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11 Workplace Democracy: Representation and Participation Gaps in the Norwegian Labour Market Model

Employee participation and cooperation are core elements institutionalized in the Nordic model of labour relations as well as in the Nordic notion of a democratic working life. We term this participation/cooperation the 'one leg' in the model. The right to participate has been morally justified on the basis of two different but interrelated arguments: it is democratic, and it is efficient. In a European setting, where loss of trade union power and influence is part of an ongoing discussion, the Norwegian case might be seen as a robust one when studying important institutional features such as participation and cooperation at the company level. Nevertheless, taking a deeper look into the presence of institutional arrangements and the activity of employees' representatives we find variation across industries. In this chapter we discuss whether this variation could be understood as a process of drift or a failed institutionalization of the Norwegian model of labour relations in part of the labour market.

11.1 Stability or Change?

Participation is essential for democracy. Carole Pateman (1970) emphasized the workplace as an important arena for political training to develop and secure democracy. In Norway, the establishment of the Basic Agreement between the main labour organizations in 1935 is usually referred to as a historical class compromise (Habermas, 1984), which marked a shift towards a more democratic working life. Further, Ragnvald Kalleberg described the Norwegian Working Environment Act (WEA) of 1977 as a 'participatory democratic reform' (1983, p. 162). The basic agreements as well as the WEA promote representative participation. This form of participation is seen as crucial to neutralize the asymmetrical power relations between capital and labour at the central, sector and company level and to secure a democratic working life. The asymmetrical power relation can be neutralized through power resources such as high union density within the company as well as strategic competence (Borum, 1995). Furthermore, it is believed that representative participation ensures not only a democratic working life but also has a positive influence on the efficiency and productivity of undertakings (Bungum et al., 2015; Nergaard, 2014a; 2016; Nergaard & Trygstad, 2012; Hagen & Trygstad, 2007; Heiret, 2003; Engelstad, 1999). Lastly, in a multi-employer bargaining model, such as the Nordic one, the articulation (Crouch, 1993) or vertical coordination across levels, participation is crucial (Traxler

et al., 2001; Marginson, 2014). Arguing from an efficiency or productivity perspective participation gives the sector and cross-sector organizations of employers and trade unions the capacity to act strategically and commit their members.

11.1.1 Research Questions and Outline of the Chapter

According to statutory law and collective agreements, employee representatives shall collaborate with management at their level in the company. In this chapter we aim to identify the degree of participation as well as of cooperation between the parties across industries through the following research questions: i) To what extent are decision-making arrangements present at the workplace, and ii) do local trade union representatives (TU reps) make use of formal and informal decision-making fora? Our findings will tell us if a representation gap and/or a participation gap exist(s) at the company level. A *representation* gap is a gap between what regulators see as important bodies of representative participation and what actually exists. A *participation* gap describes a situation where TU reps fail to make use of co-determination arrangements at the local level even though such participation, according to regulators, is meant to take place. The absence or presence of a representation gap as well as of a participation gap indicate the standing of the Norwegian model of labour relations in different parts of the organized labour market.

Our analysis is limited to the organized part of the Norwegian labour market – that is, companies bound by a collective agreement. However, lower trade union density and weaker traditions for collective institutions in the given industry might affect those bound by collective agreements. The standing of the model of labour relations at the company level may therefore vary in different parts of the labour market, and varieties can be analyzed through two different lenses. Firstly, a possible weak standing could be explained as a failed institutionalization or as a process decoupled from the Norwegian model of labour relations in parts of the labour market. A decoupling strategy occurs when a formal structure is disconnected from practical action (Meyer & Rowan, 1977, p. 352; Johansson, 2002, p. 4). Secondly, a weak position could also be seen as signs of ‘institutional drift’. Institutional drift refers to a more polarized change process. In this process collective bargaining institutions together with the justification of representative participation erode in parts of the private service sector, while union density, membership in employer associations and the notion of a democratic working life are still in place in manufacturing and the public sector (Thelen, 2014, p. 14). Regardless of the lenses in use, the result could nevertheless be dualization – a situation where the cooperation between the local parties is strong and vital but exists in the context of a distinct narrowing in the number of firms and workers covered under the resulting arrangements (Thelen, 2014, p. 14). The model may appear stable from above but fragile when viewed from below.

In the following section we discuss central elements in the labour market model before we look at participation as a basic element in democratic working life in section 3. In section 4 we give a brief presentation of our methodology. The findings are presented in sections 5 and 6. In section 7 we discuss whether our findings indicate a decoupling of the Norwegian model of labour relations or a drift and whether weak or absent co-determination at the company level jeopardizes the model.

11.2 Background – A Robust Case?

Central statutory labour regulation, the WEA and collective agreements such as the Basic Agreement between employer and trade union confederations are institutional features built into the Nordic as well as the Norwegian model of labour relations. These institutional features regulate representation at central, industry and local levels. The industrial relations system is a multi-tiered system distinguished by high rates of organization among employees and employers, centralized bargaining coordination, a strong company tier of negotiations and participation, low wage dispersion and a culture of trust and cooperation among social partners (Kjellberg, 1992; Traxler et al., 2001; Løken et al., 2013; Andersen et al., 2014; Dølvik et al., 2014, Nergaard, 2014b). The trade union density in Norway is fairly high, 52 per cent on average (2013), albeit lower than in Denmark and Sweden due to the Ghent system.¹ However, the situation in Norway differs from the situation in several European countries where scholars identify a shift towards dualization in working life (Emmenegger et al., 2012; Thelen, 2014; Palier & Thelen, 2010; Thelen & Kume, 2006). In these countries elements of collective bargaining institutions such as union density and membership in employer associations are eroding in parts of the private service sector, while they are still in place in manufacturing and the public sector. Norway has not faced the same abrupt decline in the level of unionization and collective bargaining coverage as some neighbouring and European countries, and at the macro level the situation seems quite stable.

This stability may however mask significant variation and changes locally. When studying the model from below, Norwegian researchers have tended to focus on large companies in manufacturing. Less attention has been paid to other parts of the labour market where tradition and the climate for participation can be different. Norway has along with other European countries faced a growing private service sector and a shrinking manufacturing sector since the 1970s (Statistics Norway). An important explanation is the outsourcing of services from manufacturing to the private service sector, such as inter-office services in regard to canteens and cleaning.

¹ A model where trade unions have the main responsibility for unemployment benefits and other welfare systems, which can be found in Denmark and Sweden.

In this chapter we include industries belonging to the private service sector that have wide differences between them. Employees in manufacturing (as well as employees in the public sector) are more likely to be members of a trade union than those in the private service sector. When it comes to collective bargaining coverage, the pattern is repeated. On average, the collective bargaining coverage is around 70 per cent.² While all employees in the public sector are covered by a collective agreement, the same goes for around half of the employees in the private sector, with manufacturing having a higher coverage than the private service sector (Nergaard, 2014a).

11.3 Participation as an Institutional Arrangement

Although the Norwegian model of labour relations has changed during the last 100 years, Heiret (2012) argues that working life institutions have been noticeably stable (*ibid.*, p. 62). Collectively agreed participation arrangements emerged in 1945, and they grew stronger in subsequent decades. However, only small changes have taken place since then (Byrkjeland, 2000). Statutory regulations were introduced in the 1970s, and even though the scope of representative participation has been expanded, no major amendments have taken place since this formative phase. In other words, the institutional arrangements have been in place for decades and have remained stable (Engelstad & Hagelund, 2015).

11.3.1 The One Leg: Company-Level Arrangements and Participation

The company-level cooperation between management and TU reps within the framework established by partners at the central level is a crucial feature of the Nordic and Norwegian model of labour relations. We term it the ‘one leg’. *Firstly*, this kind of two-tiered bargaining opens up for local negotiations (under peace duty) on local wages increases, working time and other issues laid down in collective agreements. Parties at a local level have substantial freedom to find local solutions within the framework in industry agreements (Barth & Nergaard, 2015). *Secondly*, the effective implementation of employee rights laid down in statutory regulations in many cases relies on the presence of a trade union and cooperation between the local union and management (Dølvik et al., 2014; Hagen & Trygstad, 2009). Specific features in different industries may affect management style, the distribution of power and democratic rights and hence the employees’ opportunity for participation and voice. This applies particularly to employees who have a weak bargaining position or who are unaware of their rights. *Thirdly*, effective cooperation at the company level

² The effect of generally applicable collective agreements not included.

relies on the presence of a TU rep that can negotiate on behalf of the members at the workplace as well as employers who see the benefit of such cooperation (Nergaard et al., 2009; Barth et al., 2014; Barth & Nergaard, 2015). Previous studies in the private service sector have pointed to huge challenges when it comes to electing a TU rep at the workplace in industries such as hotels and restaurants and retail. One reason is the high turnover rate among employees in these industries, and another is that a large proportion of the TU reps find it difficult to negotiate and discuss issues with the management because they fear the consequences when they disagree (Berge et al., 2013; Trygstad et al., 2014, 2011). According to Thelen (2014) comparative analysis indicates that private service sector firms do not support traditional institutional arrangements. These firms have pushed for more wage differentiation and more flexible labour markets in several countries to, among other things, reduce costs (2014, p. 26). The relationship between the parties in the labour market may therefore be classified along a spectrum from stability to fragility (Ilsøe et al., 2015; Walton et al., 1994). This variation may affect the existence of arrangement for participation at the company level.

11.3.2 The Moral Justification for Participation

Participation can be justified through arguments of productivity and democracy (Heiret, 2012; Hagen & Trygstad, 2009). This moral justification has been weighted differently over time but not in such a way that the balance between the two has changed substantially or even that the argument of productivity has displaced democracy. Based on mainstream institutional theory this is hardly a surprise. Social institutions and social order are normally considered stable as a consequence of paths chosen in the past (Pierson, 2004). The stability pointed out by Heiret (2012) can be seen as important to maintain order. Furthermore, the more embedded an action or a practice is, or the more it is built into ‘bundles of institutions’ (Hall & Sosikce, 2001), the more important it may be. As time goes by, resources invested is a decisive factor that reduces the probability for change. Different actors may have much to lose by changing their mode of action.

Mahoney and Thelen (2010) see institutional change as a continuously ongoing process of struggle and tension as a consequence of the aggregate effects of a multitude of actions. In line with this, the stability pointed out by Heiret (2012) can be seen as a result of a power balance between different stakeholders who tend to support one of the two perspectives more strongly than the other. This will maintain status quo. Heiret’s two ways of justifying participation at the company level are presented below.

Democracy – because it is fair and liberating: When arguing from a democratic perspective, participation and influence are considered to be a social phenomenon, which are affected by the society, its institutions and its members, as well as the other way around. Pateman (1970) and Lafferty (1983) argue that participation can

be liberating and intellectually and emotionally stimulating. As already mentioned, the trade union movement has traditionally underscored the importance of seeking influence through the representative system to meet the management with expertise and authority and to be able to act as a counterpart to management when needed (Nylehn, 1997; Grimsø, 1996; Rappaport, 1987, in Trygstad, 2004). Broadly speaking it can be argued that while employers have emphasized, and still emphasize, flexibility, the trade union movement has worked for protection and security for their members.

Productivity – because it is good for business: From a productivity point of view, participation can be seen as important as long as it increases productivity. When it comes to representative participation, more ad hoc-oriented and informal participation is preferred because this form of participation is usually seen as inflexible and bureaucratic. Participation is often closely connected to various management and organizational principles and is considered an instrument for eliminating dysfunctional traits from the organization (Dachler & Wilpert, 1978, p. 4). Participation is seen as instrumental (Lafferty, 1983, p. 32) in that the degree and scope of participation may change when management sees a need.

11.3.3 Relations between Perspectives – Democracy and Productivity

In reality, the two different justifications for participation at the company level overlap to a great extent, but as already argued, they may be weighted differently. Both are regarded as important elements in the model at the central and local levels. The Basic Agreement between the Norwegian Confederation of Trade Unions (Landsorganisasjonen i Norge, LO) and the Confederation of Norwegian enterprises (NHO) underscores the following:

Through cooperation and co-determination, employees will contribute their experience and insight towards creating the financial conditions necessary for the continued development of the enterprise and for secure and satisfying working conditions, for the benefit of both the enterprise and its employees. (Section § 9-1 Objectives)

The vision in the Basic Agreement has to be transformed into action at the company level to be fulfilled.

A change in the power structures between labour and capital may imitate a situation of institutional drift. Drift may occur if powerful actors' willingness and interests to support an institutionalized action changes (Mahoney & Thelen, 2010) and may be seen as an endogenous erosion process undermining the status quo. Such a process can be a result of shifting coalitions of interests with other priorities (Hacker, 2002; Mahoney & Thelen, 2010; Streeck & Thelen, 2005) and/or as a result of a dualization process when it comes to how the labour market model functions at the company level. An indication of drift could be a lack of participation arrangements or

the scarce use of such arrangements. Barth and Nergaard (2015) identify two signs of weakness in the Norwegian model of labour relations. Firstly, the collective bargaining coverage has decreased slightly. Secondly, they find that collective institutions at the local level are undermined. They show that there has been a substantial decrease in the existence of formal cooperation committees between management and TU reps at the company level between 2003 and 2012.

As the committees studied by Barth and Nergaard (2015) discuss a decreasing variety of topics, it is of interest to look at whether the actual cooperation between management and TU reps fulfils the intentions that the social partners and the legislator have laid down through collective agreements and legal acts. We do this by assessing a possible representation gap and a possible participation gap.

The participation gap is analyzed by looking at four possible ways that the parties at the local level may interact, as illustrated in Figure 11.1. Square A illustrates the ideal of the model at the company level. The parties are engaged in both formal and informal cooperation, while in square B we only find participation through formal channels. In square C cooperation is informal only. Participation can easily be situational, fragmented and unstable. In square D cooperation between the parties is absent. In accordance with Ilsøe et al. (2015), we classify the relationship between the parties in square A as stable and in squares B and C as fragile. In square D the relationship is best described as absent. While square A can be seen as corporative-oriented, square D can be more liberal-oriented. Squares B and C are in a more intermediate position.

		Informal cooperation	
		+	-
Formal cooperation	+	A	B
	-	C	D

Figure 11.1. Types of cooperation. Source: Trygstad et al., 2015.

11.4 Data and Method

This study is based on quantitative and qualitative data collected among TU reps and employers in the private sector in 2014 and 2015. TU reps are to be elected in all companies bound by a collective agreement. In other words, our sample covers the situation in companies in the organized part of the labour market. Further, the study was limited to three large trade unions: ‘Fellesforbundet’, ‘Handel og Kontor’ and ‘NNN’ (Norwegian Food and Allied Workers Union), all of which are affiliated to the largest trade union confederation in Norway, the LO. Fellesforbundet (with 147,000 members) is the largest trade union in the private sector in Norway and

organizes members mainly in the iron and metal industry, the shipbuilding industry, the graphical sector, car repair workshops, hotels and restaurants, the building industry and the paper industry. Handel og Kontor (HK, with 70,000 members) is the second largest union in the private sector and organizes workers in retail, service, administration, finance, marketing, banking and more. NNN covers around 30,000 workers mainly in the food and drink-processing industries. Respondents belong to companies in different industries, where tradition and climate for participation may vary.

The quantitative data were collected in a web survey among TU reps at the local level in the autumn 2014. Out of a gross sample of 4400, 1800 respondents answered the survey, which gives a response rate of 41 per cent. Respondents are working in industries that vary in company size, union density and collective agreement coverage. Also the respondent rate varies between the TU reps in the three unions: in Fellesforbundet 35 per cent answered the survey, in HK the share was 34 per cent and the corresponding number in NNN was 47 per cent. In hotel and restaurants, which is part of Fellesforbundet, and in retail, which is part of HK, the coverage of collective agreements is patchy, comprising respectively 34 and 36 per cent of employees (Nergaard, forthcoming), whereas organization rates among employers and employees are low (21 and 24 per cent, respectively; Nergaard, 2016, p. 17). Thus, the data cover a broad set of industries in the private sector but only companies with TU reps organized in the LO. In these parts of the private sector arrangements for participation can be assumed to be higher than average.

The qualitative data consist of in-depth interviews in the same industries. These cover management and TU reps at the company level in more than 30 companies bound by collective agreements. The companies were located in various regions in Norway. They were of different size, from around ten employees to several hundred. Interviews were conducted following a semi-structured method. The interviews lasted for approximately one and a half hours, and TU reps and the representatives for the management were interviewed separately.

In both the survey and in the interviews we aimed to identify whether or not a representation and/or a participation gap exists at the local level. Both respondents and informants were asked about formal arrangements for participation and cooperation and whether formal and informal cooperation between the TU reps and management actually took place: do the TU reps meet the manager at his or her level to discuss different matters concerning the company in formal or informal forums? In the survey as well as in the qualitative interviews, background information was collected on the development of the company, productivity, profitability, hiring, working environment and more.

11.5 Findings: The Representation Gap

Looking at the representative participation arrangements that should be in place in companies and the actual presence of these agreements, we find a gap. Figure 11.2 shows the prevalence of different arrangements at the company level. Several of the arrangements regulated in the WEA and the basic agreements have thresholds concerning size. The thresholds vary between different arrangements, as outlined in Table 11.1.

Table 11.1. Arrangements – thresholds

Arrangement	Threshold
Safety delegate	10 employees and more (obligation)
Working Environment Committee	50 employees and more (obligation)
Board members	200 employees and more and no corporate assembly (obligation); if 30 employees and no corporate assembly, employees may require board members.
Group of companies shop steward	200 employees (recommendation)
Joint consultation committee	100 employees (obligation)

In the table above, three of the arrangements are statutory positions or bodies, including safety delegates, working environment committees and members of the company's board and of the group of companies' board. In Figure 11.2 we have separated our sample in two. In one group we have TU reps in companies that meet the required thresholds when it comes to size, and in the other group we have those who do not.

We look first at the statutory arrangements. According to the WEA (§ 6–1) all companies with ten or more employees are required to have a safety delegate. We see that almost all TU reps report that there are safety delegates present in the company. The figure indicates that this duty is also fulfilled by the majority of companies in the sample with fewer than ten employees. Only 11 per cent say that they do not have one. When it comes to working environment committees, the threshold seems to mark a significant difference. The statutory threshold for such committees is set at 50 employees (§ 7–1). While 78 percent claim they have one in companies with 50 employees or more, only 28 per cent of the TU reps in companies below 50 employees report they have one.

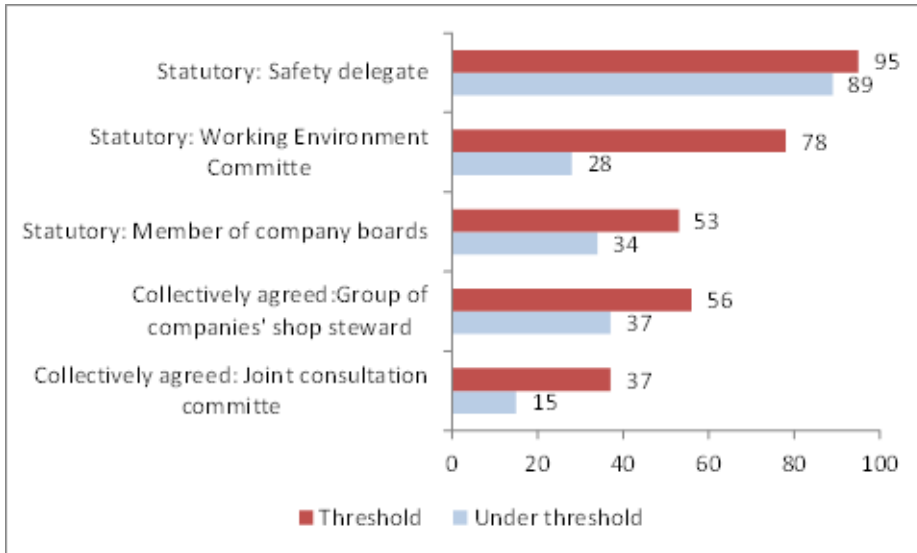


Figure 11.2. Arrangements for cooperation at company level

Note: N = 1471. Red = TU reps in companies above the threshold. Blue = TU reps in companies under the threshold. Source: Trygstad et al. (2015).

Board representation is also a statutory arrangement but with a more limited scope. If the company has 30 employees or more, two-thirds of the employees may require one representative present on the company board. If the enterprise has 200 employees or more, and it is agreed that the entity does not have a corporate assembly, the company is obliged to have members of the board elected among the employees (Limited Liability Companies Act § 6–4).³ In our sample, 53 per cent of TU reps in companies with 200 employees or more has members on company boards. Among those under the threshold (< 200), the corresponding number is 34 per cent.

Turning to arrangements laid down by collective agreements we also identify gaps. Companies with 100 employees or more shall have a joint consultation committee⁴ consisting of representatives from the management and the employees. Our data show that only 37 per cent of the TU reps in companies with 100 or more employees have one. Furthermore, groups of companies with 200 employees or more are recommended to have a group of company shop steward. Among these, 56 per cent report that this position is filled.

³ According to Hagen (2015) the number of general assemblies have fallen, and only a handful are left.

⁴ In Norwegian 'bedriftsutvalg', Basic Agreement, Part B, § 13–1. http://www.lo.no/Documents/Lonn_og_tariff/hovedavtalene/basicagreement_14_17.pdf

Formal committees, arrangements and/or bodies based on collective agreements are far less common than the statutory schemes, except when it comes to board representation (Figure 11.2). This corresponds with our qualitative data. While collective agreements based arrangements and bodies are less common, we find that almost all informants in companies above the threshold report having a safety delegate and a working environment committee in the company. Thus, the data indicate that a representation gap exists between bodies that should be established at the company level and bodies that are actually established. This gap is considerably wider when it comes to collectively agreed bodies than for those laid down by the legislator.

One plausible explanation for these findings is that the statutory arrangements are better known. Another is that the Norwegian firms are more liable to adhere to the WEA's rules on safety delegates than comparable regulations, a fact that may be attributed to the task-specificity of the safety delegates' mandate and their tangible impact on workers' immediate working environments. Yet another explanation might be that statutory arrangements that are enforced by the Labour Inspectorate, such as safety delegates and working environment committees, are more likely to exist, partly because these arrangements are controlled when the Labour Inspectorate carries out inspections in companies and partly because non-compliance is met with a negative reaction. There is no such inspection when it comes to members of company boards, which, along with regulations in collective agreements, is left to the parties to supervise and enforce.

A more detailed picture of the variables that are important to explain the gap is given in Table 11.2. In this table we present findings from a linear regression. The model shows indicators having a significant impact on the dependent variable, which is an additive index of statutory arrangements and arrangements laid down in collective agreements at the company level where the TU reps work.⁵ The index varies from 0 = none to 15 = all arrangements.

The model confirms that size is important. Bearing in mind that most Norwegian companies are below most of the thresholds, this indicates that many employees do not have access to representative bodies. Furthermore, companies where TU reps have long-time experience in office and who work in a company with a low share of unorganized employees report more arrangements than others. Such arrangements are important to fulfil the democratic intentions embedded in statutory law and collective agreements. This indicates that experience as a TU rep along with numbers of organized employees function as important power resources. We also find that TU reps who have experienced reorganizing to a larger extent report that arrangements are present at their workplace than those who have not. One explanation could be that inactive arrangements can be revived if a situation in the company requires it. This was the case in a retail shop we visited, where at present there were hardly any

⁵ We have constructed an index from 0 to 6 according to present arrangements.

cooperation activities at all. However, a few years earlier the shop had been transferred to a retail chain, and this had led to the TU rep being engaged by the management in discussions on how to go forward with the transaction.

Table 11.2. Presence of arrangements; linear regression (stepwise)

Model	B Value	T Value
Constant	-.96	-2.571***
Time in office	.496	8.71***
Number of employees at the workplace	.717	16.482***
Share of unorganized employees at the workplace	-.176	-3.683***
Has your workplace been through changes last two years? (0 = yes, 1 = no)	-.726	-5.167***
Is the company Norwegians owned or foreign-owned? (0 = Norw, 1 = foreign)	.886	5.092***
Industry (0=other, 1=manufacturing)	1.074	8.827***

N = 1228. Adjusted R2 = .410.

sign p < .05; *sign p < .01

Table 11.2 also indicates that TU reps in foreign-owned companies have more arrangements than those fully or majority owned by Norwegians. Hagen (2005, p. 45) points to a similar finding. In her study, the presence of employee representatives on the company board is more likely to be found in foreign-owned companies. One explanation offered by Hagen is that foreign owners operating in Norway are eager to follow statutory rules in order to appear responsible. It is also worth noting that figures from Statistics Norway show that eight out of ten foreign-controlled enterprises are mainly owned by countries within the EU and that the most important single country was Sweden,⁶ which belongs to the same model of labour relations as Norway.

TU reps within manufacturing report a higher number of arrangements than others, all else being equal. Keeping in mind that companies in manufacturing are seen as the prototype of the Norwegian labour relation model at the local level, this is hardly surprising. This can be illustrated by a quote from a TU rep in a manufacturing company:

If I was to list all committees where we are represented ... I would sit here the rest of the day. There are tons. [...] I would say that 70 per cent of the cooperation is conducted in meetings and the rest informally'. (TU rep, manufacturing, 5,000 employees)

⁶ <https://www.ssb.no/statistikkbanken/selectvarval/saveselections.asp>

11.6 Findings: The Participation Gap

The consequences of the representation gap could be reduced if other forms of formal or even informal cooperation are in place. Regardless of size, the Basic Agreement states that management shall discuss the following with TU reps:

[M]atters relating to the financial position of the enterprise, its production and its development, matters immediately related to the workplace and everyday operations and general wage and working conditions at the enterprise. Unless otherwise agreed, discussions shall be held as early as possible and at least once a month, and otherwise whenever requested by shop stewards. (Basic Agreement, LO/NHO § 9–3)

We asked the TU reps if they participate in information meetings, discussions or negotiations with management at their level. In total 56 per cent say they do, but still 44 per cent say they do not. One hypothesis could be that those who have no formal meetings cooperate with the management informally. The data material shows us that this is not necessarily the case. We have divided TU reps in our survey into four different groups based on whether they participate in formal and/or informal cooperation with management; see Figure 11.3. If we look at the whole sample, 42 per cent of those who participate in formal meetings have informal meetings monthly or more often with immediate supervisors; see Figure 11.3 (A). Fourteen per cent only participate in formal meetings and seldom engage in informal meetings (B). For 15 per cent it is the other way around – their participation takes place in informal meetings, not in formal meetings (C). Finally, as much as 29 per cent seldom or never have either formal or informal meetings or discussions. Based on this, we have also identified a participation gap in our survey.

		Informal cooperation	
		+	-
Formal cooperation	+	A 42	B 14
	-	C 15	D 29

Figure 11.3. Types of cooperation and the share of TU reps belonging to each category. Source: Trygstad et al. (2015)

We identify significant variations between industries when it comes to participation (data not shown). Within retail only one out of four TU reps say that they have both formal or informal meetings and discussions with management (A above), while more than four out of ten say that they seldom or never have formal or informal meetings or meetings/discussions with the management (D). Within manufacturing and

construction the situation looks different. In these industries more than half of the TU reps report that they interact with the management both formally and formally (A), and only 16–17 per cent never or seldom has contact with management when it comes to TU issues (D).

Flawed participation at the local level could indicate that there is a lack of issues to discuss; however, our qualitative data indicate otherwise. In a big retail shop in our sample the issues were actually several, such as working hours, work schedules and skill development. According to both the manager and the TU rep, these sorts of issues were only discussed within the management and not with the TU reps or the safety delegate. One member of the management in a manufacturing company acted differently. He commented on the importance of formal meetings as follows:

In our formal meetings we discuss matters including production, improvements and other issues. The management meets the TU reps. There are not always that many issues to discuss, and the agenda is quite loose – we can actually talk about a wide range of topics. But we still meet on regularly basis. It is an important arena for developing confidence and trust. (HR manager in manufacturing, 100 employees)

In small companies the manager and the TU rep will often work closely together on a daily basis. One might think that this would lead to more issues being handled between the parties in informal meetings than in larger companies, like in this grocery store where the manager described the cooperation with the TU rep in this way:

We don't have any formal meetings, but we talk regularly (Manager, grocery store, 19 employees).

But according to our data it is rather the other way around. The analysis shows that while 34 percent of TU reps in companies with 200 or more employees seldom or never have informal meetings with management (Figure 11.3 [B]), and the corresponding number for those in companies with 10 to 19 is 54 percent. However, lack of participation does not necessarily reflect a bad-functioning relationship between management and TU reps.

We have no regular meetings with the TU rep or the safety rep. Things have been discussed in meetings for all employees. Employees contact me directly. (Manager, auto repair shop, 15 employees)

In this company the TU rep said that he spends less than one hour a year on TU work. On the basis of our findings, we can identify what seems to be either inactive or excluded TU reps. In Table 11.3 we see some of the explanation for the variation concerning TU reps' participation in formal meetings and informal discussions, which is the dependent variable in the linear regression analysis.

Table 11.3. Participation in formal meetings and informal discussions/meetings; linear regression (stepwise)

Model	B value	T value
Constant	3.856	34.085***
Time in office	-.087	-3.078***
Number of members in the local union	-.237	-11.491***
0= TU rep at company level/group of companies' level, 1= TU reps at lower level	.155	4.81***
Has your workplace been through changes in the last two years? (0 = yes, 1 = no)	.135	2.1**
Industry (0 = other, 1 = manufacturing)	-.3.742	-5.123***

N = 1136. Adjusted R2 = .253.

sign p < .05; *sign < .01

Note: 1 = participate in both, 4= participate seldom/never

Also when it comes to participation in formal meetings and informal discussions we find that those having been a short time in office and those located in workplaces with few employees participate less than others. The type of TU assignment also influences the participation level. Those who are company TU reps or a group of companies' TU reps participate more than those on the shop floor, even though collective agreements stress that parties should collaborate at all levels. TU reps in retail participate significantly less than others. The same goes for TU reps in companies where there has been no reorganization processes in the previous couple of years. Recent reorganization processes within the company might, as mentioned above, lead to meetings and discussions. These sorts of processes shall, according to both statutory law and collective agreements, involve TU reps (and the employees) to a great extent.

In the previous section we identified a representation gap, and based on our findings in this section we see that there also exists a participation gap. We find a rather strong correlation between these two gaps ($r = 0.44$). The correlation indicates that those who lack different forms of representation arrangements at their workplace participate less in formal meetings and informal meetings with their leaders about issues concerning the workplace and the members they represent.

11.7 Discussion

The Nordic model of labour relations is based on multilevel participation through elected TU reps. One important leg is participation through elected TU reps at the

company level. Further, in the model participation is morally justified through two different perspectives: because it increases productivity and because it is democratic. We started out with two research questions: i) to what extent are decision-making arrangements present at the workplace, and ii) do local TU reps make use of formal and informal decision-making fora?

The analyses have identified a representation gap as well as a participation gap. These gaps tell us that the Norwegian model of labour relations to varying degrees is present in the organized labour market, something that calls for a discussion on the strength and extension of the model at the local level. Surprisingly, when it comes to arrangements based in collective agreements and what could be said to be the core tasks for the TU reps, a great share of companies do not seem to have established such arrangements. Furthermore, a considerable number of TU reps do not make use of the collectively based rights on participation and cooperation in formal and informal meetings. While TU reps having both formal and informal cooperation fit with the image of the Norwegian model of labour relations, the group with neither – 29 per cent and where we identify the gaps – is more difficult to place. Our analyses tell us that the model appears fragile or at times absent in industries such as retail and hotels and restaurants. The standing is more solid in manufacturing and construction, but even here 16 percent of the TU reps say that they seldom or never participate in formal meetings or in informal meetings/discussions, and 12 per cent have informal meetings/discussions only with the management at their level. The correlation between the representation and the participation gap is strong.

Even when ‘traditional’ cooperation does not exist, one might argue that the presence of a TU rep at the local level has *some* effect, but then more as a potential watchdog for the employees. At the same time, it seems reasonable to assume that some kind of formal or informal contact between the parties must exist to say that cooperation exists – and to neutralize the asymmetric power relation between labour and capital.

11.7.1 How to Explain the Gaps?

The most obvious explanation as to why these gaps exist is a poorly functioning relationship between the two parties. This is, based on our qualitative material, the case in some of the companies. In these companies representative arrangements are not present, and the TU reps are not invited to formal and informal meetings. Due to a lack of power resources, the TU reps were unable to address the asymmetrical power relation. However, inactivity can also be explained by lack of interest or attention on both sides. In the interviews, TU reps as well as the management excused this by referring to time pressure. They did not see participation as a relevant and useful tool. Furthermore, in smaller companies, union members did not necessarily see the use of involving the TU rep(s). They preferred to approach the manager directly with their

questions or ideas. In this way they also send important signals that their need for TU reps to represent them is very limited. It is fair to believe that this partly explains why the management does not see TU reps as relevant partners in solving problems or as contributors to efficiency and productivity. The managers choose to discuss matters of interest with other managers or with the employees individually. When the union members and the managers bypass the TU reps, it affects the TU rep's power.

But what causes this difference? Multivariate analyses (tables 2 and 3) have identified factors that explain differences between companies with representation arrangements and TU reps' participation ('cooperative companies') and those lacking these features ('liberal companies'). These factors can be divided into two main categories: factors related to the TU reps' power resources and more structural factors. Firstly, the TU reps' time in office increases the likelihood for the company to be cooperative companies. This is in line with Borum (1995); experience can be an efficient power base for the TU rep when interacting with management. Secondly, the union density degree in the company affects the gap, with liberal companies having a lower level of unionized employees. This could be related to power resources. TU reps that represent few members could be unable to convince the management to include them in formal and informal meetings because they lack the power in the form of members to vitalize such arrangements. As mentioned, this is also confirmed by our qualitative material.

Turning to structural factors, what industry the company belongs to explains differences when it comes to representation and participation. Private service companies are more likely to fall into the category of liberal companies. Secondly, TU reps in smaller companies, all else being equal, are more likely to work in a liberal company. In smaller companies the relationship between managers and employees is likely to be closer and more personal. Pushing for more representative participation and formal meetings can be seen as lack of confidence, and the TU rep is thereby in danger of destroying the personal relationship. Thirdly, TU reps in companies which have been through a reorganization process have more representative arrangements and participate more often than others. This indicates that 'sleeping' arrangements can be resurrected if called for. The impact of reorganization on representation and participation may however have another explanation: Oliver (1991, p. 156) argues that companies are more likely to follow rules if the 'likelihood of getting caught' is high. In re-organizational processes the rules of the game are rather strict, which may influence management's choice to include the TU reps. In this case reorganization is not a sign of resurrection but rather a sign of a short 'visit' to representation and participation but with no permanent effect. This could be seen as a sign of the ability of managers in asymmetrical power relations to choose to engage in participation if it is seen as efficient and to boost productivity. Finally, foreign-owned companies are more likely to be cooperative. This could, as mentioned earlier, be explained by a focus on following the rules of the game.

11.7.2 How Solid Is the One Leg?

In our introduction we presented two different lenses through which to analyse a weak standing of the model of labour relations locally. A lack of institutionalization can be explained by a decoupling strategy, where the regulators' ambitions are disconnected from practical action at the company level, or we could be witnessing a process of drift.

Starting with the hypotheses of failed institutionalization, bearing in mind that previous studies on the Norwegian model of labour relations in general, and more specifically on participation and cooperation, have tended to focus on the situation in big companies in manufacturing, these studies might have overlooked the lack of institutionalization in other sectors.

Our study confirms that the model seems to be vital and rather stable in big companies in the manufacturing sector. We also see another picture when focusing on TU reps in small companies in the same sector and in parts of the Norwegian private service sector. When it comes to the private service sector, our findings are in line with other studies from the last decade where researchers have identified signs of dualization in parts of the low-end private service sector (Trygstad et al., 2011, 2012, 2014; Nicolaisen & Trygstad, 2015). However, the situation is not new. In these industries, the union density and the collective agreement coverage have been low for decades. Atypical work has been and still is common, the turnover is high and cooperation between labour and capital is almost absent. The situation for Norwegian employees in these industries probably has more in common with the situation for other European workers in the same industries than with an 'ordinary' worker in a big Norwegian company in manufacturing. One explanation can be that the model has not yet been fully institutionalized even in companies with collective agreements due to employees lacking the power to enforce arrangements for participation and cooperation at their workplace. As pointed out by several researchers, a prerequisite for effective cooperation at the company level is TU reps with the power to negotiate on behalf of the members at the workplace (Nergaard et al., 2009; Barth et al., 2014; Barth & Nergaard, 2015). TU reps with few members lack this power. However, independent of size and industry, Barth and Nergaard (2015) find that collective institutions at the local level have dropped both in number and in regard to the breadth of issues discussed, and Hagen (2015) finds that the number of company assemblies (*bedriftsforsamling*) in Norwegian companies has declined (Hagen, 2015). This indicates change.

We turn now to the hypotheses of drift. Drift concerns forms of reinterpretations of existing rules, changing the impact of institutions even if their formal set-up remains unchanged (Engelstad, 2015; Mahoney & Thelen, 2010). Drift can be explained by changed power relations between the parties. One may argue that the representation and participation gaps could shift the balance from democracy towards productivity and from institutionalized arrangements to more ad hoc-oriented fora. If so, the

stability pointed out by Heriet (2012) may have overlooked changes at the local level. Changes in the power structure between employers and employees at the company level may have created a situation where the employers support and use the arrangements institutionalized in laws and agreements to varying degrees. This could also affect the stability of the model at the central level as the local level plays an important role in the Norwegian labour market model, both as provider of competent TU reps at the central level as well as by giving actors at the central level less competence and legitimacy to commit members of their organization and promote changes in the legal framework.

A lack of longitudinal data prevents us from drawing conclusions when it comes to institutional changes over time. Our data do not tell us if the representation and participation gaps have increased over the last two decades. It is reasonable to believe that we most likely are witnessing *both* signs of drift and an erosion and lack of institutionalization. Whatever the explanation, the result is dualization in the organized labour market. The question is how profound this dualization is or could be.

Dualization may increase if the factors that explain the lack of institutional arrangements become more pronounced. When it comes to company structures in Norway we see two opposite trends. On one hand we can identify fragmentation, where companies are split into subsidies or smaller companies through outsourcing in the industry as well as outsourcing to other industries and countries. This affects the size, which has an impact on both the presence of the institutional arrangements for representation and actual participation. Size is directly related to the threshold laid down in regulations as to when such arrangements shall be in place. This kind of reorganization could also lead to the outsourcing of companies' private service functions, where this part is undertaken by companies in industries with poorer traditions of cooperation and co-determination. When outsourcing services from manufacturing to private service sectors, the outsourced item could also be confronted with employers who do not support institutional arrangements for representative participation to the same degree as in manufacturing. On the other hand we see a concentration of power in groups of companies. If decisions are taken far away from the company floor, the TU reps' ability to influence matters concerning their members, their workplace and/or their company will be affected in a negative way. This is even more the case if such decisions are made by foreign-owned companies or other companies with management systems having weaker traditions of involving employee representatives. As pointed out by Thelen (2014), analysis indicates that private service sector firms do not necessarily support traditional institutional arrangements.

Other factors that might push in the direction of a further dualization are related to power resources for TU reps. A decrease in unionized employees and, following that, problems recruiting and retaining TU reps at the company level might lead to an erosion of participation in more companies than we see today. If so, and depending

on the extent to which this will happen, the share of cooperative companies might shrink and thereby stultify the strength of the leg supporting the Norwegian labour market model.

11.8 Concluding Remarks

In this chapter we have identified representation and participation gaps in the Norwegian models of labour relations at the company level and have found a high correlation between the two gaps. A considerable share of the TU reps in our material do not fit into the model; they work in companies with a more liberal attitude towards participation. A central question is whether the representation and participation gaps identified here are growing and also whether the explanation is erosion or rather limited institutionalization of the model locally.

A weak tradition of cooperation and co-determination could mean that employers lack experience and/or interest when it comes to cooperating with TU reps and the consequences for productivity and democracy. Since the relationship between capital and labour in nature is asymmetrical, lack of representation and participation will fail to neutralize this asymmetry. Instead of a balance between democracy and productivity, which is the moral justification of the Nordic and Norwegian models of labour relations, the management will invite TU reps to participate if and when it seems to increase efficiency. However, the result may be the opposite. Ad hoc-oriented participation can result in lost potential in companies when it comes to increasing productivity as the employers do not necessarily know when involving TU reps would affect productivity. In the long run this could also reduce democracy in Norwegian working life. From our data we cannot tell whether we see an institutional change towards reduced democracy (drift) or if we are just identifying problems that have existed for a long time (lack of institutionalization). At any rate the representation and participation gaps we have revealed represent a democratic problem in parts of Norwegian working life.

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Appendix

Analysis

In the paper we use different variables in bivariate and multivariate analysis. Below we present the variables used in multivariate analysis. As dependent variables we use the following:

Presence of arrangements: This is an additive variable, where no arrangement is coded 0, one arrangement is coded 1 and so forth.

Participation in formal or informal meetings or discussions: Respondents who participate in both formal meetings and informal meetings/discussions with the management on their level is coded 1; those who participate in formal meetings but very seldom or never have informal meetings/discussions are coded 2. TU- reps who hold only informal meetings/discussions and very seldom/never participate in formal meetings with the management on their level are coded 3, and those who seldom/never have formal meetings and informal meetings/discussions are coded 4.

As independent variables we use the following:

Gender is coded 0 = man, 1 = woman.

Time in office is a numeric variable, years.

Number of employees at the workplace is coded as 1 = below 10, 2 = 10 to 19, 3 = 20 to 49, 4 = 50 to 99, 5 = 100 to 199 and 6 = 200 or more.

Type of assignment: 0 = TU rep at the company level or at the group of companies level, 1 = TU reps at a lower level.

Share of unorganized employees at the workplace: 1 = below 20 per cent, 2 = 20 to 29 percent, 3 = 30 to 49 percent, 4 = 50 to 69 per cent and 5 = 70 or more.

Has your workplace been reorganised the last two years? 0 = yes, 1 = no.

Is the company Norwegian or foreign-owned? 0 = Norwegian, 1 = foreign.

Industry: 1 = manufacturing, 2 = construction, 3 = hotels & restaurants, 4 = retail, 5 = other. In the multivariate analyses the different industries are coded as e.g. 0 = the rest, 1 = manufacturing).