

Comments

Editorial: Cooperation under pressure

Theme

Pan-European protests as EU introduces
new working hours for pilots

News

OECD: Sweden has the most immigrants
- Iceland has the most jobs for them

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in other companies

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Newsletter from the Nordic Labour Journal 9/2012

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Theme: Globalisation of airlines - a walkout for safety?



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Editorial: Cooperation under pressure

Whatever happened to the Nordic negotiation model? people asked as news broke that SAS employees were told to accept longer hours for less pay or see the airline go bust.

COMMENTS

14.12.2012

BY BERIT KVAM

And what about air safety? With a 47.5 hour working week? Then it turns out EU rules allow for even longer working weeks, and as our expert on labour law writes, the proposed rules now being considered by Brussels threaten air safety. That's the view of both pilot organisations and air safety authorities. Nordic trade unions are on the war path, and pilots and cabin crew are planning protests across Europe on 22 January.

The aviation industry is arguably harder hit by global competition than any other trade. In Finland it has already adapted to the turbulence, says trade union leader Juhani Haapasaari. He believes Finnair have seen the worst of their cuts now.

In this month's theme 'Globalisation of airlines - a walkout for safety?' Danish labour market researcher Flemming Ibsen fiercely attacks SAS' ultimatum as being un-Nordic and removed from the Nordic negotiation model. He fears a precedent has been set allowing more employers to cut wages. Is this part of the same bitter pill that Southern Europe has been forced to swallow? Trade union leader Bente Sorgenfrey worries it is: cutting wages and people's purchasing power, hitting growth and creating a downward spiral.

Nordic countries work hard to make sure the region can compete in a globalised world. The Nordic model, with its focus on cooperation between the social partners and a healthy work environment, can be an advantage when we compete for skilled workers on the international stage. Flemming Ibsen from Denmark says this highlights the need for the Nordic countries to stand shoulder to shoulder. In light of this the SAS model appears foreign and threatening, although it would probably take more to derail solid traditions built on the spirit of cooperation.

Pan-European protests as EU introduces new working hours for pilots

When SAS employees were forced to agree to a 47.5 hour week they came closer to the general rule within the EU. Now further EU adjustments await. Brussels is preparing new rules on flight working hours and member states will not be allowed to adopt stricter rules. But according to pilot organisations and air safety authorities the proposals are a threat to air safety.

THEME

14.12.2012

TEXT: KERSTIN AHLBERG, EDITOR EU & ARBETSRÄTT

A tired pilot is a dangerous pilot. Everyone can understand that, and this was also the starting point in 2006 when the EU adopted minimum rules on working hours and rest periods for civil aviation.

But, as is always the case in EU matters, the aim was also to create "a level playing field", i.e. fair competition between airlines in different countries, in support of the principle of free movement. And member states had different views of how to arrive at the correct balance between safety interests and business interests.

The existing rules therefore allow for countries to adopt legislation and collective agreements with stricter limits on flight crew working hours. There are also issues which don't fall under EU regulation at all, but which are decided by the member states alone, e.g. how to calculate duty periods and rest periods when flying across different time zones, when pilots and cabin crew are standby outside of the airport, or in cases of so-called split duty, i.e. when a work shift is lengthened by dividing it into two shifts. Denmark, Norway and Sweden are among those countries which partly have stricter rules, and cooperate closely in this area by subscribing to the same legislation on flight and duty time limitations.

Scientific assessment

At the same time as the EU rules were adopted the European Air Safety Agency (EASA) was asked to perform a scientific and medical assessment of the rules. EASA consulted a group of experienced flight fatigue experts. The expert group agreed on several recommendations, but when the air safety agency presented its proposed new rules on 1 October this year, it had taken only some of the group's views into consideration.

"The airlines industry criticised us for coming up with unscientific and even dangerous suggestions," the only Nordic member of the group, Professor Torbjörn Åkerstedt from the

Swedish Stress Research Institute, said in an earlier interview.

Because of the criticism of the expert group's report, EASA gathered more expert advice and now writes: "It has however become more and more apparent that a literature-based scientific review of any FTL [flight time limitation] scheme has its limits."

The Authority concludes that a quantitative assessment of a new set of rules before its implementation is impossible. A complete scientific study would nonetheless be useful. Such a study can however only deliver meaningful results if conducted after the rules are fully implemented.

EU should practice the precautionary principle

Rather than carrying out such a full-scale experiment with air safety, the EU should practice the precautionary principle and choose what is safe before what is uncertain, thinks the European Cockpit Association, which will protest alongside cabin crew across Europe on 22 January next year.

EASA defends its proposal by focussing on a number of improvements compared to the current EU rules, but these rules are a strikingly low baseline and are by far outweighed by new provisions allowing highly risky schedules, the association says.

Air safety authorities in the Scandinavian countries also think crew risk fatigue if the EASA proposals go through, according to Christer Ullvetter at the Swedish Transport Agency. At the same time he underlines that, on some points, they would lead to stricter requirements in Scandinavia too.

Today's EU rules allow air crew to work up to 60 hours over seven days, but no more than 190 hours - divided as equally as possible - over a 28 day period. That is a weekly average of

47.5 hours, the same as has been agreed at SAS. Flight hours are limited to 13 hours a day. Under certain circumstances it can be extended with an hour, in other cases it should be shorter.

Swedish Transport Agency wants shorter working hours

The Swedish Transport Agency has suggested to limit the maximum daily flight duty period to 12 hours, so far with no luck. It has had better results with its suggested limit of 100 hours' work in 14 days, to prevent anyone from having to work two 60 hour weeks in a row.

"By working tirelessly we have managed to force through a 110 hours limit," says Christer Ullvetter. He still hopes to lower this to 100 hours as EASA's proposal is being assessed by the European Commission.

Another major worry is the long working hours which the proposal could lead to when air crews' standby time is followed by a period of flight time. In extreme circumstances this could mean pilots having to land an aircraft after 23 hours of service. The Swedish Transport Agency says the rules on standby fail to take into consideration the level of stress involved when you are on call and not able to plan your rest periods.

Norway cannot vote

So there are still certain opportunities for change. Regrettably, says Christer Ullvetter, Norway is not allowed to vote when the member states decide on the final proposal, and Denmark and Sweden only make up some 10 percent of the votes.

"This is unfortunate, since Denmark, Norway and Sweden are in complete agreement on several suggested changes."

To get the best EU legislation possible is particularly important now, because member states will no longer be allowed to adopt stricter rules. A company, for instance SAS, will of course still be allowed to reach a collective agreement with better conditions for work time and rest periods. But how many companies will be able to do that in today's competitive market?

SAS agreement will lead to wage squeeze in other companies

Employers will be inspired by the SAS management to make savings on salaries, predicts labour market researcher Flemming Ibsen, who calls SAS' ultimatum to trade unions "un-Nordic" and "incredibly brutal".

THEME

14.12.2012

TEXT: MARIE PREISLER

Many employers will be inspired by the SAS management and dictate a reduction in wages as a means to get through the crisis. That is the prediction of one of the leading labour market experts in the Nordic region, Professor Flemming Ibsen from Aalborg University:

"It is obvious that many employers will have tasted blood now and want to use the SAS model to demand wage reductions from employees," says Flemming Ibsen.

Businesses attempting to save their way out of the crisis is a European trend which is now reaching the Nordic countries, says the Confederation of Professionals in Denmark (FTF), which represents 450,000 public and private sector workers. FTF also represents 1,400 Danish cabin crew organised in the Cabin Attendants Union (CAU), the last union to agree to the SAS management savings plan.

FTF's President, Bente Sorgenfrey, said she found the trend very worrying:

"Cutting wages reduces people's purchasing power. That hits consumption and growth and creates a downward spiral."

New culture of consensus

Another new trend, says Flemming Ibsen, is for trade unions and employees to accept a reduction in wages. Earlier trade unions were mainly preoccupied with securing better pay for their members, as well as improved pension and work conditions, and left it to employers to adjust the number of workers they hired. But after four years of economic crisis and reductions in unemployment benefits, just securing jobs for members ranks highly on the trade unions list of priorities, says Flemming Ibsen.

The Professor predicts a new culture of consensus in the labour market which is not built on conflict, but where the social partners are facing a common enemy:

"Today's big common enemy are the global market forces, and there is a growing understanding between the social partners that it is necessary to stand together and improve competitiveness, which means trade unions must be innovative participants."

Wounds to heal

Flemming Ibsen considers the Nordic labour market model to be an important tool in that fight, and he is highly critical of the manner in which the SAS management has treated trade unions in its drive to reach an agreement on longer working hours and less pay:

"We have a Nordic tradition of negotiation and talking nicely to each other, but both the SAS management and the politicians approached the trade unions very aggressively in this instance. So there are wounds which must be healed."

He finds it atypical in breach of all conventions that the SAS management came to the negotiating table with a final agreement and an ultimatum demanding unions sign or face closure, and that the Danish and Swedish finance ministers actively put pressure on trade unions.



Juhani Haapasaari, Chairman of the Finnish Aviation Union

The Finish Aviation Union grows while moving away from Finnair

Members of the Finnish Aviation Union have gone through turbulent changes in recent years. Companies have been sold or partly outsourced, some have gone bust and employees have struggled to keep up with all the trade union negotiations.

THEME

14.12.2012

TEXT: CARL-GUSTAV LINDÉN, PHOTO: CATA PORTIN

Now the Chairman of the Finnish Aviation Union, Juhani Haapasaari, says some 3,700 ground crew, catering and technical maintenance members have learned to live with constant negotiations.

“The number of members has not shrunk despite all the lay-offs. Low-cost flights mean more work. Finnair is still important and the flights to Asia bring a lot of work, we wish them well.”

Employees also have more legs to stand on as a result of the reduced dominance of one single employer. Because the trade union has binding collective agreements covering all members and all employers, it is not exposed to attempts at dumping salaries and social privileges in the same way as those who depend on agreements which are limited to one company.

“We try to avoid pay gaps in the aviation industry and we have prepared in good time,” says Haapsaari.

The same terms and costs apply to all employers. Most jobs are also of the kind which cannot be moved abroad. The only exception is servicing of Finnair’s aircraft engines which has been partly moved to Switzerland, while a Miami company has moved into Finnair’s old workshop.

Quite the opposite

Things are actually moving in the opposite direction, as Haapasaari’s neighbours in the office, The Finnish Cabin Crew Union, recently learnt.

The latest news is that the airline Norwegian promises Finnish salary levels and privileges to its Estonian cabin crew who work in Finland. So far they have been tied to Estonian terms and conditions via the Estonia registered personnel company Runway, from which the airline hires personnel. Now Norwegian has ended the agreement and entered a new one with Proffice Aviation, which tells new job seekers that Finnish terms and conditions apply from 2013.

It is Thelma Åkers, head of the cabin crew union, who tells us the news when we meet in Juhani’s office. It is confirmed by her colleague, lawyer Heli Hartman-Mattila, who says she does not know why Runway didn’t choose to change their practice.

It turns out Proffice is following a different collective agreement which has been reached by another trade union, Pro, which is not generally binding and applies to jobs below the level cabin crew are on.

Merger?

Juhani Haapasaari says they have been wondering whether Finnair and Norwegian are considering a merger. Finnair’s CEO Mika



Vehviläinen told a newspaper that “SAS is ruining the atmosphere”. The Finnish state is a major Finnair shareholder, but the government minister with responsibility for transport has publicly stated that the state must reduce their ownership to prepare for possible structural changes.

Norwegian might wants to demonstrate that it is a reliable company which sticks to the agreement. The Finnish Regional State Administrative Agencies, the state watchdog, has said companies which mainly operate in Finland must follow local agreements.

Crisis year

Juhani Haapasaari was elected chairman in 2007 when Finnair presented their best result ever. Then came the financial crisis and the airline quickly lost altitude and was soon forced to try saving its economy through cuts and restructuring. The Aviation Union started negotiating redundancy protection in return for pay cuts, and the first agreement, covering technicians, was ready in 2009.

That same day Finnair’s CEO Jukka Hienonen resigned and talks stalled. Haapasaari then approached Finnair’s Chairman who told him the company no longer wanted a stabilisation deal. The airline tried other solutions instead which were not successful.

An agreement with Barona Handling on baggage handling broke down after only a year and Swissport came in instead. The catering business was now up for grabs and LSG Sky Chefs were ready to buy, but its owners, Lufthansa, said no. Instead, Finnair hired the business out to Lufthansa’s LSG Sky Chefs on a five year contract.

“So the catering personnel were Finnair employees while working for a different employer. Later Lufthansa sold the business. The situation is fluid,” says Haapasaari.

All these changes and cuts have led to labour conflicts which from time to time have crippled Finnair’s operations. Now the company’s economy is stronger. It is expected to return to profit in 2012 for the first time since 2008, and the company’s Asia operations are growing rapidly. The worst seems to be over, in contrast to the situation at SAS.

“We have managed relatively well. There have been changes, but we can live with them,” says Haapasaari.

One example is that the eight companies doing ground services at Helsinki Airport have agreed that whoever wins a procurement will take on the workers of whoever lost, on the same terms as they had before.

“This benefits the companies, because without the deal they would have had to train new staff to do the job.”



Finnish pilots spot three mistakes

Pilot fatigue has been one of this year's big talking points. Not because of an increase in accidents, but in order to tighten rules on rest and flight periods. It has been a hot debate.

THEME

14.12.2012

TEXT: CARL-GUSTAV LINDÉN, PHOTO: CATA PORTIN

The pilots feel airlines' interests have taken precedent over their own, and hope for changes to the proposal which has now come from the European Aviation Safety Agency (EASA). EU Commissioner Siim Kallas hopes the proposal can be presented in the European Parliament as it is next spring, while pilots feel the misgivings expressed by some experts have not been taken into account.

On 22 January next year pilots and cabin crew unions will protest against what they see as a failure of improving air safety.

The head of Finland's pilots' union, Hannu Korhonen, says the proposal contains "three flagrant errors" from the pilots' point of view. Firstly, night shifts should be no longer than 10 hours, not 11 to 12 hours as proposed. Secondly, the number of landings should be limited because they impact on the pilots' concentration levels. Thirdly, working days can stretch to 22 hours with eight hours of standby and 14 hours working time.

In other words; it is considered OK to land a plane after having been awake for nearly 24 hours.

"This is a clear slip. In the Nordic region we feel the total should be 16 hours," says Hannu Korhonen.

Pilot surveys show fatigue is a major problem and many - perhaps near half of the pilots - say they have fallen asleep during flights. A survey of British pilots quoted by the BBC showed 43 percent of pilots said they had fallen asleep themselves, while as many as 31 percent had woken to find the co-pilot asleep as well.

The new rules come into effect from 2015.

Since 2008 the following rules have been in place:

European rules allow pilots to work:

- 13 hours a day (extendable with one hour in certain instances and shorter in some instances,

for instance if the rotation included three or more flights)

- 60 hours a week
- 190 hours over 28 days (must be spread as evenly as possible)
- Rest between service must be at least as long as the previous service period but at least 12 hours (can be reduced to 10 hours during rest outside of the pilot's home base).



Norwegian Air Shuttle's entry into the Nordic aviation market has dramatically changed the power balance measured in the number of passengers. From the top: SAS, Finnair, Norwegian and Icelandair. [Click for bigger picture](#)

Competition from Norwegian changes the Nordic aviation market

Developments in the aviation industry have presented new challenges to politicians, employers and trade unions. Deregulation and increased competition makes it cheaper to fly, which means increased growth. But market conditions could end up being tougher than the partly state owned airlines can handle.

THEME

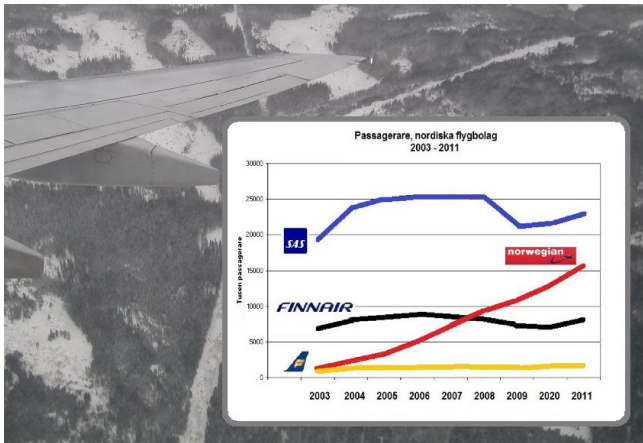
14.12.2012

TEXT AND PHOTO: BJÖRN LINDAHL

If you compare the annual number of passengers carried by the “flag carriers” i.e. SAS, Finnair and Icelandair, to the private low-cost airline Norwegian, it soon becomes clear that the Nordic airspace has become crowded.

The Norwegian airline celebrated its first decade of flying this year and carried nearly 16 million passengers last year. The other three airlines which have operated for 66 to 89 years carried just over 32 million passengers. Even if the four air-

lines aren't always in direct competition with each other, and even if there are other players in the Nordic aviation market, these figures say something about the power balance. Out of these four airlines, Norwegian has taken a third of all the passengers.



Norwegian Air Shuttle's entry into the Nordic aviation market has dramatically changed the power balance measured in the number of passengers. From the top: SAS, Finnair, Norwegian and Icelandair.

Flag carriers is an expression dating from a time when each country had its own airline and aviation traffic was regulated through bilateral agreements. The airlines also usually enjoyed a monopoly even domestically.

USA first with deregulation

USA began the aviation industry liberalisation back in 1978. The EU followed in a process which led to the establishment of a common aviation market from 1993.

This saw aviation traffic increase on average twice as fast between 1995 and 2004 compared to 1990 to 1994. It created 1.4 million new jobs and allowed Ryanair, Easyjet and other low-cost carriers to start up and grow quickly.



Low-cost airlines used the Internet to sell their tickets, making it easier for customers to find the lowest prices. Meanwhile aircraft design has improved at a rapid rate; the use of composites makes them more fuel efficient. The airline with the youngest fleet has the lowest cost.

In January this year, Norwegian's CEO Bjørn Kjos announced the largest ever aircraft order in Europe. The airline has ordered 122 aircraft from Boeing and 100 from Airbus, paying 127 billion Norwegian kroner (€17.2bn). The aircrafts will be delivered until 2018.

Norwegian has been able to grow so big because the deregulation prised open the established airlines' way of organising flights - the so-called hub and spokes system. Passengers were flown to a central hub before boarding various domestic or international flights. This was particularly prevalent in Sweden where there was no domestic competition - unlike Norway's Braathens and Denmark's Maersk - when the aviation market was deregulated. 96 to 97 percent of domestic passengers flew via Stockholm.

Direct flights save time

Norwegian set up a system consisting of 96 percent direct flights. This gives travellers less choice but saves time. Charter passengers could for instance travel direct from their home city to a holiday destination. This system also allows for rapid adjustments. If a route has too few passengers it is closed down.

Although a lot has been written about pricing, the competition is as much about customers as it is about how often the airlines operate a certain route. The lack of take-off and landing slots at the main airports makes it harder for new airlines.

The Swedish Competition Authority has tried several times to break up the rules which have allowed SAS to keep the most attractive slots. Norwegian started operating a few years after the opening of Norway's new main airport Gardermoen, making use of the expanded capacity.

Norwegian authorities also banned SAS from using their bonus point system domestically in Norway, which had been an efficient way of tying customers to one airline. That meant the Norwegian government, while owning 14.3 percent of SAS shares, also helped Norwegian grow into a serious competitor which also won customers over when it expanded into the neighbouring countries. SAS was considered to be bureaucratic and too much in the thrall of trade unions.

"Old hags"

"The media largely depicts SAS cabin crew as demanding old hags who can't keep up with social developments. We are considered to be inflexible snobs who earn far too much," writes Lena Ronge, a SAS purser, in an Aftenposten comment piece.

After tough negotiations where trade unions were presented with an ultimatum to sign a deal involving considerably longer working hours, weaker pension rights and lower wages, public opinion has turned somewhat.

The Council of Nordic Trade Unions, representing 16 unions and nine million members, put it this way:

"SAS' way of dealing with the company's current economic crisis is an example of how the state and employers act in an unwise and shortsighted way, believing they can gain from trying to move away from the Nordic model."

Thai cabin crew

When Norwegian starts operating long-distance flights between the Nordic countries and New York and Bangkok next year, the airline will establish bases there and adapt Thai labour legislation.

"Most cabin crew will be Thai. Anyone can apply, but they must live in Bangkok. The most important thing is that they are experienced and skilled. Because Norwegian is from Norway our pilots must hold European licenses," Bjørn Kjos told Norwegian media.

Could this be the beginning of airlines going down the same route as Norway's shipping industry, where there are now 17,000 Filipino seamen working on Norwegian ships?

According to Airbus some 28,000 new passenger and freight aircraft will be built in the next 20 years, but only 10,000 will

be scrapped. Air traffic has increased by 53 percent measured in passenger kilometres since the year 2000.

The other major aircraft producer, Boeing, warns there is already a shortage of pilots in some parts of the world.

According to the 2012 Boeing Pilot & Technician Outlook 460,000 new civilian pilots and 601,000 aircraft technicians must be trained by 2031.



Work environment gives Nordic growth sectors competitive edge

How can the Nordic region face the challenges of growing globalisation? Where is the potential for growth and rising employment? Nordic researchers recommend measures which could help authorities and businesses make better use of growth opportunities.

INSIGHT

14.12.2012

TEXT AND PHOTO: BERIT KVAM

Better conditions for job creation and growth in the Nordic countries is ultimately about maintaining welfare and furthering the Nordic model, said Lars Foldspang from the consultancy firm DAMVAD as he and Annika Rosing from the Nordic Council of Ministers opened the final policy forum of the project Nordic Growth Sectors. The project's aim has been to formulate alternative action plans and policy recommendations for growth companies and authorities on a national and Nordic level.



Head of department Annika Rosing underlined that recommendations must be concrete so that they are easy to communicate to authorities and businesses.

The Nordic Council of Ministers has asked consultancy firm DAMVAD in cooperation with a range of researchers and experts from all of the Nordic countries to take responsibility for five different inquiries plus a key findings document with analysis and suggestions for how businesses and authorities can better explore opportunities for growth and job creation.

Mega trends

The inquiry points to several mega trends which drive development and which are important to take into account when analysing the growth companies and their needs. Such mega trends include predicted demographic changes leading to an ageing workforce, larger ethnic plurality and an increasing number of women with higher education.

Then there are the challenges posed by globalisation; adapting to an international market, an ever decreasing need to be present in the work place and the danger of a polarisation of labour qualifications. All this, and in particular globalisation, an ageing workforce and more women with higher education, demands new framework conditions.

An ageing workforce can lead to a labour shortage in growth industries. The inquiry therefore recommends greater focus on international recruitment and measures to retain more older people in the workforce.

National authorities should adapt the pension system to allow for a higher and more flexible retirement age, to make it easier for older workers to upgrade their skills (both at national and company levels), and to use more flexible working hour solutions like shorter working days and working time accounts. On a company level it is also important to notice older workers and for management to make sure individuals know they are needed.

Broad analyses

The analyses are based on a range of interviews with companies, organisations and policy makers in each of the Nordic countries. Each country has also conducted two surveys - one in companies and one among workers in growth companies - as well as a register analysis among competitive job creators. The policy recommendations are also based on input from interviews and discussions in a policy forum where organisation members, authorities and researchers have worked together to develop policy recommendations aimed at both company, national and Nordic levels.

The need for skills

The project highlights the common belief among organisations that Nordic countries' ability to attract skilled foreign labour will be important to maintain and develop competitiveness in the global market place. That is why it is important on a national level to reduce red tape and avoid any time wasting. The project recommends the Nordic region to continue to develop its cross-border education and labour market.

Businesses can benefit from expanding their recruitment horizon and develop a culture of social openness - including furthering language skills.

Drivers for growth

DAMVAD has been analysing which businesses create new jobs, how to identify their needs for labour, and which framework agreements will secure a good labour supply and demand balance. The analyses show no particular sectors stand out - the jobs are created both in new sectors and in shrinking sectors. Drivers for growth seem to be education, capital and exportability. Export businesses appear to enjoy higher productivity than others, for instance.

Competitive businesses also seem to hire more people with higher education, and higher education seems to be linked to improved productivity. Growth industries also seem to value social competence as highly as formal education and technical skills. On the other hand the analyses show higher educated staff in businesses with low production does not seem to stimulate production growth. These businesses are better served by investing in tangibles before hiring more people with higher education.

Work environment regulation is good

Work environment legislation and rules and measures to improve it are considered to be a relevant and timely. Several of the companies considered a good work environment to be an advantage when trying to attract the best qualified workers. The analyses also show that the work environment in competitive growth industries is as good as elsewhere, but that stress is a challenge.

Benedicte Brøgger from the Norwegian Work Research Institute told the policy forum that the way work is organised has an impact on the work environment:

“All growth puts pressure on capacity and this will also impact on people and the work environment. The work environment is not the icing on the cake, it is determined by guiding principles which are developed as we go along. Newer research shows that psycho-social problems are now more common than muscular and skeletal strain in the workplace, and a more common reason for sick leave,” she said, and added that the organisational and psycho-social work environment is also the most important issue for growth companies.

Benedicte Brøgger and Gunnell Hensing from the University of Gothenburg have led the work on developing policy recommendations for a good work environment.

The project recommends a range of measures. One of the main points is the need to regulate not only the physical work environment but also the psycho-social work environment, and the need to better handle stress issues.

Researchers Robert A. Karasek og Töres Theorell have developed a model for the psycho-social work environment and stress which demonstrates a link between demand and control: people manage high demand at work when they have good control over their work situation and enjoy good social support.

The model is an example of knowledge which can be spread and be put to better use to fight stress on a company level. Another recommendation is for management to take responsibility for training company staff in work environment issues and that this training should happen with the cooperation of the work environment representative and staff.

Further work environment skills should be incorporated in management training and stresshandling should be incorporated into the education system. On a national level it is recommended to strengthen the legal position of work environment personnel.

Nordic region in front

The project recommends that businesses and authorities develop strategies which can confirm that it pays to invest in a good work environment as part of a growth environment.

Since growth companies face major challenges when it comes to stress and psycho-social problems and since this is a field in development, the project group also recommends that the Nordic cooperation puts this on the agenda, giving Nordic businesses a competitive edge.

Increased competitiveness can be achieved in many ways. One more thing highlighted in the project is the Nordic region's positive negotiation culture between the state and the social partners. It also highlights the importance of a good work/life balance. There is focus on innovation and on how to develop cooperation between businesses and universities and other research institutions.

The globalisation project Nordic Growth Areas has been organised as a consortium under leadership of the research based consultancy agency DAMVAD and with partners from all of the Nordic countries: Oslo Economics; Jari Kuusisto and Martin Meyer, University of Vaasa; Benedicte Brøgger, Norway's Work Research Institute; Gunnell Helsing, University of Gothenburg; Per Kongshøj Madsen, Aalborg University and Berit Sundby, SINTEF.

Workplace cooperation key to Nordic model's success

Many wonder how the Nordic countries manage so well through the economic crisis. It is often said it is because of their economic policies, yet the reality is more complex. This year marks 50 years since Norway's employees (organised in LO) and employers (organised in NHO) began their cooperation project. Bjørn Gustavsen takes a look at how autonomy and workplace learning became central to the project:

RESEARCH

14.12.2012

BY PROFESSOR EMERITUS BJØRN GUSTAVSEN

The Nordic countries seem to be doing better than other European countries during the current crisis. There might be many reasons for this, but focus often falls on the 'Nordic model'. What is it with this model that is so important?

Today the Nordic model is used to describe many different things, not least when it comes to economic policies. Yet historically its roots are not in economic policies but in the practical cooperation between the social partners, and between these partners and political institutions. The original aim was to reduce the conflicts which were common during the early years of industrialisation.

This was in time supplemented with other aims, for instance to increase productivity. But can this cooperation have an impact on today's crisis? The cooperation brings the parties in the labour market closer together and helps create a desire to solve social challenges together. The countries hardest hit by the crisis do not enjoy this kind of cooperation, which means different social actors push the blame over on each other.

From production line to autonomous groups

The cooperation has taken many shapes and forms since it started around the turn of the last century. The cooperation project LO-NHO (the Norwegian Confederation of Trade Unions and the Confederation of Norwegian Enterprise) is central, however, and not only in Norway. The project's core was autonomous groups of workers within industrial production, and the aim was to test the practicality of this kind of workplace organisation. The project was initiated by researchers, but LO and NHO agreed to play leading roles and established a joint steering committee. The background to all this was two important debates at the time:

Firstly the debate on the consequences of comprehensive work simplification. Since the end of the last century this had been a main strategy for increasing productivity. The production line was a prime example. Yet both practical experience and research highlighted the negative consequences of simple, single-task work. One-sided use of the body led to strain injuries, one-sided use of mental capacity created mental issues, stress and alienation; simple work made people ill prepared for change and led to passivity at work and in life in general. Swedish research was, along with American research, an international leader when it came to the mapping of these issues.

Secondly the debate on the relationship between work and democracy. In the beginning this debate focused on issues of ownership and company management, but it later included looking at how individuals participated in the workplace. Would it be possible to push for democratic values in workplaces where work simplification was king? Was it possible to improve a company's productivity without going down the route of increased specialisation?

A team of English researchers who had studied the coal mining industry discovered it was fully possible to create a work organisation based on the opposing principles without losing productivity. In fact it seemed organising work based on the integration of tasks and workers' autonomy would have a better effect on productivity than continuous specialisation.

Company trial

The cooperation project started in 1962 and the companies trials took place in the following years, to begin with at four companies: Christiania Spigerverk, NOBØ, Hunsfoss Fabrikker and at one of Norsk Hydro's fertiliser factories at Herøya. The trials showed it was perfectly possible to organ-

ise industrial work around the idea of task integration and autonomy on an operational level while also improving productivity and participation.

But the trials also uncovered problems, particularly in terms of challenging many established structures like salary systems, work division between management and operational staff and measures to support learning. There was also the claim that while process industries might benefit from new types of work organisation, the problems with the old ones weren't as severe as those found in mechanical mass production, of which there was little in Norway.

This meant the new ideas were not very widely spread in the wake of the initial trials. Instead both Denmark and Sweden took up the challenge.

Progress in Denmark and Sweden

Denmark saw a range of trials in the manufacturing industry with some positive results. Yet Sweden soon took the lead. From there several initiatives emerged: the URAF projects were developed under the auspices of a cross-party body called The Development Council for Issues of Cooperation. Several projects were launched, also outside of the industry like at insurance company Skandia.

A delegation tasked with assessing the democratisation of state owned industries initiated the development of another group of projects. Yet most attention befell a series of projects mainly initiated by companies themselves, with help from the Confederation of Swedish Enterprise.

Volvo's Kalmar factory, opened in 1974, played a central role. Its production line had been ditched and cars were instead put on trollies which could be moved around the factory. Workers could go from simple assembly jobs to group work with much longer work cycles.

Many other countries also started a range of projects based more or less on the Norwegian cooperation project; in Holland, Germany, Italy, the USA and Canada. The projects had different results in different countries. There were limits, even in Sweden, to what new companies were willing to copy from the trial companies, yet nevertheless new processes were created over time which would put the Nordic region in a unique category when it comes to workplace learning and autonomy.

New patterns for cooperation

One general experience born out of the trials in companies is that even when there is agreement on the goal - for instance establishing autonomous groups - the company's own actors often have views on how to turn an idea into reality which differ from those of researchers (or other external forces).

During the 1970s changes were made to the pattern of cooperation between external experts and work place actors, giving the latter more influence. The terms 'participative de-

sign' and 'user driven change' emerged during this period, and were used in many situations in different countries.

External actors would to an increasing degree focus on processes aimed at securing a democratic distribution of influence between the parties in the workplace during the development process.

'Participative design' and other models are challenged by the fact that local parties might choose to head in different directions to the ones originally intended - for instance by strengthening, rather than weakening, work simplification and control. How could this be prevented?

One answer was to point to people's psychological desire to focus on freedom and autonomy as soon as they were free of the reigns of work simplification. Trade unions in particular felt this was not enough, however. The criteria for autonomy and learning should be institutionalised through framework agreements, like legislation and accords. Only then could you be sure that the local parties really were heading in that direction. This argument was most clearly manifested in Norway's Work Environment 1977, § 4; § 12.

From workers' protection to work environment reform

The work environment reform was influenced by the legacy of the cooperation project in a different way too. When nearly all countries were revising their work environment legislation in the 1970s it was as a result of them recognising a range of problems which had largely fallen outside of the traditional protection for workers: strain injuries; psycho-social problems; cumulative stress; low grade but long-term exposure and more.

Many labour protection laws were traditionally built on strict legal principles: companies could only be subject to demands and restrictions clearly defined through criteria and threshold limits. The new and broader problems would fall outside of this kind of legislation. How could they be approached?

Cooperation became key: if the partners in a company could cooperate, any problem could be tackled. The only thing you'd need would be local agreement; rules, criteria and diagnosis would be unnecessary.

The cooperation project became a prime example of how 'difficult' challenges could be met by practical cooperation. Although many companies already had their established traditions for cooperation, many didn't.

When you are able to demonstrate work routines and results born from cooperation, it is considerably easier to get companies which are less keen on cooperation to agree to initiate problem mapping and joint action in order to improve work environments.

Thus the work environment reform would cover far more ground than similar reforms in countries which did not have the same traditions for cooperation. The same thing would largely apply to work environment reforms in the other Nordic countries.

Focus on work organisation

The growth of more projects run by their participants, particularly during the 1970s, led to increased focus on processes which create work organisation: how development work as such is organised and run, who takes part and many other things. This was central to the agreement on business development between LO and NHO in 1982, which happened in parallel with a similar agreement in Sweden.

The Norwegian agreement explicitly detailed tools for development work by offering support for certain kinds of conferences, projects and project workers. To use the conferences as an example: these were shaped in response to a demand for broad involvement, with a range of participation criteria ('inverted pyramid' including all levels and with broad participation from the floor up), ways of working (mainly group based), criteria for good dialogue (helping others have a say; accept the best argument) and more.

These tools proved popular among companies and more than 300 conferences were held during the 1980s - in addition to several projects and project workers who brought the number of participating companies to around 500.

Relations between companies in networks and clusters

With ever more companies on board there was a need to approach issues in new ways. This was central to a review of the company development agreement which took place around 1990, when relations between companies became the main focus.

Was there something to gain from developing trade programmes, by encouraging the formation of clusters and networks between companies and similar measures? Later in the 1990s the interest in these kinds of cooperation models increased.

Even though they were meant to serve different purposes, they turned out to be able to encourage forms of work organisation based on autonomy. With focus on the companies' own contribution, cross-company cooperation could strengthen the individual company's motivation and extend experiences which could be useful for the learning process.

In the mid-90s a new research and development programme was launched in cooperation with the social partners, Innovation Norway and the Research Council of Norway: Company Development 2000. Many companies needed process support, and at the same time this had become a wide-ranging issue which needed a central overview and analysis.

The growth of networks and clusters further complicated processes. Many companies had been working with organisational development for a long time and felt the need to find partners who had broad and advanced knowledge in the area.

Around year 2000 some new developments impacted the work on the company development agreement and the corresponding R&D programme which by now had been renamed Verdiskaping 2010 (Value Creation 2010): there was increased emphasis on innovation as a goal for workplace development, and regions were introduced as a level for organisation of economic and innovation policies. Verdiskaping 2010 has now been replaced by the Programme for Regional R&D and Innovation.

If many companies can be engaged in the development processes, stand-alone star examples lose their significance. Each network usually works to create a balance between participants - everyone takes and everyone gives - the aim is to lift everyone. If many networks are created or if many companies come on board through other means, many companies will be part in the improvement process.

In principle this means national averages increase, not just a few anecdotal examples which can shine on the top of pyramids from where there is a long way down to the ground. We still don't know how many companies have been reached by the various measures which aim to spread autonomy and workplace learning, even in a small country like Norway.

Nordic countries on top

Follow-up research of a representative selection is challenging and no Norwegian institutions have so far been prepared to meet these demands. However: comparative studies exist on a European level, which amongst other things cover issues like the level of autonomy and learning opportunities in the workplace.

The Nordic countries are usually found at the top of these studies, along with some other countries like Holland and Switzerland. This indicates that the idea of autonomy and workplace learning has reached relatively far, while the Nordic countries score highly also in other areas - which again indicates that treating all people in the workplace as active and creative actors will pay off, not least because it makes cooperation possible.

The alternative to cooperation is no longer conflict but the lack of contact, communication and mutual understanding - elements which are crucial to society's ability to meet future challenges.

The cooperation project between LO and NHO did not create the Norwegian, or Nordic, cooperation. But by introducing the theme work organisation, the project led to a strong expansion and deepening of this cooperation.

References:

For a more information with references to other literature, see Gustavsen, B., Qvale, T. U., Sørensen, B. Aa., Midtbø, M. og Engelstad, P. H. (2010) *Innovasjonssamarbeid mellom bedrifter og forskning: den norske modellen*. Oslo: Gyldendal, and Gustavsen, B. (2011) *The Nordic model of work organization*. *Journal of the Knowledge Economy*, 2(4): 463-480.

OECD: Sweden has the most immigrants - Iceland has the most jobs for them

Sweden has the highest proportion of immigrants. Iceland, where the number of immigrants has doubled in ten years, is fast reaching the same level.

NEWS

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TEXT: BJÖRN LINDAHL

Despite their many similarities, the Nordic countries differ in terms of how large a proportion of their populations were born abroad. According to OECD statistics, Sweden has the largest proportion of immigrants at 14 percent of the population, while Finland comes bottom with four percent.

The Organisation for Economic Cooperation and Development has 34 member countries. Most of them have seen a sharp rise in immigration in between 2000 and 2010. On average ten percent of OECD citizens have foreign backgrounds. The number of immigrants in Spain has tripled, while it has doubled in Ireland and Iceland.

Country	Immigrants	Employment
Sweden	14 %	62 %
Iceland	11 %	76 %
Norway	11 %	67 %
Denmark	8 %	66 %
Finland	4 %	62 %

OECD's new integration indicators allow for a percentage overview over the number of immigrants to the Nordic countries and how many of them are employed (above).

The OECD countries with the highest proportion of immigrants is Luxembourg (37%), Australia (26 %) and Switzerland (24 %). In later years there has been an increase in university educated immigrants.

"Australia, Canada, Denmark, Germany, the Netherlands and the United Kingdom have all seen sharp increases in the proportion of university educated graduates among recent immigrants. But southern European countries and Ireland

have all seen a sharp fall in the share of the highly educated among new arrivals," the OECD writes.

The rise in university education is one of the reasons employment among immigrants has risen.

"Employment rates have risen in nearly every country over the past decade to reach an average of around 65%, just 2.6 percentage points lower than for the native-born. The increases were particularly sizeable among immigrant women," the OECD report continues.

Employment figures among immigrants have fallen only in countries which have been hardest hit by the financial crisis. In Spain the number has fallen from 62 to 57 percent between 2000 and 2010.

Important for children to arrive early

Children who arrive in a new country early in life do better than those who are 11 to 16 years old, according to reading tests from PISA, the Programme for International Student Assessment which is carried out in OECD countries. Those who are younger than six when they arrive do best.

In Sweden, Iceland, Belgium, the Czech Republic and Israel the difference between children arriving early and those arriving late shows the older children to be 18 months behind their expected level.

"Starting school early in their country of adoption is essential and governments need to encourage immigrants who plan to settle to bring their families early," the OECD writes.

