'library' is the right place. No mobile telephones are allowed and conversations must be held somewhere else.

In the 'beach' area there's music, beanbags for relaxation and the sun shines over the sea. This is the area for team work and idea development. The 'bistro' recreates the city's café culture. This is the place for surprise meetings and where new combinations are discovered over some coffee or food.

Other areas carry names like 'inspiration', 'nature', 'home' or 'peace', and each have their own rules for how they should be used.

"I have freed my own work from the shackles of time and space," says Rahkonen.

Sociale media

Microsoft aims to increase productivity even further through the use of social elements which enable people with different ideas and backgrounds to 'collide'. The company wants to change from being a workplace to being a meeting place. Social media and digital forums make up important elements where status updates and commentary functions replace traditional project reporting. Even though discussions are kept secret from outsiders, there should be openness within the organisation where virtual proximity is as important as physical proximity.

Surveys among employees show the experiment is on the right track. An overwhelming majority is happy with the reorganised space and is happy with the greater freedom of choice. The improvement is remarkable. A survey carried out for the Best Place to Work competition showed the number of happy workers had increased from 75 to 92 percent and more people chose to come to the office rather than working from home.

Jari Hakanen, a researcher with the Helsinki Institute of Occupational Health, says tasks which manage to engage employees without turning them into slaves for work will have a positive influence on productivity as well as welfare, health and the joy of working.

"This welfare can be turned directly into increased revenues."

It's not about being able to afford this. Because measures which improve the joy of working have the greatest effect just when an employer comes across obstacles and is forced into dramatic change - like during downsizing and redundancies.

The cloud

For Microsoft it is also important to show customers how rebuilding the old office space gives a company new tools with which to change the way it works. New technology with software, databases and communication tools no longer tied down to a physical space but to be found in the digital cloud means endless possibilities for working independent from time and space. The number of digital nomads is increasing world-wide, and there's a need for solutions which are flexible down to the smallest detail.

Fatal accidents in Nordic workplaces nearly exclusively involve men

Men in the Nordic region are involved in fatal accidents at work far more often than women. 1,157 men died in work accidents between 2003 and 2008, compared to only 85 women.

NEWS

07.04.2011

TEXT: MARIE PREISLER

In Denmark, Sweden and Finland 92 percent of fatalities are men, while figures for Norway and Iceland are 96 and 100 percent respectively.

"These figures highlight a clear discrepancy when it comes to the Nordic gender equality debate. There is not enough focus on safety in the work place, even when it clearly means major losses for the men," writes a group of researchers who have been looking at all work-related deaths in the Nordic region over a five year period.

The report 'Fatal Occupational Accidents in the Nordic Countries 2003 – 2008' is financed by the Nordic Council of Ministers. It shows there are between 1.51 and 2.49 fatal accidents at work per 100,000 workers each year in the Nordic region.

Iceland tops the statistic. The country's large fisheries industry is not the main reason for this - the chances of work-related death is greatest within the building industry.

128 preventable deaths in Denmark

Denmark comes second with 2.0 work-related deaths each year per 100,000 workers. The number for Norway is 1.81, Finland has 1.75, and Sweden is bottom of the statistics with 1.51 fatal accidents at work per 100,000 workers. If Denmark applied the same workplace safety rules as Sweden, 128 deaths could have been avoided, the researchers say.

Most fatal accidents happen in agriculture, forestry and fisheries, followed by the building industry and transport sector. The common denominator for all these is that most workers are men.

Work vehicles represent the material most often involved in fatal accidents, which typically happen by falling, loss of control and breaking material.

The report recommends closer cooperation between the Nordic countries to make information about accidents at work easier to compare, especially when it comes to investigations and the registering of work-related accidents. This would also make it easier to identify ways of preventing further accidents, the report concludes.