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Where gender equality fits into the ILO's future of work

Sep 16, 2016

## Theme: Protect the trust!



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## **EDITOR-IN-CHIEF**

Björn Lindahl

## **EMAIL**

[njeditor@gmail.com](mailto:njeditor@gmail.com)

## **WEB**

[www.nordiclbourjournal.org](http://www.nordiclbourjournal.org)

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# Do tell! Why do we have it so good in the Nordics?

Is our knowledge about the Nordic model about to erode? Are we turning this force of cooperation and labour market relations, the very core of our welfare, into a grand expression without any resonance? Do tell! The Nordic Labour Journal throws a light on the Nordic model throughout this September issue, along with the core values of cooperation, trust and joint decision-making in our theme Protect the trust!

EDITORIAL

16.09.2016

BY BERIT KVAM

Norwegian or Danish, Icelandic, Swedish or Finnish? Because it is not quite the same thing. There are differences between the Nordic models for labour market cooperation; how comprehensive the collective negotiations should be, whether there are central or local negotiations and the state's role in negotiations. But similarities and differences also depend on where you choose to look.

Trust, cooperation and joint decision-making processes are core values in the Nordic model. It is based on agreements from the 1930s on cooperation between employer and employee, and has been expanded and built on ever since. The Nordic model is integral to the Nordic countries' democratic development. It has given us high employment rates, a high number of women in the labour market, high levels of education, strong powers of innovation, a well-developed welfare system and few conflicts.

The model has been so successful that when the ILO starts the debate around its global platform for The Future of Work, it looks to the Nordics for the initial inspiration. The Women at Work initiative is a great example of how the Nordic region can be a role model. Yet the trade union movement is under pressure, as illustrated in the portrait of Jarkko Eloranta – the newly elected leader for Finland's largest trade union and head of the Council of Nordic Trade Unions. For the first time ever, a Finnish tripartite agreement has been signed which leads to pay cuts, and women are hardest hit.

During Norway's Arendal politics week, researchers from the Work Research Institute presented a study showing a decrease in employees' opportunities to participate in decision-making in the workplace – it is becoming increasingly difficult to blow the whistle. Yet you can tell from the debate that

these basic values in our society are very much alive, and the Nordic region is top of the league for trust.

It has been said that young people and leaders with non-Nordic backgrounds do not quite grasp how we have achieved the level of welfare we are enjoying, and that they do not believe that joint decision-making in the labour market can work. So there is a need for education and proof. The City of Copenhagen has recently reformed its entire management system. The Copenhagen trust reform is the theme for a recently published PhD thesis on trust-based management and leadership in public sector organisations. It shows that the reform has led to increased well-being and innovation. The Nordic Labour Journal has been visiting workplaces to get the low-down on what changes when trust becomes the driving force in leadership.

Create a Nordic trust reform! is the challenge from the thesis' author. She underlines the need for trust if you want to solve the complex challenges facing the Nordic welfare states. That is why the Nordic countries should join forces and share their experiences of trust-based management and leadership, she tells the Nordic Labour Journal.

Trust is a good old Nordic tradition. It is the Nordic region's strength and it has contributed to the welfare we all now enjoy so much. Can we allow it to wither as a result of a lack of knowledge? Or introduce new management models without putting them into a larger context?



## The Nordic model under pressure from new leadership methods

New management models are threatening a long tradition of collective decision making within Nordic labour life, Nordic researchers say. Employees lose influence and their chance to cooperate to reach constructive solutions within organisations and businesses.

THEME

16.09.2016

TEXT: GUNHILD WALLIN

“Listen to us, we have the solution!” That was the message when some 20 Swedish health sector workplaces staged a demonstration on 4 September. They were worried about a health sector which is under increasing pressure as a result of cuts and staff shortages. Many are leaving and others suffer burn outs. Doctors, nurses and assistant nurses are therefore coming together to warn against putting patients at risk.

“The solution is to listen to the staff. We have the solutions, we just have to be given the chance and make sure people don’t leave because they can’t take it anymore,” Sonja Nordström Johansson, a nurse in Älta near Stockholm, told Swedish Radio during the demonstration.

The fact that staff know how their company works and are therefore uniquely placed to help provide solutions in organisations and companies, is often highlighted as one of the reasons the Nordic countries have been doing so well. This is a long tradition of mutually giving and taking between employees and employers, often in cooperation with the state.

“Joint decision making is what has made us world leaders in oil, shipping and fisheries. The three-partite cooperation has allowed everyone to contribute to the industrial and social development, and we must not allow this to disappear,” Jan-Olav Brekke, who heads the Norwegian Organisation of Managers and Executives (Lederne), told a seminar called ‘Do we

need joint decision making in working life' during the Arendal week in mid-August.

### **Harder to speak up**

His worries partly stem from the latest leadership barometer, which has been presented annually since 2008. In Arendal the audience were given a taste of the latest report which will be published later in the autumn. In it, working life researchers Eivind Falkum and Bitten Nordrik from the Oslo Work Research Institute conclude that employees' opportunity to influence companies is falling, especially when they want to present a criticism.

40 percent of those asked felt it was difficult to alert management to grievances, and over one in three feared they would be punished for their criticism – by being given worse working tasks, lower pay and through bullying. Ultimately they risked losing their job, something which has happened to nine percent of people criticising workplace conditions.

"This is a serious and dangerous signal. A healthy Norwegian working life needs employees who speak up about grievances at work. Bosses are responsible for encouraging and preparing the ground for criticism, taking employees who present criticism seriously and meet the courage which is needed to present grievances with respect," said Jan-Olav Brekke.

The Nordic countries have a long tradition of cooperation between employers and employees. In Norway it is regulated through the Hovedavtalen (the basic agreement). It was first agreed in 1935 and is reviewed every three years. The last time was in 2014.

The background for Hovedavtalen was, like Sweden's 1938 Saltsjöbadsavtalet, a turbulent and conflict prone labour market. Eivind Falkum at the Work Research Institute explains how eight million working days were lost in Norway in 1930 as a result of labour conflicts. Compare that to 25,000 lost in 2015.

### **Dialogue for progress**

Since its beginning the Nordic model has been praised and is often used in fine speeches as an explanation for the Nordic countries' progress. Research also supports the fact that the climate of cooperation which has developed over decades has benefited both companies helped innovation. The dialogue between the social partners, joint decision making and the habit of employers and employees to listen to each other has all created a level of trust in Nordic societies, a belief that you can solve problems through dialogue and agreements rather than through conflict.

Yet despite the fine speeches the Nordic model is now under pressure, according to representatives from several trade unions taking part during the Arendal seminar. Many of them are worried about a tough climate, but also about the fact that it has become increasingly difficult to be a trade union representative and to represent employees. Many said

they had difficulties getting heard – one of the basics for the dialogue which is at the core of the Nordic model.

The Norwegian Police Federation has even gone as far as dissuading members from being whistleblowers, after seeing how harshly one of their members was dealt with when he pointed out faults in the investigation of a case which gained national attention.

"As the trade union leader I ended up in conflict between the needs of the individual member's health and the principle of being able to speak up about things that are not right. We chose to protect the individual member," said Sigve Bolstad, leader of the Norwegian Police Federation.

### **Different realities for leaders and employees**

A similar negative development was also described by the leader of the Norwegian Medical Association, Kristian Grimsgaard, and Hilde Marit Rysst, head of SAFE – the trade union for personnel working in the onshore and offshore energy sector. Kristian Grimsgaard talked about how leaders and employees in the health sector seem to exist in separate realities, which he explained by how things were being run. A survey carried out a few years ago showed 85 percent of employees felt they had little chance to influence how things were run.

"I don't believe health sector leadership wants the joint decision making laid out in the Hovedavtalen. But we must dare to criticise conditions and join the debate. We must make some noise!", said Kristian Grimsgaard.

"We get very clear feedback from our members saying it is hard to put your head above the parapet, no matter who you work for. That means it is hard to get people to take on trade union representative roles," said Hilde Mari Rysst.

Jonny Simmenes, head of The Norwegian Engineers and Managers Association (FLT), also described a negative development when it came to joint decision making. He criticised the government for not listening to the social partners, and for not working for full employment and a high level of trade union membership – both necessary for the Nordic model.

"Our model for joint decision making which for the past 50 years has meant so much for our competitiveness and innovation has never been under greater threat than today. Our local representatives are finding it harder to be heard, which means that an important source of knowledge is being lost," said Jonny Simmenes.

New management strategies are being imported from other cultures, with different labour market structures to our own. The question is whether the Nordic model is strong enough to withstand this?

New leadership strategies represent one explanation for the many tales of how it is becoming harder to make joint decision making work in the workplaces.

“New management strategies are being imported from other cultures, with different labour market structures to our own. The question is whether the Nordic model is strong enough to withstand this?”, said researcher Bitten Nordrik from the Work Research Institute in Oslo.

Research does show that joint decision making has strong support among leaders, but it also shows that there is little knowledge of what it really means in the workplace. There is also a trend where traditional conflicts between employers and employees is being toned down. The way talent is being viewed has changed – nowadays the focus is not only on the employee’s knowledge, but also on their dedication and commitment.

“You are more and more expected to give all you have to work. We also see that companies demand loyalty towards what they have decided, and the question is what this means for freedom of expression,” said Bitten Nordrik.

#### **A high price for not listening to the whistleblowers**

Stockholm’s Karolinska Institutet (KI) recently had a painful experience which illustrated the importance of having the chance to present criticism and have it listened to. It was shaken by the so-called Macchiarini scandal. The Italian visiting professor Paolo Macchiarini blinded most people with his results, charisma and reputation as a surgeon. But his research results turned out to be false and his surgery proved disastrous for several of his patients.

Some of his colleagues were suspicious from an early stage, but the leadership did not want to listen to the critics. Now both KI’s dean and board have been dismissed and KI’s brand has received a bad beating.

Former dean Harriet Vallberg has told Swedish Radio that things started to go wrong when people failed to listen to the critics.

“It started to unravel when we first realised that not all was well, and you didn’t listen to the whistleblowers,” said Harriet Vallberg.



## Nordic countries top of global trust league

The Nordic countries are top of the world when it comes to trust. This means people dare to cooperate, which benefits the economy a great deal. And from trust more trust is born.

THEME

16.09.2016

TEXT: GUNHILD WALLIN, PHOTO: HANNA ARRESTAD, ARENDALSUKA

“Trust did not create the welfare state, but the welfare state could not exist without trust. You can not have a welfare state if you don’t have trust in that social institutions work, that politicians are not corrupt and that there is a functioning judicial system.

“The welfare state is a contract between the people and the authorities. You have to believe that you get something back for your tax money,” says Helge Skirbekk at Lovisenberg diakonale høgskole (university college).

Over a morning during the political week in Arendal in Southern Norway, a range of experts are lecturing on the

theme of trust in a busy auditorium. Trust is a subject which engages, and is often described as one of the foundations of Nordic societies. Research also shows that it makes economic sense.

Helge Skirbekk refers to some French economists who claim that Russia’s GDP would grow by 70 percent if the country enjoyed the same level of trust as Sweden. The interest for how trust grows makes other countries turn to the Nordic countries, which lead the global trust league. What is there to be learned? Can you do something to create trust in countries where there is a lack of it? Is trust something which can be gained through strategies, and is it always a good thing?

“Trust is not something you can make. It is a by-product of something else. You get it thrown in. Trust works best when it has a direction, a sympathy or a social commitment, as in what we often highlight in a Nordic context,” says Kalle Moene, a professor at the University of Oslo.

He says trust is not always a good thing, for instance as a basic element in organised crime.

### **A long history of trust**

The trust which is found in the Nordic countries is old. It has been emerging ever since Viking times and increased in strength from the custom of meeting at a ‘ting’ – or parliament – to discuss matters of importance. The Nordic countries also introduced elementary schooling relatively early on, which has meant that Norway, for instance, has had a literate population for 200 years. This has also furthered the culture for debate which is important to create trust. Equalitarian societies and smaller countries also often experience a higher level of trust.

The trust found in the Nordic countries and which attracts international interest often encompasses the labour market. Kalle Moene underlines that this did not happen by accident, but was preceded by conflicts and a record number of lost working days both in Sweden and in Norway as a result of strike action. Finally, it was in everyone’s interest to try to create a system which provided a more stable labour market. The economic crisis in the 1930s put pressure especially on the export industry which was exposed to competition. Wage cuts were a fact and the strong iron and metal industry trade unions were keen for other unions to enter into similar agreements.

### **Trust is created with direction**

“The Hovedavtale (basic agreement) grew out of this, but not without some pain. Wages and other important areas of conflict were centralised, while many decisions were decentralised to local workplaces. This meant a higher degree of autonomy in the workplace with relatively self-governing groups. This would have been impossible if the local workplace had had the right to enter conflicts. A byproduct of the Hovedavtale is the least conflict prone labour market,” said Kalle Moene.

He says that trust is created with a direction. Take the example of the Swedish Prime Minister Per Albin Hansson’s introduction of the political concept of ‘folkhemmet’ – ‘the people’s home’. You associate this with a good family where there is mutual respect, space for all and everyone is given the same opportunities, and you create a social ethos and thus a direction.

“What is special for trust in the Nordic countries is that it was born out of the labour movement. Employers are important, but the direction and the considerations come from the solidarity movement,” says Kalle Moene.

“In order to maintain trust it is important to have a power balance within a range of areas. Trade unions, for instance, enjoy influence when it comes to organisation, staffing and how things are done, which creates a balance between employers and employees. This is in sharp contrast to strong leadership,” says Kalle Moene.

“There is far too little of this in education, where you often focus on measuring results, for example management by objectives, rather than looking at trust,” he says.

### **The measuring paradox**

Sigrun Aasland from the Agenda think tank also highlights the dangers of wanting to measure everything in working life, not least in the public sector. The 1990s saw the introduction of management models which borrowed heavily from the private sector. The aim was to get control over what taxpayers’ money was being spent on, but the effect influenced the culture of cooperation which is built on trust. Employees’ opportunities for joint decision making risk falling by the wayside when you introduce more controls.

“You become more interested in measuring than in what you should be doing. The measuring also created a culture of fear. The fear of loosing becomes more important than facing the challenges. Research also shows that joint decision making increases productivity, but the public sector is run aground on an earlier wave of mistrust.

“It is also a paradox that when the public sector grows, it does not happen at the end of the chain but in the middle – meaning you get more of those who measure,” says Sigrun Aasland.

With an ever ageing population, most Western countries are facing great challenges. More need to join the labour market and this will demand a capacity for change not least from the public sector. That is when it makes sense to look to research which shows that joint decision making increases productivity and activity in the work, which can instigate that change. The public sector has some way to go here, points out Sigrun Aasland and holds up the City of Copenhagen’s trust reform as a good example of easing off on controls and increasing the level of participation.

### **Trust pays**

“Trust means we feel safer, social relations become simpler and we make use of social institutions. But it does not come out of nowhere, it is the result of good politics. We need common meeting places and we need to feel that we have equal opportunities. Trust must be used and cannot run out. We have a lot of trust, but it needs to be used,” says Sigrun Aasland.



## Trust makes the workplace more innovative

Signe Jarvad is the boss of 60 employees at Copenhagen's Leisure and Culture Administration and not afraid of making decisions. But not without sounding out all relevant parties, and she also leaves many of the decisions to the employees. She believes this has led to higher work satisfaction and more innovation.

### THEME

16.09.2016

TEXT: MARIE PREISLER, PHOTO: TOMAS BERTELSEN

It is Friday and staff at the municipal library in the Copenhagen neighbourhood of Valby are holding a staff meeting. Their boss, Signe Jarvad, is not present. Chairing these meetings is one of the many tasks she has delegated to staff as part of a strategy for leading the workplace more through trust than control.

“We have chosen to introduce trust-based leadership and management, so delegation has become a key word. There is no need for me to participate in every staff meeting if my workers can chair them as well or better themselves,” says Signe Jarvad.

She and her staff are responsible for the City of Copenhagen's leisure and culture activities for citizens in the Vesterbro, Kgs Enghave and Valby neighbourhoods – libraries, culture

houses, sports facilities, swimming pools and citizen services. Their workplace is one of many in the City of Copenhagen which have worked hard to implement the trust reform initiated by the City five years ago.

Signe Jarvad's staff work across six different locations, and Jarvad manages it all together with three middle managers. One of her first decisions when she started working with the trust reform was to throw all leadership tasks into the air and see who were best at solving them. That exercise proved that many of the leadership tasks could be better solved by ordinary employees. What followed was a reorganisation, the axing of a middle management position and today staff are much closer involved in making far more decisions than before.

“Working with trust-based leadership has made me extremely keen on making sure decisions are being made in the right place by the right people. Our decision making processes have become more transparent, and we make sure issues are looked at from all relevant angles before a decision is made,” she says.

### **Accepting control**

Some people therefore believe trust-based management equals the absence of management, or leadership through consensus. That is completely wrong, says Signe Jarvad:

“In some ways I am now even more present and clear as a leader for my staff, because we have a closer dialogue and cooperation on which solutions to choose. They don’t always get what they want, but everyone is being heard.”

It is difficult to provide close leadership with many employees across different sites. That is why all employees meet their closest leader once a month for a brief appraisal.

Another common misconception about trust-based management is that it replaces control. But trust and control are not opposites. Registration and documentation is still needed, including that of employees’ use of time. But trust-based leadership can make sure the control is meaningful, points out Signe Jarvad.

“We can and will become even better at working with data and registries, and in my experience staff feel control is absolutely fine and even a comfort, as long as it has a meaningful purpose and is not just implemented as part of a policy decision. That could be seen as a sign of mistrust.

### **Trust to fail**

Signe Jarvad feels she has gained a lot as a leader from basing her leadership and management on trust. Some of it can be measured: The workplace scores high on well-being and social capital. But she is also convinced that the quality of the service she and her staff provide to citizen has improved:

“Our staff’s skills are being used to an even better degree than before, which has added great powers of innovation to the organisation.”

Working with trust has benefited her greatly personally too.

“It has been extremely exciting to be part of developing this, and my own boss has also delegated more responsibility to me, which is very motivating.”

Trust-based management has been an efficient antidote to a zero-fail culture. Today she uses her own and employees’ mistakes in a constructive way.

“We work a lot with prototypes – we put new solutions into practice before they are entirely ready, and accept and learn from the beginners’ mistakes which we then make. You need a great level of trust to do that.”

The prototype method has proved beneficial to the workplace’s so-called “medsystem”, a committee where leaders and employee representatives meet and discuss workplace issues.

“The medsystem was seen by many employees as a closed club, so we made a prototype which for a trial period allowed all employees to attend certain parts of the committee’s meetings, after which time we evaluated it all. This has now become a permanent feature, and we would not have been able to achieve that without the prototype,” says Signe Jarvad.

### **Rings in water**

The positive effects of trust-based management are now spreading like rings in water:

“First we worked with trust between leaders and staff. As that grows, more tasks are being delegated which again demands more trust between employees. And why stop there? We have begun to show more trust in citizens too.”

One direct consequence of the trust reform is that the City of Copenhagen now gives citizens free access to libraries outside of ordinary opening hours. They can lock themselves in with their health insurance cards and then help themselves. It works. The citizens live up to the trust invested in them, notes Signe Jarvad

Showing citizens trust also leads to far more innovative solutions than the City has resources to create itself.

“We chose to open a new digital workshop, Copenhagen FabLab, bought all the computers and opened the doors to citizens without having rules in place for everything. We developed them later together with the citizens, and today we have some 300 dedicated users who are equally well equipped to help citizens as our own employees are. They have skills which we cannot even begin to match. With trust we can create something bigger, together.”



## The City of Copenhagen: Work based on trust, not control

Managing and leading public sector jobs using trust can help solve the complex challenges facing the Nordic welfare states, believes a researcher behind a new study on the Copenhagen trust reform. She challenges the Nordics to share experiences of trust-based management and leadership.

THEME

16.09.2016

TEXT: MARIE PREISLER

The word “trust” has been given new meaning in many workplaces in the City of Copenhagen since it introduced a “trust reform” six years ago. It came in response to a growing tide of criticism of tight fiscal regulations and because many employees felt they were losing motivation and sight of their core task because they spent so many hours on paperwork.

The City of Copenhagen began a hunt for unnecessary management demands which represented obstacles to productivity, and challenged municipal workplaces to try leadership and management models which were more based on trust. That process proved to be difficult but it also provided many

new perspectives, according to the first Danish study of trust-based management and leadership.

In the summer of 2016, researcher Tina Øllgaard Bentzen defended her PhD thesis ‘Trust-based management and leadership in public organisations – from ambition to practice’, which looked at the change processes which had been taking place in a number of the City of Copenhagen’s workplaces which had applied trust-based management and leadership.

One of the main conclusions is that trust-based management opens up for new types of cooperation between leadership

and employees, as the latter become “co-leaders”, she explains.

“Earlier, management and control systems fell to the leadership, while employees and their representatives could not influence decisions. Now the employee has become a kind of co-leader, who is invited into the boardroom and who legitimately can challenge the status quo and be part of creating new kinds of management,” says Tina Øllgaard Bentzen.

### **Co-leaders and governors**

The aim of trust-based leadership is to create an organisation which to a much larger degree is self-led, she explains. For this you need involvement, delegation and skills development. It does not, however, mean the formal leader becomes less important: Trust-based leadership is deeply dependent on leaders who manage to support self-leadership, and it needs leaders who are consistent, humble and willing to take a risk. The political, administrative and professional leadership must act as a kind of “meta-governors”, her thesis concludes.

Employees need to get used to their new role as co-leaders too. With more influence comes more responsibility, and that can be a challenge to some employees and their representatives, believes Tina Øllgaard Bentzen.

Even though the trust reform was a reaction against control, it has not removed the need for control, she underlines.

“My research challenges the assumption that control is the opposite of trust. This is not always the case. While employees consider some forms of control to be nothing but distrust and obstacles, they are happy with control which they find to be meaningful and which is built on trust.”

### **Many benefits**

The Copenhagen experience shows that working with trust-based management and leadership takes time. But it has been time well spent, according to Tina Øllgaard Bentzen’s study. Employees are both happier and more engaged in their work when leadership is built on trust.

“Most employees feel this is really good, because it builds on the belief that public sector employees are very motivated to contribute and create the best solutions for the citizens. This represents a fight back after a long period of new public management in the public sector, which was based on the idea that employees would be focussing on suboptimisation,” says Tina Øllgaard Bentzen.

The impact of trust-based management and leadership on workplace efficiency has yet to be measured, but Tina Øllgaard Bentzen has no doubts that this is not only a plus for employees, but for the workplace, citizens in general and the public sector as a whole.

“Other research shows that a high degree of trust increases people’s productivity, their feeling of delivering high quality, their engagement and general health. And the sum of the stories from workplaces detailed in my study shows that trust-based management has led to solutions which have been better tailored to suit citizens, which is sorely needed.”

### **Need for a Nordic drive**

She points out that many of the public sector’s current tasks are so complex that solutions cannot be found without involving employees and citizens. This is where trust-based leadership can contribute with something very valuable, and the Nordic countries should lead the way and look closer at the untapped potentials of trust-based management, she believes:

“New public management is about to be replaced with the management paradigm new public government, to which trust and relations and co-creation are central. The change is underway both in Denmark, Sweden and Norway, but so far we are talking about only isolated measures. So Nordic cooperation, networks and knowledge sharing can really make a difference here.”

There have been many studies into public management and leadership, but her study is one of the few empirical studies of trust-based management and leadership in a Danish and Nordic public sector context.

As an extension to the City of Copenhagen’s trust reform, the then Danish government also introduced a national trust reform aimed at cutting unnecessary systems of control in public sector workplaces. Yet the reform was never fully implemented, says Tina Øllgaard Bentzen.



## SAK President Jarkko Eloranta: Poorer Finns cannot be a good thing for Finland

Since June this year, Finland's largest trade union SAK has been run by Jarkko Eloranta. In this portrait interview with the Nordic Labour Journal he attacks the government's labour market politics for its aim of making Finnish labour cheaper.

PORTRAIT

16.09.2016

TEXT: BENGT ÖSTLING, PHOTO: CATA PORTIN

There is nothing wrong with the view. The SAK offices are in the Metallhuset by Helsinki's Hakaniemi Market square. It is a Finnish version of Oslo's Youngstorvet or Norra Bantorget in Stockholm. The place where the labour movement traditionally has been marching both on May Day and during other events where it has been important to show trade union strength.

SAK, The Congress of the Central Organisation of Finnish Trade Unions, represents more than one million Finns in 21

trade unions. But the entrance to their headquarters is humble. Here too the current economic realities can be seen.

SAK has been forced to make cuts to its staff. Soon they might move away from the old headquarters in what used to be "red" Kallio district. The trade unions' central organisation cannot live beyond its means. It is not easy to be an employer in Finland, the new SAK President has experienced.

### **Life-long union allegiance**

Jarkko Eloranta has spent his entire working life in the trade union movement. He became President of SAK during their congress this summer, a few months after turning 50. Jarkko Eloranta started his career by studying social science in the late 1980s at the University of Turku, and spent six months in the USA.

When his family grew and he neared graduation, he needed to become the breadwinner. Jarkko Eloranta spotted an ad in the paper from the then KAT trade union for municipal workers, which was looking for staff. He took an interest in citizen organisations and was keen to make things happen. He applied. He failed to get that job, but secured another. He was to spend more than 20 years working in various roles for JHL, the Trade Union for the Public and Welfare Sectors. He has worked both with international issues and communication.

In 2011 Eloranta became President for JHL, but this summer he took one step up, and became head of SAK.

“I have enjoyed my time in the trade union movement. The issues are really important, and the fieldwork has been particularly rewarding. Increasing responsibility has made the job meaningful and motivating,” says Eloranta.



### **First academic trade union boss**

His first job was to lead the voluntary fire brigade in his home town of Naantali. Jarkko Eloranta was also one of the founders of ELMU – Helsinki’s Live Music Association – which aimed to help punk and rock musicians find rehearsal studios and gigs.

Jarkko Eloranta is the first SAK President without a worker’s background. But he comes from a working class family and it does not bother him being the first academic to hold the post.

“Anyone who has ever held this job has had the knowledge, visions and skills to fill at least one university degree. This is nothing out of the ordinary.

### **The importance of change**

“The labour market and the economy are changing, that is the most important issue for us. We have high unemployment in Finland, especially among SAK’s members.”

“Higher educated people are hit by unemployment too, but it mostly affects people in our organisation,” says Jarkko Eloranta.

“Work is changing in general, raising many questions. Which kinds of jobs will there be, who will be performing them, for what pay and in which conditions – these are really topical issues for us. There is pressure on low-paid jobs both here and elsewhere in the Nordic region.”

Perhaps the biggest issue, according to Eloranta, is to try to keep your job with conditions which makes it possible to manage on the pay you get.

### **The Competitiveness Pact – old medicine for modern problems**

The government’s Competitiveness Pact, negotiated by employers and employees, has just been signed in Finland after two years of negotiations. It has not been an altogether nice process, says Jarkko Eloranta.

First of all, it treats public sector workers worse than others – a straight forward wage cut in the shape of lower holiday pay, for instance. The proposed annual extra 24 working hours was difficult to include into the collective agreement, adds Eloranta.

“You could call it old medicine for modern problems. The problems and solutions don’t meet. We are heading towards a time where working hours no longer correspond to or guarantee productivity. Extending working hours according to a template is retrospective and not a solution for the future.”

### **Endless deterioration?**

The three centre-right parties; the Centre Party, the National Coalition Party and the Finns Party, have been in coalition for just over a year. Their government programme is starting to bite. Jarkko Eloranta has expressed concern for an endless deterioration of the labour market once things get going. There is much pressure on working conditions and collective agreements, from many directions.

One is the move towards hired labour, or so-called zero-hours contracts, where the employer does not have to offer the employee any working hours at all. Another is freelance jobs in the sharing economy. The safety net for wage earners disappears. What do you do when you fall ill, pregnant or need to take parental leave? What is put aside for the future and for retirement? Everything affects life in the future, says Eloranta.

### **SAK: Go for knowledge and innovation**

“We see many ways of exploring and improving people’s skills and competencies. Although we have a well-educated workforce, there will always be those with lower education and professional skills. Knowledge must be strengthened, we must make use of whatever brings growth, innovation, investments. This could be digitalisation or more traditional measures,” says Eloranta.

Another issue is workers’ opportunities to influence the content and organisation of their own work. Perhaps you could use the tired phrase ‘democratisation of working life’, suggests Eloranta.

### **Low competitiveness – the fault of high salaries?**

When Prime Minister Juha Sipilä introduced the agreement on improved competitiveness, the social contract, he mentioned the need for trust. Finland needed the world’s trust to secure investments and employment. Lower wages would bring more jobs.

But SAK’s President does not seem to agree with the government’s argument – that Finland’s competitiveness is low because of high wages.

“It is controversial,” confirms Jarkko Eloranta.

“It cannot be a long term strategy and aim for the government and the Prime Minister that it is good that Finland and Finns become poorer. That is what this agreement really means. Future prosperity must be built on research, innovation and knowledge, that’s how you create something you can share out.

“Many companies have done well, much depends on their products, leadership, sales measures, export. These are factors that deserve more attention. It is of course the companies’ responsibility, but the authorities also play a part. Yet here too we are trapped in old models, like business support.”

### **Tax cuts with borrowed money**

Jarkko Eloranta is no fan of large dividends or tax cuts.

“The tax incentives should be reconsidered. We are not very enthusiastic about the budget proposals covering lower inheritance tax and other tax cuts. It does not necessarily pay to put the money here. There are other, wiser, targets within research and development.”

And now you extend the debt to give company owners tax cuts, adds Jarkko Eloranta.

“It seems to be a problem for the government that Finland’s national debt is increasing, but not that the borrowing is being used to cut taxes for companies and their owners.”

### **The government has learned the realities of the labour market**

So what does the SAK President make of the centre-right government?

“Well, they have learned the realities of the labour market in just over one year. That is good, of course. Despite difficult times, both sides have developed smoother edges,” says Eloranta.

When the government came to power the Centre Party’s Prime Minister Juha Sipilä was criticised for cold-heartedly engineering a deterioration of working conditions and for degrading women on low wages. Plans were introduced to usher in qualifying days for sickness leave similar to the Swedish model, scrapping Sunday pay, shortening holidays and more. Much of it could be reversed when the parties signed the competitiveness agreement.

“This government’s basic idea still seems to be to frighten wage earners. This government is treating women badly as a group. Yes, the proposed increase in kindergarten fees was axed, but many of the cuts affect women, for instance lower holiday pay. There are also cuts to the quality of child care and other services. This is worrying,” according to Jarkko Eloranta.

“This government is a government for companies and business people. It is mainly a government for company owners,” he says and hits the argument home by carefully banging his fist on the table.

### **Unemployment next**

The next task for trade unions and employers is to get together to solve the problem of unemployment, on commission from the government. Some proposals involve forcing job seekers into activity, an economic obligation for people to enter the labour market. The Danish model is held up as an example. But unemployment benefits are considerably lower in Finland, points out Eloranta.

The work is in its infancy. They have less than a month to go. The risk, according to Eloranta, is that the government forces through failed solutions. That would bring back the debate about a lack of trust between the government and the social partners.

### **Something good from the government**

Jarkko Eloranta still praises the government for another proposal, the so-called Lex Lindström. It opens up for 60 year olds who have been unemployed for five years to retire. The government also gets praise for its measures to get young people into work.

“But if you take money from other groups of unemployed people, that’s a bad thing. You are then playing two weak groups against each other and that is of course worrying.”

### **An impatient SAK President?**

SAK has had many legendary presidents. The latest, Lauri Lyly, left the presidency after seven years. He had a reputation for always thinking of something new during negotiations. It is said his successor has less patience.

Eloranta laughs heartily.

“Well yes, perhaps. It is still too early to say whether I’ll be equally innovative. But Lauri was very tough and creative, skills you probably need as a labour market boss. To be tough, not to give in even in difficult circumstances which look impossible.

“I cannot be the judge of whether I am as good as my predecessor, but I must make sure I develop that kind of knowledge.”

### **No new central organisation**

This spring an old idea for a central trade union organisation to gather all of Finland’s trade union members under one roof was put to rest. As the SAK crown prince, Jarkko Eloranta had been one of the scheme’s main architects, and was set to be the new organisation’s first leader. But now that project has been buried.

“A new central organisation could be created in a setting where the role of the central organisations as negotiators has changed. We are increasingly part of the social debate and we have influence, we give support and act as coordinator for the organisations on other levels.”

But Eloranta mentions areas where SAK is still needed.

“We still have much to do when it comes to social insurance, labour law and common economic politics where there is a lot of trade union work,” according to Eloranta.

“We wanted to reduce the number of central organisations. We are overlapping each other’s work at the moment. We have no resources to waste, so we wanted to cut and perhaps also influence and slim down the image of the trade union movement.”

### **SAK must cut staff too**

A merger would have meant rationalisation. Now those same issues must be faced within SAK. Around ten of SAK’s 100-odd staff must go. The congress which elected Eloranta also decided to lower membership fees. This means a 16 to 17 percent cut to SAK’s income. This loss must be covered somehow, says Eloranta. He will now look at how he can best reduce the size of the organisation, but without too many negative consequences.

### ***How does it feel to be the employer in that situation?***

“I have been a director and and supervisor for a long time, and know that the employer sometimes must face difficult

periods. Nobody wants to have to tell people they have to go. It is never nice, but still necessary,” Eloranta says.

### **NFS leader**

Jarkko Eloranta belongs to a dwindling group of Finns who speak Swedish despite a Finnish childhood. This means he has also taken part in a lot of Nordic cooperation work.

“The Nordic region is our most important reference. We enjoy a very intensive cooperation within the public sector,” says Jarkko Eloranta. This year it is Finland’s turn – i.e. his turn – to head the Council of Nordic Trade Unions, NFS.

“We travel a lot around the Nordic region for various reasons, this is a very important group. We try to achieve a joint understanding of common issues and to identify common trends.”

### **Swedish copy**

Finland’s relationship to Sweden is also especially important. Finland copies so many ideas from its neighbour in the West; within the public sector, the labour market, political phenomena. It could be privatisation, unemployment benefits, the purchaser-provider model...

“The Finnish parties copy Swedish initiatives, and we consult our Swedish colleagues and ask them about their experience and aims,” explains Eloranta.

When it comes to the competitiveness pact and the government’s relationship with trade unions, the rest of the Nordic countries tuned in. Should Finland lead the way and defend or destroy the three-partite cooperation?

According to Eloranta his Nordic colleagues are aware of Finland’s difficult situation. The NFS even wrote two letters to the Prime Minister about the threat to the tripartite cooperation and Nordic assessments. The rest of the Nordic region kept a close eye on Finland and condemned what was happening. And Finland’s government backed down.

“But it was not only the letter from the NFS which did this,” admits Eloranta.

“Nevertheless, it provided much-needed support, it was good that the world outside reacted. Our government realised that it cannot make decisions in its own little bubble.”

### **NFS demand: The Nordic region at the G20**

The new European reality means we should intensify the Nordic cooperation, says Jarkko Eloranta. The economic policy is certainly severely out of sync. It is difficult that Finland, Sweden and Denmark are EU members and Finland even a Euro member, while Norway and Iceland remain outside.

“But in certain contexts we should be intensifying our cooperation.”

Eloranta brings up the NFS's proposal for the Nordics to apply for membership in the G20 as one unit. The Nordic region has strong traditions for participating in international organisations. But today the region has no influence in the G20, a statement from the union said in May. Watching from the sidelines, the Nordics – which do not qualify for membership as separate countries – are losing out on an important opportunity to influence decision-making.

### **Cross-border movement rather than defence**

It is possible to strengthen the economic and political cooperation in the Nordic region. Today most of the focus rests on defence and security policies, but this should be broadened out, thinks Eloranta.

“We must not forget the freedom of movement from the 1960s, we need to pay attention to the labour force's mobility. The Swedes in particular wonder why we have such high unemployment in Finland when there are jobs to be found in Sweden. Why doesn't this work? There are still many obstacles to the movement of labour.”

It should be totally possible for Finns to work in Sweden, on a temporary or permanent basis, believes Eloranta. English is already the working language in many cases, the language barrier is not that high. And the Swedish living standard and salaries are competitive. It would therefore pay to consider closer economic integration, says Jarkko Eloranta.

### **The Finns Party enter politics and unions**

The interview is nearly over, but we rush through some important questions about the crisis in the unions and the Finns Party rise in Finnish politics.

“The able-bodied population is falling, fewer people are working in jobs where the trade unions traditionally have struggled to gain inroads, among private companies and freelancers. The basis for trade union membership is narrowing. The fragmenting labour market has led to younger people losing interest in the trade unions.

“We must do more to make people understand the importance and benefits of being organised. The rights we have gained have not come without a fight, and will probably not last without the unions. The bitter truth is that right now we can not make great progress. It is more about keeping what we have already managed to get.

“If employers got to decide, working hours would be increased by 100 hours, holidays would be cut along with holiday pay and sickness pay would be eroded. We cannot keep these benefits without fighting for them. This is what we need to tell the people.”

The Finns Party is now represented everywhere – in the Finnish government and in SAK. Sure, says Jarkko Eloranta, the Finns Party are part of the labour market and also among SAK's members.

“There is nothing strange about that. We have members from all political parties. The old idea that workers are always Social Democrats and to the left of politics does no longer apply.”

There is more mobility among voters, a phenomenon which has come to stay. What is worrying, in SAK and among all people with low salaries and lower education, is that fewer people are voting. This is a greater threat than whether they are True Finns, Greens or Social Democrats. Jarkko Eloranta considers this to be a democratic problem. Policies are decided by those who vote, i.e. the well educated and well paid.

Jarkko Eloranta is himself a Social Democrat, it goes with the job. But this time we are not discussing Social Democracy or opposition politics.

It created a certain amount of fuss when Eloranta during an interview with the major newspaper Helsingin Sanomat failed to remember the first lines of the Internationale. “ ”So come brothers and sisters” was changed with ”Forwards, forwards” from a Finnish workers' march. He now explains this by saying that May Day has never been part of his traditions.

“I have not been an active party member or taken an active part in any first of May celebrations or marches. My engagement and ties to the movement gets inspiration from other channels,” explains Jarkko Eloranta.

### **Facts about ‘The Competitiveness Pack’**

A central agreement on wages and other working conditions between the social partners: SAK, the Finnish Confederation of Professionals STTK, Confederation of Unions for Professional and Managerial Staff in Finland AKAVA, the Confederation of Finnish Industries EK and the state and church labour market agencies as well as statens och kyrkans arbetsmarknadsverk och the Local Government Employers KT. Some of SAK's member organisations have not signed, among them the Transport Workers' Union AKT. Some of the main points:

- Working hours to rise by 24 hours a year. Public sector workers also lose 30 percent of their holiday pay. No wage increases for anyone.
- The theory is that when the price for labour falls, Finland becomes more competitive. The export industry should benefit from the agreement.
- The government says the agreement will help reach the aim of increasing the employment rate to 72 percent and create 110,000 new jobs in Finland by the end of this parliamentary term in 2019.

When a large enough part of the labour market has signed, more than 90 percent, the government promises to cut taxes to avoid a too big fall in purchasing power. A “Finland model” lays out the principles for the 2017 wage negotiations.

Four criteria will decide the size of wage increases: External competition, the public economy, the employment rate and productivity. The export industry will determine the wage increase ceiling. The government started negotiations when it came to power in the spring of 2015. If the agreement had failed, the government had a plan B, a list of further savings and tax increases. The so-called forced legislation would have shortened holidays and axed various social benefits.



## ILO: The future labour market in dire straits, time for action

There is trouble ahead for the future labour market: global growth is falling, jobs are disappearing, employment contracts are changing, inequality is on the rise and the middle classes are no longer growing. But not everything points in a negative direction, and according to Finland's Minister of Justice and Employment we can influence developments.

### INSIGHT

16.09.2016

TEXT AND PHOTO: BERIT KVAM

“Technological changes do not happen without national politicians and the social partners having the power to influence the development. Employment, education and social policies must help stop the rising inequalities and uncertainties in the labour market. We must take advantage of the opportunities that new technologies bring, while also making sure nobody become outsiders. We should have a socially fair and sustainable working life,” said Finland's Minister of Justice and Employment Jari Lindström when he opened the seminar ‘The future of work and new ways of working in a global and Nordic perspective; Future priorities for the ILO after the centenary’. The seminar was held in Helsinki on 5 September and kicked off the Nordic debate on the future of work ahead of the ILO's centenary in 2019.



Determination is just what the ILO's Raymond Torres asks from all parties, including the social partners. New questions need addressing: How do you deal with new technology and new ways of working? Should you remove the link between job security and employment? Should you make plans for a social safety net which encompasses the entire global supply chain? Raymond Torres thinks politics is now lagging behind developments in the labour market. Something needs to be done.

“Work is about to change in fundamental ways. We see more inequality and insecurity in the labour market,” Raymond Torres said in his opening speech.

He is the Director of the International Labour Organisation (ILO) research department. The organisation has initiated a global debate on the future of work which will culminate in a program for the ILO's work over the next 50 years.

“If there will be another 50 years,” Raymond Torres tells the Nordic Labour Journal thought-provokingly.

The development is driven by mega trends like globalisations, changing technologies including digitalisation, automation and robotisation along with demographic changes, war, instability and migration. The danger signs are mounting up, but it is not entirely a black and white picture.

### **The need for life-long learning**

“We don't know whether there will be enough jobs for all. In future, jobs which can be done by computers, robots and ar-

tificial intelligence can disappear. We still don't know what will happen, and not all jobs will disappear. Professions where human contact is crucial, like health care, education and within art and culture, will not disappear,” says Raymond Torres.

The technological progress and the fundamental changes to working life also lead to what he characterises as “the huge need for education”.

“Not just for education, but for life-long learning to allow people to update their knowledge in order to fit new labour market demands. Nearly everyone says they want to learn, but not everyone gets the chance to do it,” says Raymond Torres.

### **A fragmented labour market**

A fragmented labour market is another emerging pattern. Standard employment contracts which regulate the relationship between employer and employee are no longer the standard. An increasing number of people are outside of the organised labour market. They are freelancers and sole traders, or crowd workers who offer their services over the internet. They are the ones who are both employed by a company and work for themselves.

“The positive thing about being a freelancer is that you can control your own working hours, but this can also be exploited by the employer,” says Raymond Torres.

“We already have zero-hours contracts. This means the employee works when the employer needs manpower. With zero-hours contracts the employer doesn't have to worry about sacking people. Zero-hours contracts are on the increase in the Netherlands and in the UK.

“This could be both a positive and negative development. The chance to work independently is good for those who want to live and work in rural areas where there aren't that many jobs, but employers can exploit the system, pay less and offer zero insurance against illness or accidents.”

### **Shrinking middle classes**

A third tendency highlighted by Torres is the rising inequality and the shrinking middle classes. The ILO World Employment and Social Outlook 2015 shows that only 5.7 percent of low-pay workers have permanent jobs. Among middle-income earners the number is 13.7 percent while people on higher wages are far more often in permanent jobs; 64.2 percent are in full-time permanent employment and 12.5 have part-time permanent jobs (see graph).

### Changing employment relationship

(Employment by status, latest available year %)  
Source: ILO World Employment and Social Outlook 2015: The Changing Nature of Jobs.



“People with higher education in higher positions have access to more education and learning and earn more and more, while others experience stagnation. So far the norm has been that people’s incomes have been increasing steadily along with productivity, but that is no longer the case. This is a global phenomenon. We see a tendency of shrinking middle classes. This could lead to more youth unemployment and it can influence social stability.”

One reason for the development we see today, thinks Raymond Torres, is the fact that politics is not keeping pace with the technological development. Therefore politics must change and adapt to the new things that are happening.

“For instance, social benefits like pensions and unemployment benefits are based on a stable labour market with stable jobs, but the social benefit systems should also include freelancers.”

#### ***How do you achieve this change when those who should be included are outside of the established systems?***

“Both employers and trade unions must adapt. Trade unions are built around employees, but fewer and fewer people are employed, especially in larger companies. This is currently being discussed in the trade union movement.”

#### **Policies for reality**

One of the aims ahead of ILO’s centenary is to inspire new policies which are adapted to reality.

“We hope governments will embrace this new reality and adapt policies accordingly. One suggestion which has been debated is the universal basic income,” says Raymond Torres, who personally is not particularly keen on the idea. He believes a universal basic income can lead to cuts to other social benefits.

But it is not up to him to decide, he says. Policy making at the ILO is built on collective decisions based on the tripartite system. These are not decisions employees can make.

### Individual activity accounts

Another possibility which he envisages is to change the entire social security system to create a system where social benefit is organised as a portfolio for the individual. This could include transferable rights which individuals could carry with them regardless of being employed or freelance.

“France has an individual activity account trial going, and the government has decided that it will be introduced from next year. This system could let you transfer rights between different social benefits. If you lose your job, you could spend the money on taking further education or you could postpone your retirement age in order to save money for something else. This can also be a system which irons out inequalities in the social security system, and could be transferable between countries too,” he continues.

One question which has been raised about this system is whether it can include healthcare. Raymond Torres thinks that must be a collective system since the expenses and needs connected with healthcare will vary greatly from person to person, and nobody can predict who will fall ill or have an accident.

### The responsibility of multinationals?

Another aim for the centenary is to create international labour standards. This has been considered to be the responsibility of national politicians. Now there is a debate about whether this should also be the responsibility of multinational companies, which could be responsible for health and security throughout the global supply chain, where subcontractors would also carry some responsibility.

### Nordic challenges

The ILO is based on the tripartite cooperation where representatives for authorities, employers’ and employee organisations participate. The cooperation between the social partners and the tripartite cooperation is also at the heart of the Nordic model. Even if the role of the state varies somewhat between the different countries, there is a common acceptance that collective negotiations based on high union membership numbers is the basic way in which the labour market should be regulated – especially wage formation, as head of research Kerstin Ahlberg from the University of Stockholm pointed out in her talk on ‘the Nordic perspective on new opportunities and challenges in a changing labour market’

“It is generally agreed that the EU must not interfere in the Nordic countries’ collective bargaining system,” she said, and accepted that this attitude had its challenges, for instance when it comes to the issue of a legally binding minimum wage. She also highlighted the challenges surrounding how you include new categories of workers into the collective bargaining system.

“To integrate new categories of both employees and employers is probably a more efficient strategy than keeping them out. It is better to normalise than to marginalise,” she felt.

Moreover: How do you defend and promote collective agreements on a trans-national level?

“Nordic trade unions could play a more active role here, rather than fearing the impact on national agreements. We need to continue to develop a framework for a transnational social dialogue,” Kerstin Ahlberg said.

### **Major changes to the cooperation between the parties**

The fundamental changes to work affects not least the parties themselves. For now we know little for sure about the future of work. This was highlighted by all. Still there are many questions and changes linked to the tendencies we are already seeing.

Anu-Hanna Anttila is head of research at the Finnish Metalworkers’ Union. She talked about the plethora of challenges facing the industry, like digitalisation, robotisation, automation, and industrial internet and 3D printing.

“This is here now,” she said, and underlined that this calls for better skills and that it puts new demands on education when for instance manual work is replaced by computer work. It also means more work machine to machine in addition to face to face, she said.

Anu-Hanna Anttila highlighted the dilemmas which can emerge in the workplace if new workers with high skills levels have locally negotiated wages. What happens then to minimum wages and good collective traditions? If more manual work is replaced by work on computers, what does that mean for wages? Will the new industry worker be paid in a fragmented labour market based on individual tasks like Uber’s drivers are paid for each individual trip?

And how will the changes to working tasks influence manual labourers’ identity? Will they become more individualised and middle class?

These were among the many questions about the future of work presented by Anu-Hanna Anttila. Tero Tuominen from the Federation of Finnish Technology Industries represented the employers, and he clearly underlined the need for considerable reforms. It has already been decided that there will be no more centrally negotiated collective agreements in Finland from next year. Tero Tuominen had clear expectations to the future of work.

“Negotiations about wage and working condition must happen locally in the workplace the tasks and responsibilities are best understood,” he said.

“The wage system should be performance related. Rather than general wage increases, salaries must be set according to how challenging the tasks are, the workers’ skills level and the results produced. Working hours should be regulated to fit customers’ demands and needs. Most of the work must

therefore be made when the demand is large, and holidays should be taken during quieter times.

“Wage and reward systems must be used by the companies to attract good workers. The wage systems in the collective agreements can provide the necessary tools for company-specific wage and reward systems.”

Working hours can be regulated in line with many criteria, must meet the needs of both customers and employees, and they must be flexible.

Collective agreements and regulations can still form the basis for local negotiations. They should provide the tools for company-specific systems and allow for flexibility when it comes to the amount of work done. Local negotiations should be at a more individual level.

When jobs disappear and growth falls, all parties must find new ways to address such developments. The discussion initiated by the ILO ahead of the centenary have begun. The aim is to find a completely new platform for how to cooperate over the coming 50 years – if the ILO gets its way.



## Where gender equality fits into the ILO's future of work

How do you close the pay gap and create a less gender-divided labour market? The answer does not lie in the past. Gender divisions in the Nordic labour markets have been nearly static since the 1970s and global data from the ILO shows shockingly little movement. So what is needed? That is what the discussion about gender equality in the future labour market is about. Does Iceland have the solution?

NEWS

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TEXT AND PHOTO: BERIT KVAM

Iceland can become the first country in the world to get a certified standard for measuring and developing equal pay. A company practicing equal pay for equal work can have this certified and made visible. The aim is to create a system which secures men and women equal pay for equal work, and equal working conditions for jobs of a similar nature. The measure is also designed to reduce discrimination in general.

Shauna Olney, Chief of the Gender, Equality and Diversity Branch of the ILOI, is excited about seeing the result.

"The Icelandic tripartite Equal Pay Standard is an innovative solution which we would like to promote," she says. She heads the dialogue Women at Work which will run until the ILO's centenary in 2019.

### **What do you want to achieve by then?**

“That is when the action starts. This is the time for reflection and debate. We will establish a high level commission in 2017. The debate about women in work will then become part of the major Future debate and perhaps sit at its very core.”

The commission will be working independently from the ILO. It has not yet been decided whether the commission's work will result in a new declaration.

“We have not had a declaration as part of the ILO's constitution since the 1944 Philadelphia declaration.”

The constitution was signed in 1919 as part of the post WW1 peace process. In 1946 the ILO became the UN's first special organisation for labour market issues. Its aim is decent work for all.

“If we now can achieve a declaration about the future of work in 2019, gender equality must play an important part,” says Shauna Olney.

### **Equal pay in the Nordic region**

“Gender equality is a question of justice and morals and of economy and growth. The Nordic countries would not have been able to achieve the growth they have seen without the high participation of women in working life. Nor would they have been able to build the same universal welfare rights or achieve the same level of gender equality between all citizens in all of the countries without the participation of women,” said Lisbeth Pedersen, head of research at the Danish National Centre for Social Science, SFI, as she addressed the seminar on the future of work on 6 September.

The Nordic countries are way ahead when it comes to gender equality, and according to the OECD they have a remarkably high proportion of women in the labour market. While many countries have a great potential for growth if more women were included into the labour market, the Nordic countries have already enjoyed the benefits from this.

The ILO has carried out a major survey together with Gallup taking in 178 countries. It shows that the employment gap between women and men has only shrunk by 0.6 percent over the past 20 years, despite the fact that far more women have got an education.

“This is quite a shocking result,” thinks Shauna Olney.

### **Steady wage gap**

Yet although there are many women in the labour market in the Nordic countries, the study shows a permanent structural inequality

“In Denmark we have had a steady pay gap since the early 1970s, from back when we began talking about gender equality,” says Lisbeth Pedersen.

The education level among women has steadily increased, but it has not had an impact on the pay gap.

### **Why is this? Is it because of education or work experience?**

No, the researcher says.

“But it does have something to do with a segregated labour market, the fact that women and men have different jobs and that there is different pay for similar jobs. There has been almost no changes to the segregated labour market over time. Men still work in what is considered to be typical male jobs and the other way around.

“The difference is that when studies have looked at five different educations which are popular with both genders, it turns out that there are more men working in the private sector, and this goes for all kinds of educations. The tendency is also that differences have been growing rather than shrinking.”

Her conclusion is therefore that if we are to overcome inequality in the labour market, both the private and public sectors must be made equally attractive for both genders.

“The fact that this is not already the case could have something to do with culture, or that there are better welfare benefits included in the collective agreements where women dominate. It could also be that the wage system structures were negotiated during the 60s and that the wage structure has been pretty stable since then.”

### **The partners' responsibility**

The development in the labour market could mean that wages are pushed down, especially in jobs where you do not need a higher education. The need for highly educated labour will rise.

“This means that in order to include everyone in the labour market you have to concentrate on education for all levels. We need a more flexible labour market with equal conditions in the private and public sectors, and there is also a need to reduce the pay gap for work of a similar nature.

“In the Nordic region the social partners are responsible for negotiating wages and working conditions. So we need to ask them to do something about it. If this is something we need to do in the future, it is something we need to do today,” said Lisbeth Pedersen.

### **Iceland is an inspiration**

The ILO's Shauna Olney also underlined the need to create a comprehensive agreement on the changes.

“The tripartite cooperation then becomes important. That is why the Icelandic initiative is so interesting, because it has been developed through tripartite cooperation. We have already talked with UN Women about how to implement the

ILO convention about equal pay. When it comes to different countries it is not natural to say that we here have a model which is ready for implementation.“

The tripartite agreement on equal pay is based on the same model as the ISO certifications, and can be translated into other languages. The work is nearing its final phase. This autumn the parties will present the work which covers the terminology for a definition of work of a similar character, the terms for management systems and appendixes with a guide for job classifications and a guide for wage analysis.

“This is important as a process and can perhaps inspire others. It is important to have good models,” says the ILO’s Shauna Olney.

***What do you consider to be the greatest challenge to gender equality right now?***

“How to challenge the stereotypes: That women are the ones who should stay at home, that women’s work is of less worth. Here too the Nordic model is so important, for instance when it comes to getting men to take parental leave.”

**The debate about the future of work**

The parties in Finland have decided that this year’s collective negotiations will be the last of their kind. From next year wage negotiations will happen on a local level. It is difficult to say what that will mean for the development of equal pay.

Markus Äimälä, Director Confederation of Finnish Industries EK, is focusing on protecting jobs.

“It is important for our industry to make sure that businesses remain competitive. If technology changes, businesses must change fast. For this you need flexible legislation, we need basic rights but on top of that we need to be able to negotiate on a local level as much as possible.

“In Finland we have a tradition of collective agreements covering all trades. But employers feel that this does not offer sufficient flexibility. Therefore we do not want this any longer. We are now moving to trade-specific negotiations like Sweden has had for many years. This is not enough. We need to be able to agree on working hours and conditions on a local level.”

Katarina Murto from the Finnish Confederation of Salaried Employees STTK, underlines that Finland is also in a difficult economic situation.

“Finland has been in a recession for many years now, and we still have a problem with how to solve the question of employment. We have signed the Competition Act. This is an historic agreement because we have for the first time signed an agreement to reduce the rights of workers. We now hope this means employers will have the courage to hire more people and increase investments.

“As for collective agreements, the trade union movement wants as much as possible to be settled through collective agreements and regulations, even though the trend is going in the opposite direction with much negotiation on a workplace level.

“I believe an important question on a Nordic and international level is to work for gender equality in the labour market. Gender equality, anti discrimination and human rights are important issues. Of course we can have a minimum legislation, but I think that if we want to raise these issues, we need to make sure they work in all workplaces.”

# EU pressure to liberalise the road transport industry

Both Denmark and Finland will have to face the EU Court of Justice if they fail to change rules which they have implemented to prevent social dumping through the abuse of the EU's so-called cabotage rules, says the European Commission. It is stepping up its work to liberalise the market for road freight transport.

## NEWS

16.09.2016

TEXT: KERSTIN AHLBERG, EDITOR EU & ARBETSRÄTT

As a rule, transporting goods by road within one country is the privilege of that country's own haulage firms. But there are plenty of foreign trucks on the roads providing international transport, and when drivers have unloaded their foreign cargo they are allowed to take on some inland transport jobs on their way home – so-called cabotage. The thinking behind this is to avoid trucks driving empty on their return after an international transport job. Thus they are supposed to return to their country of origin and not come back until they next have an international transport job.

This system is covered by an EU regulation that is immediately binding for all member states. The regulation allows for up to three cabotage transports within seven days after the unloading of the international transport. But trade unions and employers' organisations in many member states experience that the rules are being exploited by foreign haulage firms operating more or less permanently in their territories, and compete with considerably lower wages than the ones domestic haulage firms are bound to pay their drivers. This is also the case in the Nordic countries.

As a result, in its 20 September draft budget the Swedish government will propose to allocate an extra 25 million kronor (€2.6m) to the police to make them able to act against cabotage which is in breach of the EU regulation. Denmark and Finland have gone further. They have introduced special statutes which complement the regulation to make it harder to circumvent.

But the European Commission argues that it is not allowed to introduce other restrictions than the ones which EU law has provided. As a result, this summer it decided to take Denmark and Finland to the EU Court of Justice if they failed to change their legislation.

Finland is already preparing to make the change this autumn, in which case the Commission promises to retract its decision. In early September, Denmark's Minister of Transport and Building Hans Christian Schmidt underlined in a meeting with the Commissioner responsible, Violeta Bluc, the importance of finding common European solutions to the challenges facing the road transport industry when it comes to unfair competition. Failing that, more countries will be introducing their own rules which will be an obstacle to a well-functioning internal market, he explained.

The Commission would like to further liberalise the market for road transport, and the attack on Finland and Denmark is part of a larger offensive. It has also taken the first steps towards taking France and Germany to the EU Court of Justice. Their way of trying to stop social dumping in the road transport sector is to demand that foreign haulage firms pay their drivers German or French minimum wages as soon as they enter German or French territory.

The Commission argues that making such demands on international transports having only a marginal link to the country's territory is a disproportionate restriction which prevents the internal market from functioning properly. However, in a press release it says it will take initiatives that will contribute to more clarity and better enforcement of the rules applicable to employment contracts in the road transport sector.



## Young people's recipe for smoother cross-border movement

The Nordic region needs to project a hipper image to young people, educational institutions must become more similar in nature and job opportunities more visible if you want to improve cross-border movement. That was the challenge from young people during a debate on the future of mobility and cooperation in the Nordic region on 25 and 26 August.

NEWS

16.09.2016

TEXT AND PHOTO: BERIT KVAM

There is a long history of mobility between the Nordic countries. The joint labour market is founded on cooperation and a shared understanding of languages, cultures and values. But as the world becomes more accessible and Europe offers scholarships and exotic destinations, how do Nordic neighbouring countries tempt young people to come? How do you improve their opportunities to study and work?

There is no lack of organisations, institutions, authorities and businesses which want to develop the Nordic cooperation. Yet the offers aimed at improving mobility are so diverse that it is difficult to get an overview and find your way in the jungle of good initiatives. So say several young voices. How do you for instance find available jobs in a different Nordic country, how do they measure education and skills and how do you write a CV tailored for a different country?

“There is a need for closer cooperation and a mutual recognition of education and skills,” says Sebastian Lukas Bych. He is presenting the experiences and good advice coming out of the discussion group during the panel debate on future job opportunities for young Nordic people.

“If the skills are recognisable, employers also have a greater incentive to hire a person from a neighbouring Nordic country,” he points out.

Hello Norden and Nordjobb are Nordic institutions working to get young people to move between Nordic countries. Nordjobb mainly helps young people find summer jobs in a different Nordic country, but wish to contribute with more in future, for instance by offering work experience for youths. Hello Norden answers questions about living, studying or working in a different Nordic country, in all Nordic languages including Greenlandic.

Poul Nielson's review of the Nordic labour market cooperation underlines the need to increase the pressure on removing border obstacles.

“This is easier said than done,” says Anna Välimaa, and mentions the existing initiatives. She is the project leader for Hello Norden Finland. She has brought with her Leila Malme-fjäll who can talk about how difficult it has been to move from Sweden to Finland despite the fact that she has Finnish roots and a Finnish mother. Language and cultural knowledge can be hard to overcome for many, but there are practical challenges on top of that, like applying for jobs in a foreign language and getting your CV translated so that your education and skills are correctly displayed.

### **Nordic in schools**

“There should be a school subject called Nordic for all Nordic citizens,” says Anna Välimaa.

“All children should learn about the other Nordic countries. In Finland we learn about the Nordic region as part of Swedish lessons. When you have secured an education it should be a given that you can get it recognised in another Nordic country. If studies in a different Nordic country could be recognised as part of your degree, and not add to the total time, it would become more attractive to study in a different Nordic country rather than to travel to somewhere exotic. It would also make it easier to move within the Nordic region later.”

Anna Välimaa also highlights the cooperation between the Oulu Employment and Economic Development Office and the job centre in Tromsø, Norway, as an example of cross-border cooperation in the north. They have built up expertise in order to help young people find jobs. In Oulu everyone gets the help they need. That is why it feels safe to travel to Norway to work.

“My dream is that in future there will be nothing stopping you from taking a job or getting an education in a different Nordic country.”

What is needed for young people preferring the Nordic region to Barcelona? wonders Annastina Sarlin from the Nordic Archipelago Cooperation.

The quality of education means a lot, and your opportunities are better here after you graduate, thinks Karolina Lång from the Norden Association Youth League.

“The Nordic region has a strong brand. We need to know more about how to value the Nordic labour market. It is much larger than the Finnish one and therefore provides better opportunities,” says Mira Korhonen, project leader at Nordjobb in Finland.

Nordjobb is advised to follow up the youths who have taken part in Nordjobb in order to find out what they have gained through their experience which they would not have got at home.

### **The exotic Nordic region**

“We need to show that the Nordic region can be exciting and exotic. We must build a common Nordic identity. To do that it is important to listen to young people!”

“Totally agree,” comments Sebastian Lukas Bych. He represents The Nordic Youth Council. He studies law and has been interested in Nordic politics for over a year. He has been chosen to present the group's proposals for future Nordic cooperation and mobility together with representatives for the other discussion groups.

“We need a Nordic skills card which can be used to find work and education, a kind of streamlined proof of skills. We must shape a concrete policy,” says Sebastian Lukas Bych.