

Jørgen Svalund

**The impact of institutions on mobility,
labour adjustments and cooperation
in the Nordic countries**

PhD dissertation

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Preface and acknowledgements

Writing a PhD thesis is in many ways a lonely endeavour. However, I doubt the thesis would have been finalised without plenty of support and cooperation from supervisors, colleagues, friends and family.

I have during many years collaborated with my main supervisor, Fredrik Engelstad. I thank him for the interest and support he has shown for the project, and he's constructive, important suggestions and advices throughout the project.

I am sincerely grateful to my employer, Fafo institute for labour and social research, and my colleagues Kristine Nergaard and Jon Erik Dølvik in particular, for providing me with the opportunity to further academic specialisation by way of this PhD.

This PhD project is part of a larger on-going collaboration between several researchers in the Nordic countries, studying and comparing aspects of the Nordic working life model. Kristine Nergaard and Jon Erik Dølvik included me in this collaboration in 2008, as they were engaged in a project on mobility in the Nordic countries. That project was then followed by a similar comparative project studying the economic crisis of mid-2008, both regarding labour adjustments at company level as well as labour market insecurity and the consequences of job, employment and income security on a range of subjects. During these projects I have been privileged enough to collaborate and get valuable insights from several Nordic colleagues from several disciplines.

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In addition to those working closely on and around the particular research subject studied in this PhD, I will also use this opportunity to thank my colleagues at the group for work life organisation and labour market at Fafo for providing me with general advices, suggestions and a nice work environment. You have all contributed to the finalisation of this thesis.

Finally, I would like to thank my family: My wife Lotte, and my children Ellinor and Even, and Eilert (born 19 of May 2013). They have all contributed to the thesis, by moving the focus away from this project on to other important aspects of life, thus helping my avoid physical and mental breakdown, and as they have been rather patiently accepted long hours and fewer holidays together during the finalisation of the project.

Oslo, June 2013

Jørgen Svalund

Summary

The impact of institutions on mobility, labour adjustments and cooperation in the Nordic countries

The Nordic labour markets are known for high labour market mobility, and their ability to adjust both labour market regulations and the use of labour at company level swiftly in case of crisis. This thesis focuses on institutional and labour market relations within the Nordic countries, and deals with three main research questions:

- 1) Do national differences in labour market regulations and welfare institutions influence mobility patterns and processes of labour adjustments, and if so, how?
- 2) To what degree are the national institutional and regulative structures influencing labour adjustment patterns in the same way across sectors and industries? How do sector differences influence labour adjustment processes?
- 3) In times of crisis, do trade unions make a difference, and if so, what does their power and influence rely on? How and why does their impact vary between sectors and countries?

Drawing on theories from industrial relation (IR) research, as well as adjacent traditions such as “Varieties of capitalisms” (VOC), a variety of theories and perspectives origination within sociology, political economy and history are used. Still, the main theoretical approaches, as in IR in general, are based on institutional theory, as well as theories about power and industrial relations within the Nordic countries. The analysis is driven by comparing countries with differences in laws and regulations by a combination of quantitative data providing information about different labour market transitions within the Nordic countries, and a range of case studies of crisis ridden companies within different industries in the Nordic countries.

The study find that the mobility patterns within the Nordic countries does not follow the expectations by those proposing that deregulation, through better possibilities to use temporary employees, will move unemployed individuals into the labour market by way of a temporary employment contract, and eventually into a permanent employment contract. Quite the opposite, the likelihood that an unemployed individual make a transition into a permanent rather than a temporary employment contract, and the likelihood that those holding a temporary contract will move on to a permanent contract, is larger in Denmark, having relatively lax regulations on both permanent and temporary contracts, and Norway, having relatively strong regulations of both permanent and temporary contracts, compared to Finland and Sweden, combining rather strict regulation of permanent contracts with lax regulation of temporary employment.

The study also shows how differences regarding the mechanisms for dismissal selection affect how economic crisis situations are handled, the number of employees who are dismissed, as well as which groups of individuals who are dismissed in the

downsizing processes at company level. Further, such national characteristics interact with industry specific production contingencies, union density and trade union traditions, as well as the position of different occupational groups within the production process and as local unions, in influencing labour adjustment processes and labour adjustment outcomes. By comparing labour adjustment processes within manufacturing and construction in Finland and Norway the study show that while it exist national labour adjustment differences across industries, there are also clear differences between labour adjustment processes in manufacturing and construction, across these two countries. The results indicate that deterministic theories related to the significance of national regulations should be avoided in comparative sociological analysis. While the possibilities to influence processes and outcomes may be limited in some industries, the same national institutional structures may lead to cooperative relations and creative problem solving in others.

Finally, the study shows that the significance of the trade unions for the changes made at company level varies strongly. The central labour market parties, the employer and employee organisations, were to a varying degree capable of proposing changes in the temporary lay-off arrangements in the Nordic countries. In Sweden, where the labour market parties were unable to bring the government into a tripartite collaboration, the main employer and employee organization in manufacturing therefore established an industry-wide “crisis-agreement”. This arrangement where partly established due to bottom up pressure from strong, organised manufacturing companies. On company level we found that the trade unions played a more substantial role in Norway and Sweden, compared to Denmark and Finland. Further, the unions had more power and influence, with more possibilities to participate in win-win cooperation and trade-offs within manufacturing and newspapers, than in construction. The study further show that the relations between trade unions and employers within the Nordic context is embedded in institutionalized structures framing what the actors might discuss in some situations, and how such discussions should be done. These structures provide the local unions with power. They do also, at the same time, reduce the level of conflict, as they make the rights and duties of the local opposing parties within different situations clear, thus enabling trusting, long-term reciprocal relations.

The main findings are disseminated in four articles

- 1) Svalund J. (2013) Labour market institutions, mobility and dualization in the Nordic countries. *Nordic Journal of working life studies* 3: 123-144.
- 2) Svalund J, Casinowsky GB, Dølvik JE, et al. (2013) Stress testing the Nordic models: Manufacturing labour adjustments during crisis. *European Journal of Industrial Relations* 19: 183-200.
- 3) Svalund J. (2013) Adjusting labour through crisis: A three industry comparison. *Economic and Industrial Democracy*. DOI: 10.1177/0143831x13499619

4) Svalund J and Kervinen H. (2013) Trade union power during labour adjustments – comparison of firm level cases. *Transfer: European Review of Labour and Research* 19: Issue 4 2013.

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1. Introduction and theme of the dissertation

Introduction

The Nordic countries are all small, open economies with corporatist systems of governance, relying on high labour market mobility and the capability of labour markets to adjust to changing economic trends (Hicks, 1988; Katzenstein, 1985). These countries are often characterized with high levels of continuous restructuring of their economies and companies, with a resulting high level of mobility, supported by active labour market policies. Wage floors set in centralized wage negotiations, or controlled by way of “organized decentralization”, limit low-wage competition among companies, and support creative destruction of companies unable to compete under these circumstances (Barth et al., 2003; Due and Madsen, 2008; Erixon, 2010). After deep economic crisis in the 1990s, the Nordic countries made strong recoveries up until mid-2008 (Magnusson et al., 2008; Dølvik, 2008), when the financial crisis challenged the Nordic labour markets with yet another test of their robustness and capacity for flexible adjustment to shifts in the world markets.

The features influencing labour market mobility mentioned above have developed within corporatist structures, where labour and capital engage in on-going cooperation to increase productivity and adjust to changing demand and skill requirements. While trade unions in many countries represent an oppositional stance towards employers and their representatives, the cooperative efforts in the Nordic countries to a large extent build on long-term, reciprocal relationships, where trust and social capital between the labour market parties according to many observers contribute to a more adaptive work life, showing flexibility both in collective bargaining and company level adjustment (Katzenstein, 1985; Huzzard and Nilsson, 2004; Jensen, 2012: Chapter 1; Falkum, 2008). Finally, the Nordic labour markets are tightly embedded in various welfare state arrangements (Esping-Andersen, 1990). Generous income security arrangements, temporary lay-off and early retirement schemes influence wage negotiations and labour market restructuring. Further, the state has in varying degree played an important part in contributing to adjustment solutions both when the labour market actors’ face challenges due to international demand shocks, and in more home bread crisis (Elvander, 2002). In times of crisis the state, trade union federations and employer organizations have often agreed on settlements containing moderate wage increases and changes in rules and regulations regarding unemployment benefits, temporary lay-off arrangements etc., where the state takes part of the bill while the employers and employees cover the rest (Dølvik and Stokke, 1998; Elvander, 2002). The tight interconnectedness between the employ-

ment contract and the welfare state institutions providing income and employment security means that the employment protection legislation (EPL) is a result of historical and present institutional influences stretching beyond the judicial and collective bargaining system (Deakin et al., 2007; Esping-Andersen, 1990). The regulation of the employment contract thus reflects a formalized compromise between labour, capital and the welfare state, where employees' job security is balanced against employers' need for labour adjustment flexibility.

Different regulations influence companies' ability to dismiss and hire individuals, their ability to use temporary layoffs or other measures to cut labour costs, and thus individuals' mobility patterns between companies, and in and out of the labour market. The main purpose of this thesis is to provide a theoretically informed description of

- How regulations and institutions in the Nordic countries influence restructuring and labour adjustment processes within companies exposed to market fluctuations, and
- How the strictness and shape of employment protection legislation influence transitional patterns into and out of the labour market

Regulation of hiring and firing has for decades been important in political debate in Norway and in other OECD countries. Concepts such as «flexibilization» and «deregulation» have featured high in discussions about the impact of employment protection legislation, trade union power, and cooperation between management and trade unions on the level of restructuring in the economy (Esping-Andersen and Regini, 2000; Gash, 2008; Giesecke and Groß, 2003; Howell et al., 2007; NOU, 1999: 34; OECD, 1994b). Strict employment protection legislation will according to economic theory reduce the employers' possibilities to fire employees and thus their incentives to hire employees (Lazear, 1990). This will in turn affect the mobility in the labour market, and the possibilities for those trying to enter it (Bentolila and Bertola, 1990; Gangl, 2003). In some countries such assumptions have led to labour market reforms making it easier to hire employees on temporary contracts, which according to their proponents enable a road from unemployment through temporary contracts and into full labour market integration by way of a permanent contract. Opponents of such «partial deregulation» expect that increased use of temporary contracts will lead to labour market segmentation, where a shrinking majority of employees have permanent jobs while an increasing share of the labour force moves between various temporary jobs and unemployment (Gash, 2008; Giesecke and Groß, 2003; Polavieja, 2003).

Labour mobility flows can be related to multiple forms of regulation and different mobility processes: first, they can be linked to individual dismissals and the regulations surrounding individual temporary and permanent employment contracts. In such cases the company's economic conditions are usually less important than the individual's competences, suitability, wrongdoings etc. Second, mobility flows can be influenced by

collective dismissals and regulatory measures related to restructuring processes and downsizings. Where economic or production related issues imply that the company needs to reduce its number of employees, private companies in the Nordic countries face few restrictions regarding their possibilities to dismiss employees. However, there are differences in regulations relating to procedures for dismissals and how dismissals should be distributed. In such collective processes the dismissals are not a matter primarily between the worker and the employer, but between the workers' representatives, the trade unions, and the employers. These parties will then discuss alternatives to dismissals, such as temporary layoffs, reduced work hours, voluntary temporary or permanent pay cuts, or other measures that might save labour costs, as well as the extent of dismissals, their distribution and whether the trade unions and the workers may show flexibility regarding application of rules and regulations. Finally, some individuals move from work to unemployment because companies close down. While this also prompts processes between management and trade unions, employment protection is less important: if the company closes down completely, all employees lose their employment. In such cases, the regulation of social rights, severance pay, unemployment benefits (UB), early retirement schemes, active labour market policies and lifelong learning initiatives play a more prominent role.

Hiring and firing are in the Nordic countries regulated both by law and collective agreements. The industrial relations in the Nordic countries are organized in a two-level system, where wages, productivity, working hours and other working conditions are first bargained centrally at national or industry¹ level. Within these centrally negotiated frames, the details concerning wages, productivity, working hours and other working conditions are negotiated at company level, between management and the local trade unions, the clubs (Falkum, 2008; Kjellberg, 1998; Løken and Stokke, 2009). Regulation through collective agreements in a multi-level system means that these regulations may vary somewhat between industries. Regini (2000: 23) points out that in countries with strict employment protection, collective agreements at industry or company level, cooperation between the collective actors, or complementary institutions that create flexibility, such as temporary layoff schemes funded by the state (Hall, 2006: 444), may reduce the importance of seemingly inflexible regulations. Furthermore, strict employment protection supports long-term employer-employee relationships, enhancing trust and investment in competence on company level. Conversely, lax employment regulations can be made more rigid by agreements between the collective actors on industry or company level, through use of severance packages or other measures increasing employer costs in case of dismissals (Regini, 2000: 23). There are very few Nordic studies that show how

¹ While the concepts “industry” and “sector” are used somewhat interchangeably in the dissertation, sector is a wider concept than industry. Sector applies to wide business areas, while industry is subdivisions of sectors. Thus, within the manufacturing sector, there are industries such as the automotive industry, whereas newspapers are an industry within the media sector.

labour market organization and the cooperation between the social parties actually work at company level in times of crisis. The financial crisis of 2008, with accompanying demand and revenue reductions, offered a unique opportunity to study management-trade union cooperation during labour adjustments, and how Nordic companies adapt to economic downturns.

In this dissertation I illuminate whether and how the Norwegian and the other Nordic countries' organization of welfare and working life influence mobility patterns, and company restructuring and labour adjustment processes in three different industries. As these countries are corporatist states, it is essential to study how employment protection legislation, cooperation between employers, trade unions and the state during demand crisis and labour adjustments interact in influencing the outcome of these processes. Further, since Nordic employment relations and labour market organization are tightly embedded in welfare state arrangements, this implies that the impact of employment protection regulation not only are dependent on these rules *per se*, but also on other social institutions affecting how rules, regulations and institutions are interpreted and changed. Studying how such institutions external to the firm influence cooperation in labour adjustment processes, and their outcomes, is important to understand the consequences of laws and regulations aimed at structuring hiring and firing.

The Nordic countries are pooled together in a number of studies of welfare state and labour market systems. This is done either to analyse distinctive features in these countries as one (Wilthagen and Tros, 2004), or to compare the Nordic "model" or "regime" for labour market and social organization with other groups of countries, based on Esping-Andersen's (1990) welfare state typology, or similar typologies in other research areas, be it organization of capitalisms or production regimes (Amable, 2003; Hall and Soskice, 2001). The Nordic countries show many similarities regarding extensive involvement by the state in the organization of the economy, a commitment to full employment and high labour market participation, an egalitarian income distribution and general social citizenship rights through rather universal pension schemes and social services (Mjøset, 1992: 2). They also show similarities in traditions, culture and rules for cooperation and employee involvement. In 1992 Mjøset wrote an article called "The Nordic model never existed, but does it have a future?", pointing to the fact that while there are commonalities that might justify the use of the term "Nordic model", the concept comprises five different states who do not share similarities regarding all spans of the state, the economy and the social structure, suggesting it is more pertinent to speak of five Nordic models rather than one.² Two decades have passed since 1992, but these countries still show dissimilarities regarding several issues. Firstly, labour market regulation and the role of the collective actors and the state in wage setting and institutional adjustment. Secondly, issues directly pertaining to company level restructuring and la-

² See for instance Elvander (2002) for similar viewpoints.

bour mobility, such as the existence or not of temporary lay-off schemes, as well as rules and regulations regarding the use of temporary employment and hiring and firing.

Research questions

Studying how institutions and regulations influence mobility and labour adjustment processes within corporatist countries, the main focus in all articles is set on the effects institutions and other contextual variables have on mobility and capital and labour cooperation in restructuring processes. In capitalist labour markets decisions to increase or reduce the workforce, or to use other measures that increase or decrease the use of labour, are taken at company level. The behaviour of companies is thus decisive in an effort to understand how institutions and regulations affect restructuring and mobility in the labour market (Hall and Soskice, 2001). Further, in these countries, cooperation between management and trade unions has been brought forward as an important decision making element. Focusing on restructuring and mobility processes, and how these processes are interconnectedness with specific institutions developed over time, impacting trade union power and cooperative relations at various levels, I compare such processes within and between the Nordic countries. Through comparative analyses the "familiar" can be studied with new eyes, bringing out the peculiarities of the obvious (Kalleberg, 1996: 51). A fundamental problem for studies aiming at generalization is to control unwanted variation. The similarities in political, economic and cultural relations between the Nordic countries imply that the variation in background factors is significantly reduced, making it easier to use the remaining regulative or organizational differences in the quest to explain differences in outcomes.

Based on previous theoretical and empirical research related to the consequences of employment protection legislation on labour market mobility and labour adjustment processes (see section 2), the main research questions of this dissertation are

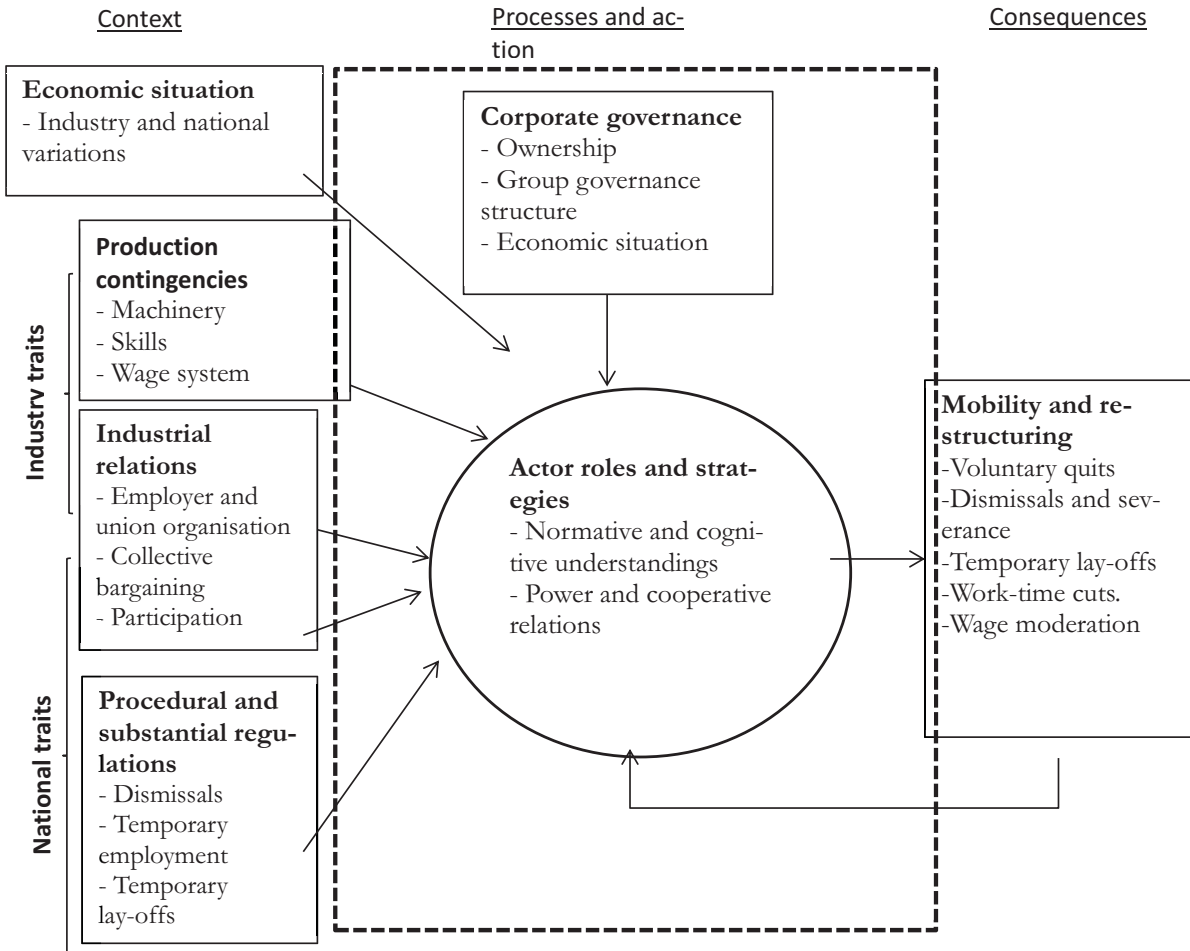
- 1) Do national differences in labour market regulations and welfare institutions influence mobility patterns and processes of labour adjustments, and if so, how?
- 2) To what degree are the national institutional and regulative structures influencing labour adjustment patterns in the same way across sectors and industries? How do sector differences influence labour adjustment processes?
- 3) In times of crisis, do trade unions make a difference, and if so, what does their power and influence rely on? How and why does their impact vary between sectors and countries?

To investigate these rather wide questions, the dissertation combines four articles serving as “building block” studies³ able to identify some common patterns that can be parts of larger contingent generalizations (see section 3) (George and Bennett, 2005: 76). Article one uses quantitative survey data and compares labour market transitions in the Nordic countries on the national level. The other articles concentrate on a sub-type of labour market mobility - company level labour adjustments- and contribute to the understanding of how differences in employment protection legislation (EPL) and other institutions as well as cooperation between the social partners influence company level labour adjustment processes in three different sectors/industries.

The focus in the articles is partly on the relation between regulations, processes, actions and consequences of company adjustments (article 2-4), partly on the impact of regulations and institutions on mobility patterns from unemployment into temporary or permanent employment contracts. In the later I also examine whether those temporary employed stay employed, becomes integrated into permanent employment contracts, or become unemployed (article 1) (figure 1).

³ A “building block” approach means that studies of particular types or subtypes of a phenomenon identify common patterns, or serve a particular kind of heuristic purpose. Such studies can be part of larger contingent generalizations and theories regarding labour mobility and adjustment, and the understanding of it (George and Bennett 2005: 76-78).

Figure 1. An overarching model of the approach and focus of the dissertation.



The structure of the dissertation

In the remaining parts of the dissertation, section two sets up the analytical framework, placing the research questions within a theoretical and research based framework. The research design and methodological issues are discussed in section three, before abstracts of the articles are presented in section four. Then the results from the articles are discussed in light of the research questions in the concluding section.

2. Analytical framework

This section elaborates on issues that are important in the dissertation. First, an overview of regulation and mobility within the Nordic labour markets, and how the institutional structuring of mobility may be perceived, are presented. Further, the significance of sector or industry differences, and whether and how sector differences influence labour adjustment and mobility processes within countries, are discussed. An essential part of the understanding of the Nordic models, apart from it being highly institutionalized, is the tight cooperation between employers and trade unions (Kjellberg, 1998). The roles, rights and power resources of the trade unions in labour adjustment processes are somewhat different from what is known in countries such as Germany and the US. As trade union influence and power are important elements in three of the articles, the concept of power is also shortly discussed.

Institutions, regulations and the Nordic labour market

The strength and design of employment protection legislation, and its impact on employment levels and mobility flows have, as mentioned, been a central research topic for many years (Skedinger, 2010). While neo-classical economics assumes that regulations are "rigidities" that create undynamic and inefficient labour markets by preventing employers to fire and recruit freely, studies of industrial relations (IR), relying on different forms of institutional theories, stress that unregulated labour markets tend to produce worker insecurity and inequality. In the latter view, employees that have some influence over their own working conditions and a certain degree of job and income security contributes to more efficient companies and labour markets (Regini, 2000; Howell et al., 2007). Increased predictability and job security strengthen employers' incentives to invest in skill development. Through influence and income security the fear of the impact of restructuring is lowered, also reducing the resistance to change and thus increasing employees' willingness to contribute to labour adjustment processes (Etzioni, 1988: 78-79; Freeman and Medoff, 1984; Kochan and Osterman, 1994; Walton et al., 1994; van den Berg et al., 2000).

In the 1990s, while many argued that the low employment rates in some European labour markets compared to the U.S. were caused by the relatively strict employment protection regulation in Europe (OECD, 1994a; Scarpetta, 1996), the concept of "flex-

icurity" emerged.⁴ Flexicurity is a labour market policy, often designed in cooperation with the social partners, where liberal employment protection is combined with generous income support, active labour market policies, lifelong learning policies and other measures aimed at quickly getting unemployed back into work. Organizing the labour market in this way will, according to its proponents, change the balance between flexibility and job security from a lose-win to a win-win situation, where higher profits, more jobs and increased mobility in the economy contribute to increased employment (Auer, 2010; Burroni and Keune, 2011; Madsen, 2004; Madsen, 2006; Muffels et al., 2008; Wilthagen and Tros, 2004). Although Denmark was central to this debate, the basic features of this "flexicurity model" contain relatively similar principles to those characterizing the labour market organization in Finland, Norway and Sweden, principles pointing back to the Rehn-Meidner model of labour organization (Klindt, 2008; van den Berg, 2008; Olberg, 2007). In the 1950s, Rehn and Meidner (1953) laid down the basis for a Nordic labour market economic and political thinking regarding wage formation, restructuring and mobility of companies and employees; economic growth was based on solidaristic wage policies, a high degree of restructuring of companies and high employee mobility, where low wage competition and support to not economically sustainable industries were to be avoided (Barth et al., 2003; Erixon, 2010). The emphasis on restructuring and productivity over wage flexibility also meant that the possibilities to fire employees due to financial or production related factors were and are relatively liberal, also comparatively speaking (Muffels and Luijkx, 2008; OECD, 2012). All elements of the Rehn-Meidner economic model have not been followed at all times, whether in Sweden or the other Nordic countries (Erixon, 2010). For example, wage policies has not been directed towards uniform wage increases to the extent that the model assumes, and labour migration has in recent years challenged the wage floor in several industries in the Nordic countries (Eldring and Alsos, 2012). Still, the ideas about an institutional interconnectedness between egalitarian wage policies, restructuring, income security and active labour market policies have characterized the regulation of dismissals and the policies to promote high growth and employment.

In a recent Nordic comparative study, Berglund and Furåker (2011) investigate the «flexicurity profiles» of the Nordic countries, their level of employment protection legislation, unemployment benefits, active labour market policies and lifelong learning initiatives, and whether the mobility patterns in and out of the labour market in the Nordic countries follow the expectations of the flexicurity proponents. They find that the transitional patterns do not follow these expectations, as the mobility into and out of the labour market is highest in Norway, while both the flexicurity proponents and neo-classical economists would expect the mobility to be highest in Denmark, where job protection is much laxer. These results point toward the need for more investigations regarding the relationship between labour market regulations, mobility and restructuring

⁴ The concept was first used in the Netherland in 1996-1997 (Visser and Hemerijck 1997)

in the Nordic countries. While the strength of employment protection legislation has been debated, many countries have liberalized the conditions for the use of temporary employees rather than weakening employment protection for permanent employees ("partial deregulation") (Skedinger, 2010). This means that the strength of various *aspects* of the employment protection legislation becomes central when discussing the impact of it. When it is easy to use temporary employees while the general employment protection is strict, employers may choose to hire temporary workers if the need for labour is uncertain in the long run. Mobility in the labour market may thus be expected to increase, and more people who would otherwise be unemployed might be integrated into the labour market. But increased use of temporary employees, especially in labour markets where the regulation of permanent contracts is strong, can also lead to increased labour market segmentation, where large groups of employees move between insecure temporary jobs and unemployment (Booth et al., 2002; Gash, 2008; Nätti, 1993; OECD, 2010). While there are conducted many studies of temporary employment internationally, there are few studies in the Nordic countries (see article 1), and up until now no comparative analysis of how differences in employment protection for permanent and temporary employment contracts together influence mobility flows in and out of the labour market, and between temporary and permanent positions.

Studies focusing on aggregated mobility patterns, using crude measures to compare regulation and transitional patterns have limitations in showing how mobility and transitions happen in practice. In the Nordic labour markets, where collective agreements at sector level play a prominent role in regulating the employment contract, the possibility for within country variation is apparent. Studying EPL differences between blue and white collar employees in Denmark, Jensen (2011) shows that the Danish labour market provides different levels of flexibility concerning these two groups. In a laxly regulated labour market, as the Danish, there is a limit to how lax the regulation can be, as commitment, trust, cooperation and long-term horizon often are important in the employer–employee relationship. Hence, companies in countries with lax regulations may initiate in-house regulations on seniority or severance pay, or “hidden rigidities” may be anchored in collective agreements at various levels (Esping-Andersen, 2000: 71; Jensen, 2011; Regini, 2000: 23). On the other hand, within strictly regulated countries, the opposite may be true. There may exist “hidden flexibilities” alongside strict official regulations, where actors negotiate more flexible solutions to hiring and firing issues on firm or industry level (Regini, 2000: 23).

A core theme in this study is how institutions, or bundles of institutions, influence the behaviour of actors, be it individuals moving between different employment contracts and between employment and unemployment, or management and trade unions in companies who adjust their use of labour. The understanding of the term institution in this dissertation follows Scott, pointing out that “Institutions are comprised of regulative, normative and cultural cognitive elements that, together with associated activities and resources, provide stability and meaning to social life” (Scott, 2008: 48). Further, while

actors might find the institutional norm right, just, to follow, what defines institutions is not that actors might conform because they agree with the norm, but rather that it is *obligatory* to follow it. Focusing on the role of laws and collective agreements, I follow Streeck and Thelen (2005: 10), who understands institutions as comprised of formalised rules which may be enforced by a third party. Without the third party enforcement, rule breaches will only lead to changed strategic behaviours of those involved in the interaction, thus such rules and scripts are understood as merely *social conventions* (*ibid*, 2005: 10).

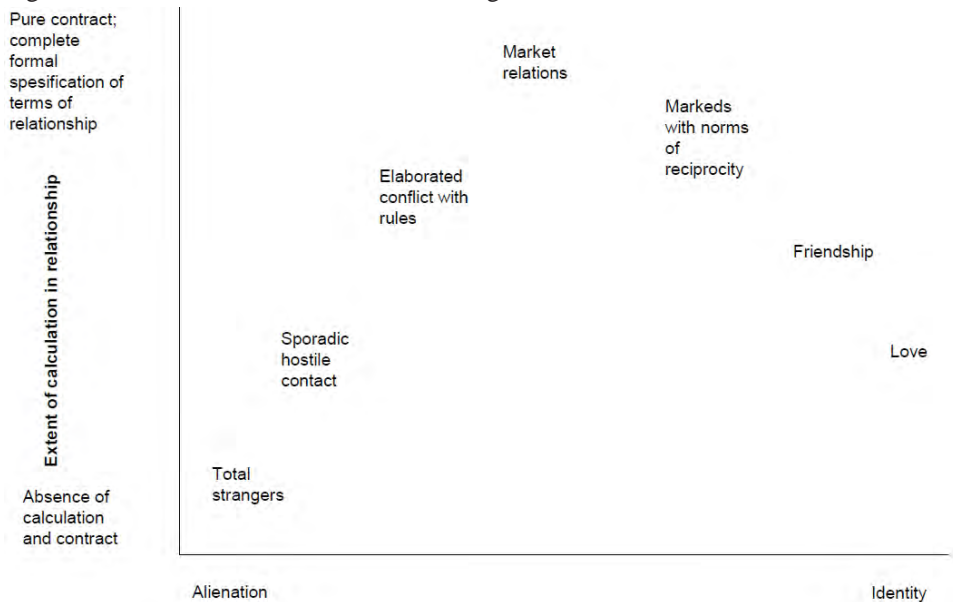
The characteristics of the national institutional systems regulating transitions in the labour market are shaped by historical developments, testifying to compromises between the social actors over time (Bergh, 2010; Falkum, 2008; Kjellberg, 1998; Kettunen, 2012; Stokke, 1998). For this reason, some assume that national path-dependencies (Arthur, 1994; Eichengreen, 1996) maintain or even increase differences between countries or groups of countries (Hall and Soskice, 2001; Hall, 2006). While such explanations are relevant when studying mobility and labour adjustment processes, strict notions of path-dependency imply unwarranted determinism, as institutions determine the information available to actors, their choices, as well as the change sequences themselves. Different institutional structures will at any rate tend to produce different actor strategies and outcomes (Marginson et al., 2004: 24). By creating stability through regulative, normative and cultural cognitive elements, institutions reduce uncertainty, increase the level of trust between actors in the field, and create effective frameworks for financial decisions, since they represent socially sanctioned expectations for specific categories of actors or the exercise of certain activities (Crouch, 1999: chapter 2; Streeck and Thelen, 2005: 9). By creating predictability, social order, institutions not only limit the number of choices available, they also establish criteria and resources that individual and collective actors use to make their choice of action (Giddens, 1984; Immergut, 1998: 26; Wailes et al., 2003). Although there sometimes may be a one-to-one relationship between how an institution is arranged and planned, and the general consequences following, institutions do not determine the behaviour of the actors. The actions of company level actors are neither determined by organizational or market imperatives, pointing to one best way. There is always scope for interpretation, judgments and decision making discretion in the application of rules and regulations, formal or informal, making room for agency and power relations (Wailes et al., 2003; Mahoney and Thelen, 2010). Further, since the actors at company level are involved in enforcing sanctions against breaches of formal or informal rules, norms and expectations, there is room for discretion and pursuit of different strategies also regarding the enforcement of rules.

In a recent effort to explain gradual institutional change, Mahoney and Thelen (2010) contend that institutional rules and practices are a result of compromises or relatively durable settlements between opposing parties. Institutions are in their eyes distributional instruments with power implications. Thus, change may take place when the balance of power changes. Their reflections point attention to institutional *variation*,

whether over time (change) or between companies, industries etc. (variation), which is at the centre of attention here. Mahoney and Thelen (2010: 14) assert that change, or variation, will take place where there is some level of discretion in the interpretation and enforcement of an institutional rule, allowing agency and power. Given these institutional characteristics, the political context, the power and veto possibilities of the actors involved influence the type of variation possible. While their model of institutional change (variation) may explain some type of gradual institutional change or variation, their efforts to discuss and understand the change agents involved depict the actors as mostly in opposition. The level of discretion, the actors' possibilities for veto power and possibilities for alliances in opposition to some other party determine the actors' possibility of creating institutional change.

In my view, it is possible to further the understanding of the relations between actors influencing institutional processes and outcomes, by focusing on the existents of different forms of social exchange relationships. Crouch (1993) considers the relation between two actors within social exchanges to vary along two dimensions.

Figure 2. Forms of variation in social exchange.



Source: Crouch 1993; Figure 2.1.

Social exchanges can vary from pure contracts to a situation where there is an absence of contract and calculation in the exchange, and according to the degree of separation (alienation-identity) between the actors. Crouch further stresses that the variation forms a U-shaped curve. While there is no or limited trust between total strangers and no ways to reciprocate, the basis for a social exchange is limited. As the relationship develops along

the alienation-identity dimensions, trust develops and the possibilities for social exchanges develop further, ending with lovers, who do not need contracts, according to Crouch (1993: 25). Hence, the actors' knowledge and trust towards each other influence the level and form of social exchanges possible. As mentioned, the Nordic labour markets are usually based on cooperation between the labour market parties, at all levels and on a range of issues. Thus, they are engaged in long-term reciprocal relationships where they sometimes are cooperating, engaging as partners, and sometimes are opposing actors (Falkum, 2008; Ilsøe, 2010; Kjellberg, 1998; Knudsen, 1995; Jensen, 2012). While Mahoney and Thelen (2010) discuss the relations between institutional actors as one of opposition, there is a need to better understand how power within long-term reciprocal relationships influences institutional practices. Studying cases such as labour adjustments, where distribution of benefits and burdens is at the centre of attention for the local parties, provides a possibility to develop a theoretically more nuanced understanding of the actors involved in institutional practices than what Mahoney and Thelen does in their theory.

The possibilities for "hidden flexibilities" and "hidden rigidities", as well as theoretical shortcomings in understanding how institutional structures influence cooperative labour relations, underscore the need for studies at the company level where decisions regarding hiring and firing are made, opening up the "black box" of labour market restructuring (Elster, 1998). While the general institutional organisation influences mobility processes and the adaptability of the Nordic countries, the processes of hiring and firing, as well as the development of other forms of labour strategies, take place at company level both during international crisis and when a particular industry or company face a need for restructuring and workforce reduction. In the Nordic multi-level system, the local parties negotiate agreements and adjustments within the overall institutional framework (Løken and Stokke, 2009; Stokke, 2008). This organization may have, especially during the recent years, shaped labour adjustments, as centralized coordination and decentralized bargaining increasingly link together labour adjustments, training, productivity and wage setting (Dølvik, 2008). Placing the actors at the centre of the analysis, rather than focusing on the macro-level, will to a larger extent give insight into actor preferences and perceptions, as well as their available choices, thus avoiding the pitfall of determinism inherent in path-dependence theories.

Nevertheless, the local adjustment level, the companies, has largely been ignored in discussions about "flexicurity" and the adaptability of the Nordic labour markets, with some few exceptions (see e.g Andersen and Mailand, 2005; Falkum, 2008; Ibsen, 2011; Ilsøe, 2010; Ilsøe, 2012). The lack of attention to what companies do during labour adjustment situations means that the knowledge of how regulatory and institutional constraints actually affect actor behaviours and companies' ability to adjust is limited. Still, there are some studies that contribute to the theoretical and empirical knowledge about how such processes work. In the 1990s there was a major comparative study of social justice and distribution of scarce goods and burdens, which, among other things, studied

the criteria and mechanisms used to allocate dismissals in working life across five countries (Norway, Germany, France, USA and Brazil) (Elster, 1992; Engelstad, 1994). The studies discussed four "pure" distribution mechanisms that could be used to allocate dismissals, of which three were related to the individual: 1) productivity, 2) needs, and 3) contributions. In addition, 4) impersonal norms of equality were also addressed (Elster, 1992; Engelstad, 1997). Seniority as a selection mechanism during dismissals is common, among others, in the Norwegian and Swedish labour market. This criterion partially entails elements of all the former criteria, as it is associated with earlier experience/productivity, contributions and possibly needs. At the same time, as a criterion for equal treatment, it is impersonal and with limited discretionary openings (Engelstad, 1998: 105). Hagen (1995b; 1995a), part of the same project, compared two dismissal processes within the same type of public sector company in Denmark and Norway, and found first that the criteria used for distributing dismissals vary, with the seniority criteria as the leading selection criteria in Norway, and second, that management, trade union and employee understandings and expectations towards which criteria to use, and how, varied accordingly. Since this study was of two public sector companies, there is still reason to expect seniority to play very different roles in dismissal selection processes within private sector in the Nordic labour markets.

While Elster (1992) and Engelstad (1990; 1997; 1998) concentrated on allocation mechanisms during dismissals, Schmidt (1992) pointed out that such a perspective is too narrow to understand the distribution effects of restructuring. In many other circumstances measures such as temporary layoffs, early retirement plans, working-time cuts etc. also affect how such distributive processes actually take place. Similarly, Dahl and Nesheim (1998) point out that the use of seniority as a selection criterion during downsizing processes may cause companies to avoid dismissals, for example by downsizing through disability and early-retirement schemes instead. To understand how differences in dismissal selection mechanisms in the Nordic countries influence labour adjustments and downsizing, the scope must be wider than simply studying the distribution of dismissals, and these mechanisms must be studied where the decision-making process has taken place. Such differences can be expected to influence the use of temporary and permanent contracts, as well as power relations and outcomes in labour adjustment processes. As there are different production contingencies in different industries, the seniority criterion as a selection mechanism has greater disadvantages in some industries than in others. This implies further that the role dismissals play in such processes, and which other institutional measures the actors may use, both influence the choices made, and how they are made.

National laws and regulations – does sector matter?

Employment contracts and temporary layoff schemes, and how adjustment processes are to be handled procedurally and substantively, are mainly governed nationally, but it can also occur institutional arrangements and agreements at industry or company level affecting which set of institutions and regulations the actors relate to (Regini, 2000; Rubery and Grimshaw, 2003). A key debate (Hall and Soskice, 2001; Hancké, 2009; Marginson et al., 2004; Whitley, 1992) in comparative institutional studies of (capitalist) economies and labour markets, has been concentrating on whether the capitalist economy's "deep structures" lead to converging institutional arrangements over time or whether institutional path-dependence might instead lead to greater diversity. Furthermore, do institutional arrangements mean the same in different contexts? Historical neo-institutionalists, in sociology and in political science, have often insisted on the particular significance of states and national boundaries, and have tended to underscore entrenched and path-dependent institutional differentiation within states (Djelic, 2010: 25). National regulations and structures tend to become the focal attention when comparing large number of countries, welfare state regimes (Esping-Andersen, 1990), industrial relation systems (Ferner and Hyman, 1998; Traxler et al., 2001) or varieties of capitalism (VoC) (Hall and Soskice, 2001). The construction of clusters by applying typologies on a large number of countries erases variations within clusters, forcing the debate into the national or even supra-national levels, with loss of details and specificity as a result (Campbell and Pedersen, 2007). Another reason for the focus on national structures, I think, is the fact that much comparative industrial relations and comparative institutional analyses are top-down. Even in the VoC literature, claiming to put the company in centre, the focus rests on national institutions and processes rather than relations and systems on industry/sector and company levels. This may be a source of misconception, as similarity on national level might conceal differences on lower levels of analysis. For instance, studying the developments in industrial relations systems across 17 countries in the 1990s, Ferner and Hyman (1998: xiv) found that the development implied increasing diversity within national industrial relations systems, while there was increasing convergence between the national systems. Sector differences influenced developments of industrial relations more than earlier acknowledged. A recent study by Bechter et al. (2012) points in the same direction. Thus, not only national regulations, but also industry and company differences engender variation in mobility and restructuring patterns (see article 1, 3 and 4 for more on this). Further, studying mobility and restructuring within the multi-tier Nordic systems, with tight articulation between macro (policy, central agreements) and micro (company) level, a view for "bottom-up" dynamics is essential to understand how collective action and initiative might open up for more variation and flexibility than in countries with more regulation through national legislation. Finally, studying labour adjustment processes, most organisational theories emphasise that enterprises relate to their environments - markets, regulative, normative and cultur-

al/cognitive - while adjusting to technological and production related contingencies within the company/plant (Scott, 2003; Thompson, 1967).

The role of trade unions in the Nordic social models

The power and influence of trade unions vis-à-vis local management are contingent on the institutional structures available to them (Lévesque and Murray, 2010: 334). While local trade union power during labour adjustments often has been studied within single employer bargaining systems, as in the US (Frost, 2001; Frost, 2000), and in Germany, where there is a formal separation of employee representation between work(s) councils (consultation and codetermination) at company level and sectoral trade unions (collective bargaining) (Doellgast, 2008; Zagelmeyer, 2011), such issues are all trade union responsibilities in the Nordic countries. Further, the employer has the final say in the Nordic countries, and trade unions have no right to strike outside the central renegotiation of agreement period (Stokke, 2008). In the Nordic systems, labour laws and central collective agreements provide local trade unions the right to consultation and participation regarding a range of workplace issues (Løken and Stokke, 2009; Kjellberg, 1998; Sippola, 2012; Jensen, 2012: Chapter 6). They therefore play a role in local processes of co-decision and negotiation unseen in US and Germany (Sippola, 2012: 53).

Katzenstein (1985), among others, has highlighted that the Nordic labour market regimes enable adjustments during shifting economic circumstances. He stresses that the social partners at various levels, sometimes together with the state, adjust to changing circumstances through flexible, reactive and incremental policies created in coordinated and balanced negotiations (Katzenstein, 1985: Chapter 3). In his view the predictable and continuous on-going relations enhance the degree of trust and institutional flexibility at all levels, and provides a system where preferences are traded off against one another and where the idea of the common good and a culture of compromise prevail over employer or employee interests (Katzenstein, 1985: 33). Management and trade unions have different reasons for engaging in this collaboration. The prime purpose for local employers is productivity and efficiency, possibly providing higher job satisfaction, increasing the likelihood of getting valuable input regarding more efficient ways to organize production, or avoiding trade union resistance by way of red-tape actions, employee work sabotage and the like (Hagen, 2003; Knudsen, 1995; Molstad, 1988; van den Berg et al., 2000). In opposition to the employer, the employees organise and participate to gain some control over the decisions influencing their work life, whether this is working time, pay, work equipment and so on (Knudsen, 1995; Lysgaard, 1961; Jensen, 2012: Chapter 3). In times of falling demand and industry or national crisis, requiring local labour adjustment, the employer and trade union share common interests in finding joint responses against market volatility. While the Nordic labour market policies, supported

by both employer federations and central trade unions, have been based on “creative destruction” of companies unable to compete in the market, the local trade unions would try to avoid or minimize dismissals. The individual employers may have an interest in keeping skilled employees, but the employer may also see such occasions as an opportunity to rearrange the organization by dismissing certain groups of employees, and shift towards other types of employment contracts or technologies. Therefore, accentuating the need for flexibility and cooperation at company level, labour adjustment situations crystalize conflicting interests and trigger mobilization of power resources, exposing the asymmetric power relations between employers and trade unions.

Hence, power and interests are pivotal when discussing labour adjustments, and employer-trade union relations in these situations. While so, power is a contested term, where the definition of power is critical for claims relating to whether some actors or groups of actors do “have power” (Lukes, 1974). According to Lukes (1974), providing one of the most provocative and influential discussions on the concept of power, it can be analysed along three dimensions; 1) as conflicts between two or more actors/groups, 2) as agenda control and the actors ability to add or remove issues from discussions and negotiations, and 3) as power through *hegemony* of the ruling class ideas, such as ideas concerning neo-liberal labour market policies, the need for employee “flexibility” during dismissals, whether companies always have to bring a surplus, etc.

Studying labour adjustment situation (article 2-4), and stressing agency and actor interests within institutional frameworks, the point of departure regarding the understanding of power is within Lukes’ (1974) first dimension, addressed through Dahl’s (1957: 203) definition of power, “A has power over B to the extent that he can get B to do something that he would not otherwise do”⁵. The definition points to a relation (A and B), an intention and a causal effect (Engelstad, 1999: 17). While so, Lukes’ second dimension of power, that is, power or lack of power through the absence of formal negotiation rights (Bachrach and Baratz 1962) is also incorporated in article four, as the Finnish blue collar trade unions’ lack of formal procedural rights during mass dismissals might influence their possibilities of getting the employer to do something he would otherwise not have done. Still, the definition of Dahl focusing on conflicts of interests forms the basis of the discussion also on such issues.

As studied in article 2-4, in spite of common interests in rescuing production and jobs, the employers and trade unions have opposing interest on several issues, at the same time as there is a basic power asymmetry. While the employer can act, the trade unions are often left with reacting to employer initiatives. Still, unions may gain influence by way of shared norms and collective actions, by having monopoly regarding certain work tasks, or by having a strong relative position on the labour market. In cases where there is a shortage of a certain type of workers, threats of exit and hiring difficul-

⁵ Weber and Foucault use similar definitions. In contrast, Lukes does not define power as *A’s ability* to get his interest through, but focus on B, and whether A gets B to do something that is *not in B’s interest*.

ties may strengthen the trade unions' position. Further, the Nordic labour markets are highly institutionalized. Local relations are institutionalized formally, through agreements and control mechanisms (Stokke, 2002; Stokke et al., 2003). In addition, interaction rules established through repetitive interaction between the local parties may contribute to further institutionalization. As such, institutionalisation and norms may be understood both as a power resource, enabling A to make B do something he would otherwise not do (win-lose games and distribute bargaining (see article 3), and as a form of social capital where the parties through repetitive exchanges over time may make compromises which otherwise would not have been made (integrative bargaining see article 3) (Crouch, 1999: Chapter 2; Walton et al., 1994: Chapter 1). Via reciprocal social exchanges, the relations between employers and trade unions may become less asymmetrical.

Dahl's definition requires that A is able to get B to do something he would otherwise not have done. This entails not just actions, but also potential, having the *capacity* to achieve something. With knowledgeable actors within institutional structures, often dependent on each other, power does not need to be actualised to be effective, the threat of open local conflict or bringing local management-trade union conflicts on to the industry level organisations may suffice (Göhler, 2009: 34). Further, knowing each other and the institutional regulations present, overt conflicts may often be less visible. When one of the parties anticipate a negative result over an issue, overt conflicts of interest may be avoided to keep up the appearance of a symmetrical relationship (Friedrich, 1963).

Dahl requires that the results must be intended. This has caused much debate, as power can also be understood as appearing through the *structure* of relations (Lukes third dimension), influencing the perceptions of the actors and making them wanting to behave against their own best interests because of domination or hegemony (Bourdieu, 2001; Lukes, 1974). In my point of view, widening the concept of power to also including preference formation makes the concept too wide and encompassing, blurring the difference between socialization and disciplining. While the third dimension is problematic analytically, such an understanding is further of limited relevance to this particular investigation, as article 2-4 focus on interest conflicts and the mobilization of power resources. While so, the impact of the hegemony or *zeitgeist* concerning mobility and labour adjustments may very well influence the perceptions and expectations of the trade unions when entering into discussions with local management. As trade unions are expected to cooperate with management, such a structural view might suggest that unions tend to accept "bad" deals while still understanding themselves as winners, due to a long lasting disciplining effect within the Nordic corporative, cooperative system. Still, even in the stricter understanding of power chosen here, A may gain power through influencing B's understandings by superior ability to define available options by increasing B's knowledge, or by making B see his knowledge in a new perspective.

3. Research design, data and methods

In this section I elaborate on reasons for and challenges with the methods used in the dissertation. I discuss the choice of method and design, as well as the validity and reliability of the study. Hence, challenges connected with comparative studies and case studies, sampling and representativeness, as well as the possibilities for generalizing from the studies, are discussed. Using both qualitative (article 2-4) and quantitative (article 1) methods, pros and cons related to combining these methods, as well as data and methodological difficulties related to the studies, are discussed.

Research design

Kalleberg (1996: 32-35) claims that any research design consists of four elements which are internally related: 1) research questions, 2) data, 3) concepts or analytical categories, and, 4) answers. Hence, within social science studies, whether quantitative or qualitative, methodological coherence between research questions and the methods applied are essential (Kalleberg, 1996: 40; Morse et al., 2002: 18). Discussing the research design and methods used in the dissertation, the principles for selecting and evaluating the research designs and methods chosen is essential. Historically, validity and reliability have been important concepts when discussing the quality of research, whether quantitative or qualitative. In the 1980s and 1990s a number of qualitative researchers argued that validity and reliability were not the most appropriate concepts when discussing qualitative inquiry, and other parallel concepts such as “trustworthiness” were promoted instead (Altheide and Johnson, 1998; Leininger, 1994; Lincoln and Guba, 1985). In contrast to those claiming that validity and reliability are not appropriate concepts within qualitative research, Morse et al. (2002: 19) argue that validity and reliability are overarching constructs that can be used within all scientific paradigms to verify a study’s robustness and rigour. Further, following Morse et al. (2002), I consider validity and reliability as integral parts of the research process, where validating is the act of investigating, checking, questioning and theorising to ensure rigour, verifying the different elements of the research. Whether in quantitative or qualitative research, rigour should be the goal. At a basic level it is useful to separate between *internal* and *external* validity. Internal validity refers to the “degree to which descriptive or causal inferences from a given set of cases are correct for those cases” (Brady and Collier, 2010: 292). Hence internal validity refer to the data collection process and whether the information is representative, to the con-

cept validity and whether the research measure what it aims to measure, as well as the validity of the inferences drawn from the cases that are studied. External validity refers to the degree to which descriptive or causal inferences for a given set of cases can be generalized to other cases or realms of social life (Brady and Collier, 2010: 288). While validity refers to the inferences that may be drawn within a case, and the generalizability of these inferences, *reliability* is often understood as the stability of an indicator when (hypothetically) replicating the measurement procedure (Brady and Collier, 2010: 303). Thus, the concept focuses on random or systematic measurement errors, caused by typing error, not being able to get the necessary information from the right individuals, or producing systematic measurement errors, for instance if the researchers prejudice influence the questions asked. As such, high reliability is a requisite for high validity (Brady and Collier, 2010: 295).

To secure rigour Morse et al. (2002: 18-19) suggest five verification strategies which should be addressed during the research process. First, the research should aim for methodological congruence between the research question and the components of the methods. Second, the sample must be appropriate, consisting of participants who best represent the research topic, thus ensuring saturation of categories and optimal quality data. Third, collecting and analysing data concurrently provide opportunity for iterative interaction between data and analysis. Fourth, when thinking theoretically ideas may be confirmed in data, while data may provide new ideas, and so forth. Finally, theory development should be done as intended movements between the micro perspective of the data and macro conceptual understandings or theoretical ideas.⁶

In light of these insights, and given the research questions in the dissertation, what will be the appropriate research design? Answering the research questions involves studying complex phenomena with ambiguous causal patterns. While there are some propositions and theories regarding general labour market mobility (see section 2 and article 1), the causal mechanisms related to the relationship between labour market institutions and labour mobility in general, and labour adjustment processes and outcomes in particular, are complex, making it difficult to set out to test general theories and hypotheses without context specific knowledge. In discussions on the philosophy of social science there is usually a reference to the fact that social science deals with human. The natural science does not. Humans are reflexive and capable of change. It follows that social phenomenon, such as the organization of employment in different welfare regimes, may change because of swift social and political processes. This in itself means that the deductive-nomological goal of producing general laws is difficult, as a changing subject of study requires time and space contingent explanations. As researchers we are subject to the process of double hermeneutics (Giddens 1987), meaning that there is a

⁶ In line with the way the research process is outlined in for instance Ragin (1994).

two way interaction between lay and scientific concepts⁷, and further that theory and data are not isolated entities out there to be tested against each other, but social constructs established and interpreted by the researcher or the research community (Ragin, 1994). Therefore, this study is based on contextualized, middle range theoretical perspectives (Boudon, 1991; Merton, 1968; Mjøset, 2009), aiming to create contingent generalizations (George and Bennett, 2005; Mjøset, 2009), adding to the collective knowledge about labour mobility, labour adjustments and downsizings in general, and within the Nordic industrial relations (IR) system in particular.

Combining methods and types of data

The aims and research questions in the dissertation are informed by theoretical notions and ideas that frame the research questions (see section 2). Various theories and perspectives are therefore used to understand and explain whether and how institutions and cooperative relations influence labour mobility and labour adjustments. The overall aim of the study was to investigate to greater detail the influence of institutions on mobility processes in the Nordic countries and in industries within all or some of the Nordic countries. In doing this, both qualitative and quantitative methods were applied, and the dissertation is based on several data sources:

- 1) Relevant statistics of the economic development/crisis, the employment situation, production and income in the Nordic countries and in various industries, were studied for the years 2000-2006 (article 1) and the years 2005-2012 (article 2-4).
- 2) Documents, such as laws and collective agreements at national and industry level were also studied within this time period. Further, it was necessary to know the rules, regulations and benefit levels regarding unemployment benefits, temporary lay-off schemes and public early retirement schemes, to understand how such differences could influence the processes and outcomes in question.

In addition to the data collected for the entire study, the different articles in the study use different types of data and methodologies. In article 1 a quantitative, comparative dataset was the basis for the analysis, while qualitative interviews and a case study approach was used in the other three articles. Combining qualitative and quantitative methods is sometimes referred to as “triangulation” where several studies with different types of data are combined to determine a single point of “truth”. Triangulation requires both a shared epistemological framework in mixed methods and a research design that coordinates the different methods to address the same question. An alternative approach used

⁷ An example of this is the concept of “class” have in many countries worked itself into the language, becoming part of the political discussion on wealth and (in)equality.

here, is to combine methods to provide alternative perspectives, as different types of empirical data and different kinds of methods may produce different kinds of “truths” (Tashakkori and Teddlie, 1998). Quantitative and qualitative data are used separately within different articles, but together the studies work as “building blocks”, able to specify different aspects and parts of the research questions raised. As such, aiming at an iterative design with an interaction between theoretical perspectives and empirical impressions (Ragin, 1994) throughout the project, the results within one part of the project influenced the focus of the others. Discussing whether national differences in labour market and welfare institutions influence mobility patterns I first of all used a quantitative approach, investigating by way of the labour force surveys (LFS) in the four Nordic countries whether the transitional patterns between unemployment, temporary and permanent employment follow expectations based on various theories regarding the employment protection legislation, as well as other relevant institutions (research question 1). The results in the study do not follow these expectations (see article 1). As mentioned in section 2, the Nordic corporative systems, with collective agreements on industry level and management-trade union cooperation at company level may “adjust” the effects of the OECD stringency measure, making strictly regulated countries less strict and flexible countries less flexible. Further, while the LFS cover the entire labour market, and provide the possibility of controlling for a range of factors that might influence these transitional patterns, they provide no information regarding the reason for the individuals’ change of labour market status. Hence, there is no way of knowing whether these transitions were based on individual choice, on individual dismissal processes in the particular company or downsizing or closure in a given company. Therefore, combining the broad quantitative study with case studies of companies in labour adjustment situations provided an opportunity to grasp how employment protection regulation actually works in certain specific situations.

The research questions presented focus on the significance of national labour market institutions on mobility and labour adjustment. Case studies - “a detailed examination of an aspect of an historical episode to develop or test historical explanations that may be generalizable to other events” (George and Bennett, 2005: 5) - are especially suitable to deal with complex processes. While understanding mobility patterns and labour adjustment processes and outcomes within the Nordic countries may be answered by one study of one country, for instance Norway, the explanations of how this is related to institutions nationally or within industries are more robust and elaborate when comparing a case (a country, industry or company) with other countries, industries or companies sharing similarities on some areas of social life and differences on other (for instance the strictness of employment protection legislation) (Hyman, 2001: 210). Further, by choosing a limited number of case countries and industries it was possible to be context specific and sensitive to the national and industry contexts of which the institutions are embedded. The comparative case studies within and between countries are used to define and develop further the explanations that are used on employment protection and

labour adjustment processes, and when deviant, to develop new concepts, point to new variables or causal mechanisms that can have significance for more than a few cases.

Case selection and external validity: Choice of countries and sectors for comparison

All comparative analysis involves to some degree comparing apples and oranges, as both rules and actors will change in time and space. Since the shape of the institutions and their rule set, the interpretation of them, and the relations between the actors subject to them varies in such ways, contextual comparisons is in my view necessary (Locke and Thelen, 1995; Hyman, 2001: 219). When choosing countries or sectors for comparison Lijphart (1971: 687) recommends that one looks for countries that are similar in a large number of important characteristics (variables), but dissimilar as far as those variables are concerned which one wants to relate to each other. The Nordic countries have strong similarities when it comes to political, economic and cultural characteristics. Such a strategy of most similar nations (Ragin 1987: 48) means that factors that are similar or common cannot be used as explanation for differences in outcome. Focus on similarities in case selection builds on Mill's method of difference, where there should be variation in the dependent variable, and where similar values on the independent variables between cases will eliminate them as potential causes of the variation in outcome (George and Bennett, 2005: 152-160). While this method reduces the differences between country and sector cases, Mill's methods are difficult to use in a strict causal inference approach when there are complex causal structures, interaction effects and equifinality. In case of equifinality a theory might explain a given process and an outcome in some cases, but not in others, hence the fact that a theory does not explain some cases does not mean the theory is weakened. Another similar objection of a simple use of Mill's method is the possibility of functional equivalents (Ragin, 1987: 48), where different labour market institutions, different forms of trade union organization etc. may play the same functional role within the structure of labour organization, labour adjustment and mobility in the Nordic countries. The challenges brought forward by these kinds of complex causal structures require a limited and context specific case selection with a holistic approach, while it bodes caution regarding the causal inference one should draw from these studies.

Selecting case countries

Reasons for studying the Nordic countries are provided in the introduction and the analytical framework. In addition to those arguments, and the methodological standpoint of comparing "similar" cases, the case selections was also somewhat inspired by Katzenstein (1985), who found that the combination of welfare state institutions and corporative relations enabled legitimate, swift and flexible changes during crisis within small states. These findings inspired an interest in understanding whether this was the

case during crisis decades later. While so, the original analysis by Katzenstein was to a high degree driven by two core cases, Austria and Switzerland. Switzerland was not a good example of a core corporatist state (Hicks, 1988; Siaroff, 1999), and the theory was therefore partially driven by marginal cases. Further, Katzenstein (1985) did not study Finland. It was the only small state with a democratic corporatists status not studied, and it should have been included in the study (Hicks, 1988: 137-139; Siaroff, 1999). While this study is in no way a replication of Katzensteins study, Finland provides greater variation regarding institutional traits when comparing labour mobility and labour adjustment within a Nordic context. The actual and relevant similarities and differences between the Nordic countries and sectors/industries studied are described in detail in the articles, but the selection of the Nordic countries where based on a most similar approach combined with maximum variation (Flyvbjerg, 2006: 230) regarding the employment protection regulation and the presence and structure of the temporary lay-off arrangements.

Selecting case companies

A goal in case selection is to maximize their utility by selecting on the basis of their information content rather than a random or stratified selection criteria (Flyvbjerg, 2006: 230). According to Flyvbjerg (2006: 230) a strategy of selecting *critical cases* is used to “achieve information that permits logical deductions of the type, “If this is (not) valid for this case, then it applies to all (no) cases”. When selecting industries a critical case approach was used, with manufacturing as the critical case. In discussions about the flexibility and adaptability of the Nordic models, and the role of the labour market parties in this system, the manufacturing industry has a central role. This is the industry with the strongest trade unions, with high union density and the most elaborate employer-trade union partnership. Therefore, anticipating strong long-term reciprocal and cooperative relations, manufacturing could potentially provide important insight into how the impact of institutional regulations and measures are affected by such relations. Further, as described in article 3 and 4, manufacturing were contrasted with one blue and one white collar dominated industry, with differences in IR, production contingencies, organization of numerical flexibility etc., providing input of the significance of such issues in relation to the critical case industry and the significance of industry/sector differences within national borders.

Selecting companies while trying to achieve high internal and external validity, we chose to study companies which had faced a substantial demand or income reduction, that had been through a substantial labour adjustment process, and that had a substantial number of employees (in a Nordic context), providing knowledge about the distributional issues involved in such processes. While the particular selection criteria are discussed in article 2-4, the companies were selected with the goal of variation in mind. In the Norwegian manufacturing industry we chose to use six cases instead of three, providing

a possibility to select companies with a *maximum variation* strategy. In such cases the cases are selected to obtain information about the significance of different circumstances for the process and outcome (Flyvbjerg, 2006: 230). The selection is then based on that the cases are very different on one or a few dimensions, such as skills or organisation of production. We selected one company which did not export its products, while being badly hit by the demand crisis, trying to understand the significance of such issues. Further, we selected companies with variation in its products, with some companies producing small-batch, quick just-in-time products, while two companies manufactured products more in the line of long-term projects. As such, the effect of demand shifts on the labour adjustment process and outcome could vary on these grounds. In construction we selected companies from two different regions in the country, facing different labour markets, while in the newspaper industry we chose one large newspaper in the capital, one main regional newspaper, and one smaller local newspaper, thus getting information about the significance of labour market differences, and the size of the companies within the corporate media structures.

External validity and the possibility of generalising from case studies

This study is context specific, aiming for contingent generalizations. Those setting up the philosophies of the natural sciences as the ideal for social science research⁸ often claim that case studies are unscientific and impossible to generalise from. A common response (Flyvbjerg, 2006; George and Bennett, 2005; Gobo, 2007) from those adhering to a contextualistic methodological tradition (Mjøset, 2009) and using case studies, is to assert that it is possible to generalise from a case to a “broader class”, to cases within comparable contexts regarding the key dimensions of the study (Hyman, 2001: 209). Thus, the strategy for generalising from such studies is to generalise within specific contexts, here labour mobility processes and outcomes within countries with cooperative two-tiered industrial relation traditions more generally (article 1), and labour adjustment processes as a particular subcase in particular (article 2-4). While results may be generalized to countries sharing such traits, it is important not to confuse the representativeness of the case with the *representativeness of its characteristics* (Gobo, 2007: 422). Dealing with complex processes, the qualitative case studies at company level compares not just companies, but *structures, processes and experiences*. Therefore, generalising concerns the general structure of relations rather than the single social practices. Through case studies it is possible to generalise the main structural aspects that can be noticed in other cases or events of the same type or class (Gobo, 2007: 423). In the same manner, Hyman (2001) argues that to understand cases as classifications may clarify how one can generalize from case studies of one or a few countries to other countries.

⁸ See Mjøset (2009) and his discussion on the standard attitude within social science.

By using a “building block” approach, each study (article) contributes to the cumulative refinement of the existing contingent generalizations, on the conditions under which particular causal paths occur. The studies may therefore fill out types or cells in more comprehensive theory. The studies thus provide more knowledge about the interdependence between permanent and temporary employment regulation, the way bundles of institutions and regulations influence labour adjustments choices and outcomes, as well as the cooperative relations and power dynamics during such instances. While providing more or new knowledge on types of labour mobility, the case studies in the dissertation can also be generalised in the form of developing theory, providing knowledge of social mechanisms. For instance, all the articles stress the significance of collective agreement for national variation in mobility patterns. Further, developing a theory explaining gradual institutional change Mahoney and Thelen (2010) stress how opposing parties may influence institutional change (variation). Article 2-4 provides the opportunity to discussing how long-term cooperative relations may influence the use of exchange power, and how this long-term relationship and exchange power influences the compromises made.

Doing the studies – methods, data and ethics

Quantitative study

In the first research question in this dissertation I ask whether national differences in labour market and welfare institutions influence mobility patterns, and if so, how? Addressing this question, article 1 compares labour market mobility and studies whether differences in employment protection legislation may be reflected in transitional patterns into and out of temporary and permanent employment contracts. The LFS for the years 2000-2006 were the basis for the dataset used in article one. These surveys are standardized, national surveys with high quality, high response rate and with a panel structure. It is therefore possible to merge these national surveys into one comparative, Nordic dataset. As a participant in a previous Nordic comparative project (Berglund et al., 2010) I was lucky to be able to use the dataset merged and produced there to my benefit. As pointed out in the article, comparative studies of this kind are rare. This has several reasons: first, the datasets available is often not comparable across borders, second, it is often difficult to get permission from the national research authorities to merge such dataset, and move the individual micro data out of the country of origin. In this case we were allowed to move the data out of the country in Finland, Norway and Sweden, but not in Denmark, hence the dataset was placed in Statistics Denmark.

LSF gathers data about labour market status, social status, employment contract, industry, working time and more once a quarter for eight quarters (two year panel). The

size of the survey is large, providing the possibility to study unemployed individuals. While most important information about the study is presented in the article, more information about the construction of the panel and how small country differences in the panel structure was solved, is available in Berglund et al. (2010: Chapter 4). While the panel structure of the LFS provided a possibility to compare mobility patterns within a twelve month period, there are two other data sources that potentially could have been used to study the transition patterns studied in article 1. The first is a survey with retrospective questions, asking about job shifts. While such a study would be difficult to finance in all the Nordic countries, it have been proven to provide to low estimates on mobility, as people do not necessarily remember job shifts correctly (Solga, 2001). Further, the time frame is often incorrect, as the respondents do not necessarily remember when they made labour market transitions during the last year. Another source of information, highly valued in quantitative analysis these days, are data from different sorts of administrative registers. The problem with such information is that they are not made for research, but for administrative purposes. Thus, the administrative purposes tend to differ between countries, making comparative studies difficult.

Studying labour market transitions, and whether variations in employment protection legislation influence the transitional patterns into, in, and out of the labour market, one major challenge was that I did not have information about type of temporary contracts, whether the temporary contracts was for seasonal or project work, a probationary contract etc., and the reasons for the individuals' change of labour market status, and why they took a temporary rather than a permanent job. Therefore, while the quality of temporary jobs in general is inferior, some of those who do take such employment prefer it, because they do not want the long-time commitment, the temporary job may be a carrier opportunity etc. If for some reasons these types of individual preferences differ between the Nordic countries, I was unable to control for it in the article. Not being able to control for such differences is a problem if these reasons differ between the Nordic countries, and if this reason is not caused by the difference in EPL that I look at. As such, not being able to control for the effect of EPL is a problem riding these kinds of analysis. A design that would allow a higher level of control would be to study the impact of these rules prior to, and after a shift in the rules regulating temporary contracts. Then the effect of other institutions would be easier to rule out. Still, a study by Storrie (2003) from Sweden during rule shifts found that the increase in the level of temporary jobs could not be attributed to rule changes alone, pointing to the fact that even when using such research designs, studying institutions and its impacts on labour market transitions is fraught with difficulties.

Company level case studies

Article two, three and four are based on a total of 24 company level case studies, 12 of these in Norway. Because of language barrier, travel distances and the amount of time

and resources required to conduct a huge amount of company level case studies, the project was based on a Nordic, joint effort. While I, together with colleagues at Fafo, executed the case studies in Norway, colleagues at the University in Aalborg in Denmark, University of Tampere in Finland, and University of Gothenburg in Sweden executed the case studies in these countries. To secure the internal validity, the research group discussed and agreed on the main aims and research questions to be covered by the interviews, and which agreements, other documents and statistics who should be collected while visiting the companies. We further discussed and agreed on the criteria for selecting comparable companies across borders.

Interviews

To find companies fitting the research design we (Norway) contacted central trade unions, and performed interviews with central trade union officials for the main employee groups in construction, manufacturing and media. Further, the restructure events database (EMCC, 2009) was used, as well as media and other knowledge about the crisis at company level. After making a list of potential case companies, we contacted them. As these companies were companies in crisis, not all were ready to use their time and resources on a research project. After some time and effort we were able to get access to companies filling our requirements.

The aim of the interviews was to get comparable information about processes and choices (“truth seeking”), more than subjective meanings, identity issues etc. (Cho and Trent, 2006: 326). Because of the need for comparable information a somewhat structured interview design was needed to ensure internal validity. A problem with a too structured interview design is that it may prevent the subject from giving relevant information. To be able to compare the cases while getting relevant information from each case, “semi-structured” interviews were applied (Rubin and Rubin, 1995: 5) with some main goals and issues that were covered while providing space for each informants own perspectives; we introduced the themes, and guided the conversations while letting the interview subjects tell their story their way. Through interviews with management and trade union representatives we aimed at illuminating the kind of workforce adjustments that were undertaken to handle the crisis, and to what extent alternatives to dismissals – such as voluntary exit, reduced working hours, lower wages, temporary lay-offs, re-training and entry into active labour market policy schemes – were considered and applied. We also wanted to know to what extent employees and trade unions were involved in carving out strategies, and whether they were willing to involve in trade-offs between earned rights and job security. Were the trade unions prepared to accept substantial restructuring, including dismissals for some, to secure jobs for others? Further, were the interests of vulnerable employees of priority when the local parties negotiated on dismissal selection, and did well-established routines and labour relations related to vulnerable groups such as disabled, immigrants, elderly etc. make a difference in companies’ han-

ding of such workforce adjustments? Finally, we wanted to understand the impact measures offered by the local social and labour market administration had on the approaches chosen by the companies.

Data were collected through interviews with representatives of plant/site management (HR-director and/or the leader of production/division) and of the main blue- and white-collar trade unions previously involved in the process. We interviewed 41 individuals in relation to the 12 Norwegian cases, and a total of 91 interviews in all cases. When needed, we contacted the informants for additional information, clarifying and further improving the data quality. While we were able to conduct most of the interviews we wanted, there were a few cases where those with most knowledge about the labour adjustments from the one of the trade unions had quit the company, or resigned as shop steward. In those cases several other trade union representatives involved, or both (new and “old”) shop stewards attended the interview to provide the information needed. A potential pitfall during the interviews was that informants made efforts of self-representation and retrospective sense-making in the face of the researchers. To avoid such problems, interviewing several, knowledgeable informants representing different perspectives is a possibility (Eisenhardt and Graebner, 2007: 28). Hence, by not only interviewing the union representatives, as done in for example Dekocker et al. (2011), we could compare the interviews against each other, improving data quality. In addition to discuss the interview guide within the whole research group in advance, securing reliability and internal validity in the country comparisons, most Norwegian interviews were done by two researchers, in an effort to increase reliability by avoiding subjective biases and misunderstanding. This also allowed the researchers to discuss the interpretations of the interviews conducted. Further, one important way to ensure data quality in such truth seeking exercises is to use “member checking”, where those explored have the possibility of replying on the researchers data and interpretations (Cho and Trent, 2006: 322; Lincoln and Guba, 1985: 314). To increase the validity all the interviews in Denmark, Norway and Sweden were summarized and emailed to the interviewees for comments and clarifications. In several cases we got clarifications and additions in return, increasing the data quality.

Interview data is not a given entity out there, but is produced through the encounter between informant and researcher. While this may influence the internal validity of the data, there is also a tight relationship between the data provided by the informants and the concepts used by the researchers when constructing research questions, producing interview guides and analysing the information gathered. Therefore, an iterative design open for new insights, questions and concepts were needed and applied. A further challenge within social science is to provide high construct or conceptual validity. Doing in-depth interviews, we discussed what and how things were actually done, thus capturing what the actors meant when claiming to influence processes etc. This enabled capturing the different actors’ influence and power on various processes and choices. But, those stories had to be compared with other stories about labour adjustment in other

companies and contexts, thus we faced the fact that the “same” type of influence may be expressed in different terms, with different focus on what was achieved, and how. As such, even though qualitative measures provide the opportunity of developing grounded concepts and theories (Glaser and Strauss, 1967; Mjøset, 2009), analyzing and interpreting data concepts and categories means interpreting concrete experiences into more general analytical categories.

To enable comparative analysis the interviews from the different national teams were compressed into case descriptions, describing the economic difficulties the companies were in, the industrial relations at company level, the labour adjustment choices made in each case, and the reasons for these, as well conflicts and distributional issues. After distributing these descriptions, the research teams met to further discuss the cases, increasing the validity of the case studies. While the descriptions were part of the requirements from the research authorities (see Anonymity in a comparative qualitative research project below), we kept in touch and could provide additional data about certain unions, measures or conflicts if needed.

Interview data were supplemented by company level data, such as annual reports, business data, management-trade union agreements, and so on, made available to us. In addition to gathering company level data, we gathered data on country and sector level about the development in employment, wage, production etc., enabling us to compare the size of the crisis in one country or industry relative to the other. To have as comparable figures as possible, we used Eurostat if possible, since they try to use comparable figures. Otherwise we used the national statistical agencies (Statistics Norway, Sweden, Denmark and Finland), which ordinarily use the same definitions and rather equal designs when collecting most of their data, such as LFS. Qualitative research and case studies are sometimes accused of making room for the researchers’ subjective opinions, reducing the quality of the research (Flyvbjerg, 2006). In addition to conducting interviews, the collaborating researchers also contributed in gathering information regarding relevant industry and national level laws and collective agreements, and while the research collaboration in the project was partly based on necessity, this further ensured better interpretations, and knowledge regarding rules and regulations when doing the case analysis. Both this, and the common work on the case descriptions, should reduce the possibilities of such validity problems.

Doing the data analysis (article 2-4), there was a continuous iterative movement between questions, data, concepts and possible answers, where I first analysed each case and its internal dynamics, before the case was compared with the other cases within the industry (and country). After analysing similarities and differences the cases were compared with other countries and or industries, trying to grasp what and how these processes and outcomes were influenced by the factors outlined in figure 1. One of the main difficulties in the analysis was to grasp the way cooperation and company level flexibility were embedded in institutionalized power, and the way power capacity built into these structures influence actor perceptions and actions. Investigating institutionalised

structures such as these were demanding, as the asymmetrical relations are institutionalized in structures regulating the way to relate, the respective parties' rights and the resolution of conflicts. Thus, when institutionalized and repeated, power becomes taken for granted and works through the actor's sometimes unconscious knowledge of their opponent's capacity for power. In long-term relationships both parties may avoid outspoken conflicts on issues where one party is bound to win, saving embarrassment and performing face work (see article 2 and Goffman, 1959). Comparing countries and sectors/industries where such institutionalized power was missing (the newspapers, the Finnish manufacturing company without an organized employer) provided perfect contrasting cases where the significance of such issues was more apparent.

Ethical issues - voluntary participation and informed consent in case studies

Doing qualitative case studies, informed consent by the participants is of utmost importance. Still, achieving 'informed' 'consent' is demanding in real life. To gain access to the companies I contacted the plant manager, general manager, personnel manager etc., and the main representatives of the largest trade unions. Using a contact letter, the informants were informed of the study's topic, what types of companies that would participate, and that I wanted to interview employer and trade union representatives. I was dependent on the employer for specific names, and access to the informants during their working hours. In many cases, management, in consultation with the largest union, decided whether the company would participate in the project. As an outside researcher it was difficult for me to know whether some of those participating from the employer did so because they were ordered from their superiors, or whether some of the smaller trade unions participated to create or maintain good relations with management. To access the companies this way could therefore be problematic. However, it is difficult to see how it could have been done differently. Using middlemen to recruit informants was impossible as I needed to interview specific persons with knowledge about a specific situation. In addition to providing an information letter in advance to those participating, if possible, I informed orally about the study and the interviewees rights when in the beginning of the interview. In some cases it was clear that the respondents were unsure about the purpose of the interview, and whether the information would reach other actors in the company or not. One interpretation is that these participated mainly because they had been instructed to do so by the HR Director or other supervisors. At the same time, this could also be an expression of the fact that the relationship between researcher and informant, even when the participant is a plant manager, often are characterized by asymmetry and power, with the researcher in a superior position. Knowing whether the informant participated voluntarily and whether the participant actually provided informed consent could be demanding as it was not always clear in advance which topics that could be sensitive or difficult for the interviewee. However, the informants were informed that they could withdraw from the project at any time, which hopefully reduced the importance of these

issues. During the interviews some of the interviewees pointed to information that needed to be treated with extra cautiousness, which at least gave the impression that they understood what they were participating in. Through feedback on the transcript or summary from the interview the informants in some cases also reported that they had provided me with information that had to be treated with sensitivity, as they had been more candid during the interview than they had planned to be.

Anonymity in a comparative qualitative research project

To get approval by the Norwegian social science data services (NSD), approving all social science research in Norway, the interviews had to be promised anonymity as far as possible. However, this research project, being truly comparative, had some challenges that made it more complicated to anonymise the interviewees than in many other research projects. I had to anonymise large companies that had made relatively large labour adjustment processes in response to the financial crisis within manufacturing, construction and newspapers. Anonymity is often implemented in the process of publishing, in my case in the form of articles. Any information unessential for the analysis can be removed; names can be changed, industry association may be less specific. To analyse the data, I and the researchers who conducted the company studies in the other Nordic countries, needed to compare the companies using relatively thick and dense descriptions of them. From these analyses, we subtracted interesting differences and similarities, investigating how differences in opportunities to use various adjustment means influence labour adjustment both procedurally and substantially. The way the NSD, and similar agencies in the other Nordic countries interpreted their rules, the interview subjects' anonymity should be absolute, requiring that the persons being interviewed (and indirectly therefore the companies) should be made anonymous before our research colleagues in the other Nordic countries gained access to internal descriptions of companies and their actions. How far can and should anonymity be stretched between researchers in a qualitative research process? Alver and Øyen (1997: 120) point out that one should beware of transforming the factors and conditions which is believed to be important for the interpretation of the material and the understanding of the individual's attitudes and actions just for the sake of anonymity. To anonymise the data so thoroughly that companies and individuals cannot even be recognized indirectly (through adding the different conditions) would undermine the possibilities for good analysis considerably. On the other hand, there was no reason to write out in full which companies we were referring to. In a study of this kind complete anonymity also in the research process is difficult to implement in practice. We have used anonymous "case descriptions" by removing names and ownership information, but anonymity could not be implemented in such a way that the interview subjects could not be identified indirectly. If any of my colleagues applied information from the case description in a search on the Internet or knew the Norwegian labour market and Norwegian companies well, it would be possible for

them to indirectly infer which companies I described, and thereby also the managers and trade union officials interviewed.

4. Abstract of the articles

The dissertation is based on four articles; two of which are made in collaboration with other researchers. In article 2 I have written the article in collaboration with the research teams doing the case studies in their respective countries. As lead author I was responsible for 50% of the work, while Jon Erik Dølvik was responsible for 10%. The other national teams were responsible for the rest, and have written parts of the text and contributed to the analyses and interpretation of their cases, as well as in reviewing drafts written by me.

Article 4 is written in collaboration with Heidi Kervinen. I was the lead author and responsible for 70% of the work effort. I took the primary responsibility for the analytical framework and theories used, while the description and analytical discussion was a joint effort. Kervinen was a visiting scholar at Fafo during the winter of 2012, which enabled tight cooperation in developing the study.

Article 1

Svalund J. (2013) Labour market institutions, mobility and dualization in the Nordic countries. *Nordic Journal of working life studies* 3: 123-144.

Comparing Denmark, Finland, Norway and Sweden, the article examines the relationship between labour market mobility and different combinations of permanent and temporary employment protection legislation strictness levels, and whether such differences are reflected in patterns of labour market transitions. While neo-classical economic theories suggest that lax regulation of employment protection legislation will lead to high mobility and limited labour market segmentation, several countries have quite strict regulation of these issues to provide income and job security for employees. Some claim that providing employment protection creates rigidities and inflexibilities in the labour market, reducing the labour market flow and producing labour market segmentation. A proposed solution is to relax the regulation of temporary employment contracts, maintaining security for permanent employees while employers can hire temporary employees to enhance their flexibility (partial deregulation). Advocates of this combination claim that it provides an alternative path into full labour market integration, allowing unemployed individuals to move from unemployment via a temporary contract to further

labour market integration in the form of a permanent job. Opponents claim it will lead to a type-of-contract segmentation in the labour market.

According to the OECD-index measuring national employment protection legislation levels Denmark's legislation was liberal on both temporary and permanent contracts, while Norway had strict regulation of temporary employment and quite strict regulations of permanent contracts. In contrast, Sweden had a rather slack regulation of temporary employment and the strictest regulation of permanent contracts, while Finland was placed somewhat in between, near the OECD mean. Using LFS data, and analysing labour market transitions from one year (t) to the next ($t+1$), the article investigates the likelihood that unemployed individuals at point t enter the labour market in the four countries via a permanent or a temporary contract at point $t+1$ during the period 2000-2006. Further, the article also compares the probability that those holding a temporary contract at t are employed rather than unemployed at $t+1$, and the probability that they hold a permanent rather than a temporary contract at $t+1$.

The article shows that unemployed individuals to a much higher extent enter the labour market through temporary contracts in Sweden and Finland, compared with Denmark and Norway. The results indicate that strict employment protection regulations enable unemployed more often to enter into the labour market through safe, permanent employment contracts. The proponents of lax regulation of temporary contracts claim that temporary contracts have a redeeming effect in providing a bridge into the labour market. This claim is not supported by the results here, as temporary employees are becoming unemployed to a higher degree in Sweden and Finland than in Norway, and as the transition rates from temporary to permanent employment contracts are lowest in Finland and Sweden.

What can explain these results? It could be that partial deregulation seen in Finland and Sweden have bred the ground for an insider–outsider labour market, where employers to a higher degree find it suitable to organize their numerical flexibility through a secondary group of temporary employees. The results thus lend some support to those opposing partial deregulation. In Norway, the strength of the EPL may have produced a situation where temporary contracts to a greater extent function as a screening device, leading to higher levels of transitions into permanent employment.

Article 2

Svalund, J, Casinowski, G. B., Dølvik, J. E., Håkansson, K., Jarvensivu, A., Kervinen, H., Møberg, R. J., Piirainen, T. (2013) 'Stress testing the Nordic models: Manufacturing labour adjustments during crisis'. *European Journal of industrial relations*, 19 (3): forthcoming.

In this article the responses to the crisis of mid-2008 by the actors in the most trade exposed sector of the Nordic economies, manufacturing, is studied. The Nordic labour markets show significant differences concerning temporary lay-off institutions and work-sharing schemes, dismissal regulation, early retirement, tripartite cooperation, access to company specific training schemes, and in traditions for local codetermination. Such differences can be expected to affect the pattern of cooperation, power relations and adjustment at company level. Further, these institutions rest on compromises that may be subject to change, especially during economic shifts, either by tripartite or bipartite central negotiations, or through local negotiations and bottom-up pressure.

Three interrelated questions related to the significance of such national variations were raised. First, how were labour voice, cooperative relations, and the extent of negotiations over labour adjustments at plant level influenced by differences in rules regarding participation? Second, how did variations regarding regulations of dismissals, early exit options, seniority, income security and temporary lay-off schemes influence such negotiations? Third, did variations in regulations, available labour adjustments means and cooperative efforts have distributive consequences at plant level?

Studying these questions by way of 15 plant level case studies, the article reveals several interesting findings: Swedish trade unions, and to considerable extent also the Norwegian, were markedly more involved and influential in decision-making regarding labour adjustments than were the Finnish and Danish.

National differences in regulation of dismissal selection criteria, and in the availability of short-term work (temporary lay-offs) schemes, provided variations in the need for cooperative solutions, and in the actors' control over issues of interest to their opposing social partner. The lower level of trade union involvement in Denmark and Finland reflected that the employers there enjoyed greater discretion and flexibility in dismissal selection than in Norway and Sweden, where the strict seniority criteria implied that employer decisions were reliant on trade union consent, granting the trade unions a stronger say. In Sweden, the absence of a temporary lay-off scheme also posed greater pressure on the actors to negotiate mutually acceptable (win-win) alternative solutions.

Further, the company actors made their adjustments in articulated interaction with central level actors and institutions, and the most striking variation was in the extent of strategic renewal and institutional innovation. The negotiation of local and central agreements regarding temporary cuts in working hours and pay in Swedish companies was the first instance of collective bargaining in modern history where the trade union of Swedish metalworkers ceded acquired rights and indirectly accepted cuts in pay, making a significant departure from the traditional emphasis on external flexibility as means of adjustment. The trade unions achieved a more even distribution of burdens among the retained workers, and as such an integrative solution. While companies in all countries emphasised the importance of retaining company specific skills, the Swedish move towards more emphasis on internal working time flexibility resembles the German tradition of local employment pacts.

Finally, the article found largely comparable results in terms of social outcomes. Still, temporary lay-offs were more easily accessible and more used in Finland and Norway, compared to the other countries. In all cases across countries the actors were sure that the alternative would be dismissals, thus jobs were saved. Further, while seniority moved out the youngest to a higher degree in Norway and Sweden, the higher employer influence in Denmark and Finland seemed to create more differences in dismissals outcomes. As “the least productive” tended to be dismissed in Denmark and Finland, these employees could come from all age groups, including moving elderly employees, holding more narrow skills, out of the companies. The retirement system in these two countries seemed to smooth conflicts in case of such choices.

Article 3

Svalund, J. (2013), ‘Adjusting labour through crisis: A three industry comparison’. The article is revised and resubmitted to *Economic and industrial democracy*.

This article asks how local trade union priorities and the cooperative relations between management and trade union interplay with differences related to product markets, production contingencies and occupational structure, as well as norms of cooperation and adjustments, in generating structures and resources that management and trade unions exploit during labour adjustment processes.

The study compares actors, processes and dynamics of labour adjustments between industries within a single country, – Norway – , and develop more fine-tuned explanations of why and how such processes vary within the cooperative Norwegian system. In doing so, the article compares 12 case studies of companies conducted within three strategically selected industries, which are highly trade unionized among its core employees, and experienced a substantial downswing due to the financial crisis of mid-2008. The ways of adapting in manufacturing are compared with construction - an industry with long-term projects, and fragmented and dispersed product organisation - and newspapers, producing intangible products with highly skilled white collar employees.

This study shows that the influence of local trade unions in adjustment processes depends on market conditions, production contingencies, work organisation and their occupational trade union strength and control. As these structures vary strongly among these industries, so did trade union power. While production contingencies and the way the crisis hit the companies influenced the choice of measures in specific ways, leaving most room for agency and trade union power in the newspapers, and least in construction, it also influenced the cooperation between management and trade unions, and the power resources of trade unions during these processes. Management and trade unions in the manufacturing companies making products that were not large and time demanding

had to cooperate to create possibilities otherwise not possible, agreeing on work time cuts, saving jobs and skills which benefited both parties. There was less room for distributive win-lose power games compared to the newspapers, as the manufacturing plants had much less economic resources available. In construction, the blue collar trade unions had even fewer resources to rely on. Facing competition from subvendors and agency workers, the main blue collar occupational group had no closure on their work tasks. The trade union could not, compared to the journalist trade unions in particular, rely on their members' indispensability in the production process. In newspapers, the need for reorganization of production and work organization, and saving through work-time cuts, put the trade unions in a more central negotiation position than in manufacturing and construction.

Further, employers may sometimes want to avoid dismissal by way of seniority, providing trade unions with exchange power. In *manufacturing*, seniority and skills were usually correlated, making dismissals by way of seniority the preferred choice by both parties. In *construction*, the correlation between seniority and skills was weaker, and management wanted to keep the best workers regardless of tenure. Since the social contract between trade unions and the employers was not as strong as in the other two industries, the employers pushed hard for their interpretation of the seniority rules. Contrary to construction, the trade unions in the *newspapers* gained power through the dismissal regulations, knowing that the employer wanted to avoid dismissals by seniority.

The comparison shows that trade union power is firmly anchored in the social contract between management and trade union at company level, which is reliant on the way production and the organisation of work influence the need for cooperation. The trade unions, when possible, based their power on skills, cooperation and reciprocal exchanges over time. The depth of the day-to-day cooperation between trade unions and employers was more important for trade union power during labour adjustments than trade union strength by numbers. Employers in manufacturing and newspapers had invested in building cooperative relations with the trade unions for years, and wanted these to continue, while there were less cooperative traditions to rely on and uphold in construction. The less reciprocal relationship with the employers in construction reduced their bargaining power through the social contract.

Finally, institutional pressure based on different industry norms clearly mattered, especially regarding choice of measures. As both parties in the newspapers found it natural to build on former labour adjustment experiences, severance pay and early retirement were standard operating procedures within the industry. This also bolstered trade union bargaining power, as the employers then needed to justify why they sometimes did not want to use measures expected within the industry. In the newspapers, breaking with industry norms of providing relatively generous severance pay and early retirement packages would influence the social contract between management and trade unions, as well as the possibilities of attracting attractive employees in the future. In construction and manufacturing, the trade unions did not expect any such measures, and rejecting it

did not impact the social contract or the companies' competitiveness in the labour market.

Article 4

Svalund, J. og H. Kervinen (2013) Trade union power during labour adjustments – comparison of company level cases. *Transfer: European Review of Labour and Research* 19. Accepted for publication in 4/2013.

This article compares local trade union power during labour adjustments in two industries in Finland and Norway. Labour laws and central collective agreements provide local trade unions the right to consultation and participation regarding a range of workplace issues in both countries, while they also have a role in collective bargaining. Still, the employer has the final say regarding labour adjustments. Within national regulatory systems, industry differences have been shown to influence the impact of regulations on management-trade union power relations. The article compares local trade unions in construction and manufacturing, asking how they influence and exert power over adjustment choices and the distribution of burdens in labour adjustment processes.

The article compared 15 case studies in two highly unionized, blue collar dominated industries, being severely hit by the crisis in 2008 and exhibiting clear differences in work organization: While big construction companies base their production on a number of large one-of-a-kind projects, manufacturing plants usually mass produce by way of just-in-time (JIT) organization. While collective identities and proximity are important prerequisites for collective action among blue collar workers in manufacturing, the workers in construction are spread in space and comprise different occupational groups in a mix of in-house employees, agency workers and subvendors.

The article found many similarities in union actions and power across countries and industries, related to the cooperative Nordic system. Both trade unions and employers complied with the common rules of the Nordic industrial relations system; relating to common facts, being cooperative and constructive. Mounting fierce struggles were not an option; it provided limited basis for union influence since power resources were positioned within the regulated cooperative system of rights and obligations, not outside it. The organized system for conflict resolution thus cemented trade union rights. Further, the companies' cooperative traditions, as well as union knowledge and experiences regarding labour adjustments, were important for the local trade union's ability to exert power. The unions having a reciprocal relationship with the employer had more opportunities, repertoires and skills to pursue their strategies, and the final outcomes of the consultations were generally more integrative in such instances.

While so, the unions in the manufacturing cases were in both countries more influential than in construction. There are several explanations for this. Firstly, the manufacturing trade unions' ability to mobilise workers at the plant level was stronger than in construction, where the blue collar trade unions only controlled a part of those working at the construction sites. Secondly, industry differences in the structure of production conditioned trade union power during the labour adjustment negotiations. As the crisis had no impact on on-going projects in construction, and changes in demand for new projects could be adjusted over some time, full-time temporary layoffs and dismissals were the main methods among the building workers. The adjustment means were more complex in manufacturing: swift demand shifts prompted combinations of adjustment measures, making employers more dependent on the unions which gained more influence opportunities. Thirdly, regulations and institutional inflexibilities required cooperative solutions that provided possibilities for trade union influence in manufacturing. Making concessions on for instance temporary cuts in working-time, trade unions were prepared to reclaim the favour at a later point. Since the employers to a lower degree needed the unions in other day-to-day cooperative efforts in construction, the unions had much thinner power resources vis-à-vis the employers. In contrast to manufacturing, the blue collar trade unions in construction in Finland had virtually no right to representation when it came to staff adjustments, amplifying the difference in trade union power between construction and manufacturing.

The article also found indications of more general national differences in union power. In Finland, trade union participation was limited to the rights defined in the regulations in both industries, limiting trade union power to control of procedural issues, while the union involvement was higher in the Norwegian cases, in both industries.

An explanation for this is that the rules regarding temporary layoffs and dismissals were more lenient in both industries in Finland than in Norway, limiting the basis for union power and making dismissal selection a non-issue for the unions. In the Norwegian cases the strict seniority criteria combined with the somewhat inflexible temporary lay-off rules provided the trade unions with power resources that they could exploit in exchanges, in the form of pure trade-offs and in producing other solutions (work-time cuts in manufacturing, hiring out in construction), allowing them to influence the substantial outcomes as well. In addition, the cooperative relations seemed more deeply anchored in the Norwegian cases, as the more decentralised wage bargaining system in Norway, compared to Finland, contributed to the more pronounced cooperative climate. By negotiation over wages the shop stewards became more involved in company/plant development, increasing management-trade union trust, and the possibilities for long time exchanges, as union concessions during labour adjustments could result in future paybacks.

5. Concluding analysis and discussion

In this section I account for the main findings and how they relate to the research questions stated in the introduction, and the theoretical and empirical debates discussed in section 2.

Do national differences in labour market institutions influence mobility patterns, and processes of labour adjustments, and if so, how?

This dissertation compares the labour markets and labour relations in the Nordic countries, countries which often is grouped together into a Nordic “model”, “regime” etc. based on various types of classifications, typologies and justifications. In such analyses one or several countries is used as an example of the functioning of the Nordic labour or welfare models (regimes etc.), compared to countries representing other models or regimes. When the Nordic countries are understood as a unit of analysis, asking whether national institutional differences *do* make a difference may make sense. This dissertation does show that such differences make a difference, to unemployed individuals’ mobility patterns into the labour market, and temporary employees’ integration in it (article 1), the level of institutional change (article 2), as well as the processes and outcomes of company level labour adjustments (article 2-4). Thus, while there are obvious similarities between the Nordic countries - they all base their labour market and welfare policies on mobility, change and cooperation between the labour market parties -, the analyses made in the articles also show that the institutional differences present produce consequences. As such, studying these differences within rather similar countries reduces complexity, enabling comparative analysis of smaller institutional differences.

Employment protection legislation and differences in labour mobility

The first article in this dissertation compared labour mobility in the Nordic countries, using a quantitative dataset, controlling for differences in labour market composition as well as differences in unemployment levels and changes in these. As such, the focus is on national mobility patterns. While there exists prior studies of transitions from temporary employment to permanent employment within Nordic countries (Nergaard, 2004; Skollerud, 1997; Håkansson, 2001; Levin, 1998; Nätti, 1993), it is difficult to understand

whether the transition rates are high or low in a comparative light, as there exists no country comparison. Berglund and Furåker (2011) show that the overall mobility rates, opposite to what might be expected, are higher in the country showing the strictest employment protection regulation (Norway), followed by the laxest regulated country (Denmark), with the two countries with a mixed approach last. Article 1 follows up on this and investigate how the combined strictness of EPL regulations on permanent and temporary employment influence the transition patterns from unemployment to either temporary or permanent employment, and whether those holding a temporary contract have a high risk of getting unemployed, or if staying employed, are integrated in the labour market by way of a permanent contract. The results show that the arguments put forward by the proponents of partial deregulation are not supported within the Nordic labour markets, and that such a combination to some degree does indeed create type-of-contract segmentation in these labour markets. Polavieja (2003) found the same in Spain earlier, but the Spanish welfare state and labour market are very different from what we find in the Nordic countries. Contrary to the Nordic labour markets, and Denmark and Norway in particular, Spain is plagued with high unemployment rates, which increase the probability of labour market segmentation. While Spain might be a special case (Polavieja, 2006), the study by Gash (2008) does point in the same direction, where the country with the strictest EPL on permanent contracts (Germany) shows the highest levels of transitions into the labour market, and the highest levels of transitions from temporary contracts to permanent contracts. Gash, using data from 1995-2001, focus on the overall EPL level, and does not pay attention to the impact of different combinations of regulations of permanent and temporary contracts. While she does not mention it, the EPL level regarding temporary contracts were reduced from high levels (3,5) before 1997 to somewhat lower levels (2,0) until 2001. Hence during parts of her study Germany represent a somewhat partially deregulated country.⁹

DiPrete et al. (2001) point out that high labour demand creates high mobility into employment. Hence, full employment reduces the possibility for insider-outsider labour markets, while low labour demand increases the probability for mobility out of the labour market. While the results in article 1 support the opponents of partial deregulation, it is also possible, though I try to control for it, that the high employment rates in Norway during the period of the study have contributed to the results by reducing the chance of labour market segmentation in Norway. Further, the study measures mobility from one year to the next. It is possible that a longer time span, as used by for instance Giesecke and Groß (2003) and Gash (2008), could have impacted the results. At least, it could have provided better estimates regarding the extent to which, over longer periods of time, it is possible to trace the pattern of labour market segmentation in Sweden and Finland, where some groups of employees move between unemployment and temporary

⁹ Germany have reduced the regulation on temporary contracts since then, and have since 2004 had very lax regulations (1,25).

jobs. Finally, there was no way to measure the effect of EPL directly, thus other relevant institutional differences, like differences in UB coverage or UB level may have influenced the findings of the study. As pointed out by Regini (2000: 23), one explanation for results contrary to the view presented in neoclassical economics is that the employment protection legislation, as well as other measures, provide more flexibility than the impression provided by the OECD index. Thus, the EPL regulation in the Nordic countries, with the use of collective agreements and the high level of cooperative relations and flexibility, may open up for variation in actual EPL strength between industries, especially in Denmark, where the regulation is known to be lax (Venn, 2009; Jensen, 2011).

Quantitative studies like article 1 enable a comparison which shows that these transition rates do not follow expectations based on neoclassical economic theories, forming a point of departure for discussing the significance of national institutional differences for labour mobility. Still, the OECD measure is crude, and the quantitative data available lack information regarding the reasons (voluntary career moves, dismissals, etc.) for the transitions made. Hence, they cannot explain the detailed mechanisms through which these country differences in mobility occur.

The significance of institutions during labour adjustment processes

Trying to understand how institutions influence the issue of interests, a building block strategy was applied, where the different articles provide bits and pieces to the answer. The two other articles focusing on national institutional differences (article 2 and 4) are much narrower, studying labour adjustment processes and outcomes of these, focusing on actor choices and constraints during such processes.

While article 2 addresses whether and how national institutions influence mobility patterns by comparing labour adjustments in manufacturing companies in the four Nordic countries, article 4 compares construction and manufacturing in Finland and Norway. The results clearly indicate that EPL, through the dismissal selection regulations as well as other institutional differences, do indeed impact the handling of these crisis situations.

First of all, the regulation of the procedures for mass dismissals and large downsizing processes influences whether or not the trade unions have a strong say or not. Not having the right to be consulted reduces union say, as for blue collars in construction in Finland. Whether the rules are strict or not, and whether they are mechanical or flexible also influence the labour adjustment processes. The studies show, in line with the ideas of Mahoney and Thelen (2010), that when the rules are strict *and* open for actor discretion, the influence of the trade unions during the labour adjustment process increases. The combined effect of tight long-term cooperative relationship between trade unions and management, and the possibility to deviate from the seniority rule if due cause in Norway, made it possible for the unions in Norway and Sweden to behave flexibly and with strength, and to expect flexibility in negotiations on other issues in the future.

While pointing to the influence of single institutions on labour adjustment processes, the most significant finding in my view is the interdependence between different institutions and regulations. Facing a sudden crisis while having a rigid, mechanical dismissal rule based on a last in-first out principle as in Sweden, made other available labour adjustment methods all the more important. Without a temporary lay-off arrangement, the employers and trade unions in Swedish manufacturing engaged, at both company and industry level, in tough discussions and trade-offs not necessary in Denmark and Finland, having more lenient dismissal rules and temporary layoff arrangements. Hence, the combined effect of rigid dismissal rules and a non-existing temporary lay-off scheme breaded ground for cooperation and trade union power. While interdependencies between institutions have been important in previous research, especially related to the VOC literature (Hall and Soskice, 2001), the significance of it have not been illustrated in local level dismissal and labour adjustment processes to the extent done here.

Second, article 4 further shows that institutional, national differences clearly influence trade union power during labour adjustment processes. In Finland, having a less decentralized bargaining system, the unions were less involved in wage bargaining, and had therefore more limited cooperative relationships with management. Therefore, in these types of long-term relationships even such more remote institutional differences influenced whether the trade unions were able to develop trust and reciprocity, gaining influence during such processes.

Third, the Nordic models are known for high levels of labour mobility and labour market flexibility. While labour market flexibility may mean good possibilities for hiring and firing at (employer's) will, Katzenstein (1985) argued almost 30 years ago that this flexibility extends to the IR-system, where employers and employee organizations, when needed, were able to find flexible solutions in spite of "rigid" institutional structures. We find swift institutional changes within all the Nordic countries. Still, the need for and size of these changes varied according to the institutional structure prior to the crisis, and the possibility to engage the state (government) in contributing to the solution by way of paying for temporary lay-off changes. Further, in all countries the employers and employee organisations engaged in common efforts to change the institutional set up, enabling other types of adjustments. While the development of national and sector level changes was not the prime scope of these three studies, these larger institutional changes were not unrelated to company level adjustments. There was significant articulation between company level "crisis" agreements, and efforts to adjust the institutional regulation. While it is not unknown to the research community that there is "bottom up" pressure for change in the Nordic labour market organisation (see for instance Marginson et al., 2004; Nergaard et al., 2009), this bottom up pressure enabled new institutional mechanisms in Sweden, saving jobs. Hence, national institutional differences also influenced the change efforts made at company level.

Fourth, these institutional differences also seemed to influence the outcomes of these processes. But, while case studies provide insight into processes and mechanism

that shape social processes, which can be generalized to other social situations of the same “class”, generalizing from the outcomes of such processes bodes more caution. Still, the articles provide some important results. Article 2 shows that the seniority principle used in Sweden and Norway influence *which* employees that had to go. While seniority and age is not perfectly correlated, it distributed the dismissals more on the young, whereas in Finland and Denmark, leaving the dismissal selection more up to the employer, there seemed to be more *variation* between the companies regarding which employee groups that lost their jobs.

Fifth, Dahl and Nesheim (1998) and Schmidt (1992) once directed the attention towards that the way dismissals are distributed is not only dependent on the dismissal regulation *per se*, but also other institutions such as early retirement and temporary lay-off system. In case of stringent dismissal regulations, there is a chance that companies try to avoid the burdensome consequences of these regulations, by retiring or temporarily lay-off employees. While such issues did not show up in the national comparison, there was evidence suggesting that the companies emphasised saving skills, thus avoiding dismissals as far as possible. Therefore, both our case companies and national statistics show that the use of the temporary lay-off scheme followed the companies’ costs of using it. As such, the findings in these three studies support the findings in more quantitative studies, suggesting that temporary lay-offs schemes (Cahuc and Carcillo, 2011) and ‘Kurzarbeit’ (Arpaia et al., 2010: 16-17) have beneficial effects in saving jobs, at least on short term.

The impact of national institutions in different industries

Comparing four Nordic states, four “models” of labour market organisation, it is pertinent to ask whether it makes sense to analyse them as national units, or if the relations and processes of mobility and labour adjustments work in different ways in different industries or sectors within the given “model”. Studying labour adjustments across industries in Norway and Finland (article 3 and 4), the short answer would be ‘industry matters’. While national rules and regulations as well as cooperative traditions form the scope, expectations and possibilities for labour adjustments, such national characteristics interact with industry related production contingencies, union density and traditions, the position (need for skills and expertise) of different occupations within production, differences in occupational union strength, as well as labour market variations, in influencing the labour adjustment processes and outcomes.

Studying industry differences proved important for several reasons:

First, by examining to what degree the national institutional structures influence labour adjustment patterns in the same way across sectors and industries, it is possible to uncover to what extent national regulations “matters”, and how their impact is conditioned

by industrial traits. By comparing, as in article 4, different countries and sectors *within* those countries in the same analysis, it was possible to investigate the conditions under which the national regulations have more impact in some sectors than in others, and why some forms of national regulations have impact across sectors, while others do not. Making such an analysis, the article showed in particular that while there were common national differences, there were in both countries clear differences between construction and manufacturing. Further, it showed that there was a divide in the involvement and outcomes of labour adjustment processes between blue and white collar employees in construction in Finland, due to differences in collective agreements and occupational strengths, the trade unions' position within the production matters, as also shown in the newspapers in Norway. Thus, regulation through collective agreements opens up for differences both between industries and within industries.

Second, well-known sociological and organisational theories have for years pointed to reasons why different industries organise production and work in different ways. Still, it exists few studies of labour adjustments comparing several industries, and quite often the differences found between industries are left unexplained, or the comparison is not made with the intention of understanding the significance of industry *per se* (Pulignano, 2011; Dekoeker et al., 2011). For instance, while Dekoeker et al. (2011) show that unions use available institutional structures to their benefit, there is no systematic effort to compare actors and processes between the two industries. Hence, comparing industries within a country and studying *how* industry differences influence labour adjustments and cooperative relations, as in article 3, provided knowledge about how the impact of national institutional regulations are intermediated through industry differences, providing different power resources and shaping the relations between company level actors, as well as influencing the processes and dynamics of labour adjustments.

The case studies clearly show that market conditions, production contingencies, work organization and occupational trade union strength and control influenced the possible choice of measures during the labour adjustment process, hence the possibilities for agency and power. As such, the results indicate that in comparative sociological analysis, whether within industrial relations or political economy, deterministic theories should be avoided. While context and institutions may leave few choices and few opportunities to create more adjustment choices by way of cooperation in some instances, such as in blue collar work in construction in Finland and Norway, in other instances, such as newspapers in Norway and manufacturing in Norway and Sweden, the institutional set up did push actors towards each other, manufacturing cooperative efforts in order to save skills and jobs.

Further, comparing industries provides the opportunity of analysing how rules affect outcomes in different circumstances, providing new knowledge of their significance. While article 4 found that the power resources of the trade unions are positioned within, not outside the regulative system, article 3 shows that these rules have impact also when not applied. While dismissal selection through seniority fitted the company-specific

competences within manufacturing fairly well, this was not the case within the newspapers. The journalist trade unions could therefore use the regulations in trade-offs with management, demanding severance pay and “voluntary” resignations as alternative to dismissals by seniority to contribute to fast, flexible and legitimate work-time cuts and reorganisations. The need for internal reorganization in newspaper rather than cuts in labour hours, made cooperation with the strong journalist occupation and their union all the more important.

We further find that mimetic and normative pressure influence the labour adjustments in different ways. In the newspapers, former “victories” in the form of severance pay during previous labour adjustments produce path-dependencies, making it hard for managers to argue against repeating it. Thus, while national measures may fit some industries more than others, industry level path-dependencies and norms of appropriateness (March and Olsen, 1984) also seem to structure labour adjustments and the impact of national regulations. In the same manner establishing new adjustment patterns were difficult, because of norms of appropriateness and mimetic isomorphism; e.g. perceiving temporary lay-offs or severance pay in situations where such measures had not been used before were almost impossible. The trade unions needed the legitimacy of former practices as a normative power resource to win acceptance for their demands. In addition to providing justification for trade union claims, the employers knew that not giving severance pay could influence their chance of attracting new employees. Hence, the reputation effects in the labour market of such decisions had different effects in different industries.

In this study we have analysed private companies exposed to cyclical shifts in the market, with high degree of unionization. Actors involved in labour adjustments in the public sector (Hagen, 1995a; Hagen, 1995b) and in private sector companies subject to structural changes or long-term reorganizations (Falkum, 2008: 333-355; Hertzberg et al., 2009) face very different circumstances, caused by changes in priorities or structures. In such adjustment processes the possibility to use longer time, and rely on “natural” attrition is larger. Because of the lower pace, retraining and more cooperation with the labour market authorities seem also to be a more viable and important strategy (Hertzberg et al., 2009; Pulignano, 2011; Rydell and Wigblad, 2011). Greater room to manoeuvre due to the longer time-span may provide variations in the exchange power during labour adjustments, and as such, the findings in the dissertation cannot necessarily be generalized to such contexts.

Trade union role and power during labour adjustments

Katzenstein (1985), among others, has stressed that cooperation between the labour market parties - employer and employee organizations - enables swift and flexible ad-

justments at various levels. While his analysis was directed mostly towards the cooperation between the labour market parties at the central level, the trade union clubs at company level are an important element of the Nordic multi-tier industrial relation systems. The crisis gave a unique opportunity to approach the role and power of trade unions during large-scale adjustments, trying to understand whether trade unions do make a difference, and what their power and influence rely on.

While the three studies show that trade unions had a role to play, their importance for the changes made varied greatly. While the labour market parties at central level to a varying degree were able to agree on changes in the temporary layoff mechanism (there were considerable grievances in Denmark), the pressure for change in Finland, Norway and Sweden did pay off. Changes were made to the temporary lay-off arrangement in Finland and Norway, while there was established a new, innovative “crisis” agreement in Sweden. At company level we found that the unions played a more pronounced role in Norway and Sweden, compared to Denmark and Finland (article 2). Further, they had more power and influence, with greater possibilities to engage in win-win cooperation or exchanges and trade-offs in manufacturing and newspapers, than in construction.

The results from the studies provide important insights:

First, studying highly unionised companies, articles 2-4 show that while high union density on national or industry level may have significance, it does not necessarily provide extra trade union strength at company level. The articles show that the local Norwegian trade unions were able to influence these processes more than the Finnish and Danish trade unions (article 2 and 3), even though the union density at industry level is stronger in those countries. Hence, national trade union density does not provide local influence *alone*, but in interaction with production contingencies, occupational strengths, cooperative, long-term relations, industry norms, and the form of the crisis. Even though article 2 shows that the Danish unions to a limited degree influenced the labour adjustment processes, this does not necessarily mean that the Danish trade unions were or felt powerless. Through historical processes the employers were in charge of the dismissal selection, and the trade unions felt this as just and right. Thus, while the unions did not influence this process unless asked by the employer, they agreed on this institutionalised regulation. Still, while they agreed, the articles show that the seniority principle applied in Norway and Sweden provided the basis for exchanges not possible for the Danish manufacturing unions.

Second, the relationships between trade unions and employers in the Nordic contexts are embedded in institutionalized structures framing what the parties are to discuss in different circumstances, and how. The character of the relationship, as well as the conflict resolution mechanisms enabling disputes to be solved by the employer and employee organisations, strengthened the importance of this institutionalized system. Thus, both parties knew the rules, removing conflicts from the table and sometimes promoting union interests. Article 4 showed for instance that the employers anticipated the trade unions to react if the procedural rules were not followed to the letter. Thus, they were extra

thorough, securing both employer and employee interests. While the rules provided a source of trade union influence and power, the institutionalized system also reduce the level of conflicts, as there was limited point in discussing issues determined by the law or collective agreements. Therefore, both parties did perform “face-work” (Goffman, 1959) by not discussing issues that highlighted the asymmetrical power relations and the sometimes limited power available to the unions, engendered by the fact that the employer had the final say after all.

Third, the type of social exchange relationship the trade union has with the employer matters for management-union cooperation and trade union power. Mahoney and Thelen (2010) provides a theoretical account of how gradual change - smaller variations in institutional interpretations and enactments - can be understood. While highlighting that the level of actor discretion influences the level of negotiations during for instance labour adjustments, they posit actors as just opposing. Thus, their theory only to a limited degree provides insight into how one should understand actors common within the Nordic industrial relations system, actors sometimes in tight cooperation, sometimes in opposition (as during wage bargaining). The social exchanges of these actors, and the mutual power they have over each other, are important to grasp in these circumstances. In private companies dependent on international, competitive markets, employers and workers are part of a destiny community, being dependent on each other to realise *shared* interests. During crisis the common interest and dependency relationships do come to the forefront. In a previous study of company level negotiations over flexible working hours, Ilsøe (2010) showed that Danish companies, compared to German, were able to use company level agreements on working time more efficiently, due to more cooperative relations enabling more trust and use of informal agreements. While power-dependency theory (Emerson, 1962) and the concept of “social contract” within strategic choice theory (Walton et al., 1994) do provide insights into the interconnectedness between actors within long-term relationships, the results in this dissertation provide insight into the significance of such exchanges during labour adjustment in times of crisis. Thus, this dissertation develops the insight of Mahoney and Thelen (2010) and provides a more nuanced account of how institutional outcomes and compromises are produced by actors with both opposing and common interest, situated within long-term reciprocal relationships. Further, by stressing the interdependency between institutions, and how some adjustments are used to avoid for instance dismissals by seniority, the studies also exemplify how variation in outcomes (change) are produced within national and industry contexts.

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The articles

Article one

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Labor Market Institutions, Mobility, and Dualization in the Nordic Countries

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ABSTRACT

Comparing the Nordic countries, this article examines different combinations of permanent and temporary employment protection legislation, and whether such differences are reflected in patterns of labor market transitions. We find higher levels of transitions from unemployment to temporary contracts in Sweden and Finland, with lax regulation of temporary contracts and strict regulation of permanent contracts. Further, temporary employees are integrated into permanent contracts in countries with lax (Denmark) or strict (Norway) regulation of permanent contracts, while this is not the case in Finland and Sweden. For these countries, the study indicates a certain degree of labor market duality, with low mobility from temporary to permanent employment contracts.

KEY WORDS

Mobility / dual labor markets / segmentation / employment protection legislation / Nordic countries / temporary employment

Introduction

High mobility signals possibilities for entering and leaving the labor market in accordance with life course changes, while low mobility suggests few job openings for those trying to enter it (OECD, 1994). Labor market mobility may also be involuntary, and to those who lose their jobs, job stability would be preferred (Kalleberg et al., 2000). The institutional regulation of employment protection, the ease of hiring and firing, is usually put at the center of discussions regarding labor market mobility. In order to create flexibility for firms, several countries have reformed their employment protection legislation (EPL), usually by making it easier to hire employees temporarily (Skedinger, 2010). There is a rather uniform agreement that temporary jobs are inferior to permanent jobs, both concerning job content and job security (Booth et al., 2002; Kalleberg et al., 2000). Combining strict regulations of open-ended contracts with lax regulations of temporary contracts has by some been understood as a dual pathway to a flexible labor market, with safe, well-off permanent employees and a share of insecure temporary employees providing numerical flexibility for firms. Others understand it as providing a bridge into a more permanent position in the labor market (Atkinson, 1984; Booth et al., 2002; Gash, 2008; Giesecke and Groß, 2003; Polavieja, 2006; Palier and Thelen, 2010).

The aim of this article is to examine the relationship between labor market mobility and EPL. Comparing the Nordic countries, known for relatively high levels of mobility

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(Muffels and Luijckx, 2008; OECD, 2004), and taking their regulatory combinations of permanent and temporary contracts as a point of departure, we consider whether these differences are reflected in patterns of labor market transitions. While the strictness of the overall EPL is thought to influence the transition patterns into the labor market, lax regulation of temporary contracts are by some thought to provide unemployed individuals a bridge into labor markets with strict regulation of permanent contracts, later integrating them into the standard, permanent employment contract. The article therefore investigate whether different regulatory combinations influence unemployed individuals' probability of getting employment through permanent or temporary job contracts, and further whether those temporarily employed stay employed through a temporary or permanent contract, or become unemployed, hence creating a dual labor market. The study has been made possible through pooling the labor force survey (LFS) for these countries for the years 2000–2006.

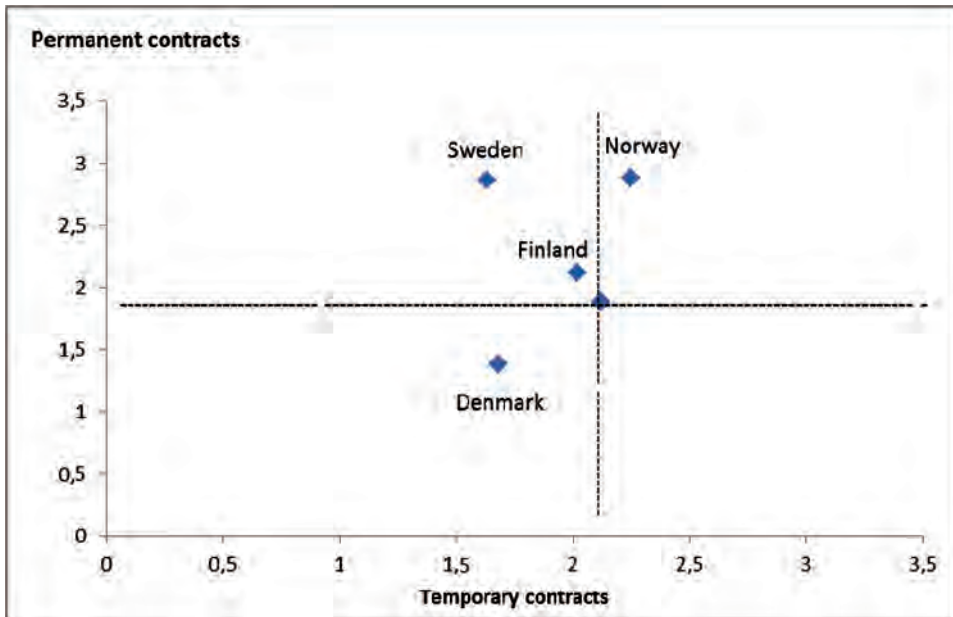
While there are within-country studies focusing on the consequences of different combinations of temporary and permanent employment contract regulation, there are few comparative studies. Those which exist often compare countries originating in different welfare state nexuses with rather large differences also regarding their industrial relation (IR) systems, unemployment benefit (UB) system, use of active labor market policies, educational systems etc., possibly influencing the consequences EPL institutions have on these transitions. In order to better grasp the influence that EPL might have on the labor markets' ability to integrate workers into permanent contracts, Denmark, Finland, Norway, and Sweden are compared. These countries share similarities in a range of areas (Esping-Andersen, 1990; Magnusson et al., 2008), but show marked differences regarding regulation of permanent and temporary employment contracts.

The OECD EPL index is a much used measure when comparing regulatory strictness across countries (Skedinger, 2010). The index on permanent contracts quantifies (1) procedural inconveniences faced by the employers when initiating the dismissal process, such as notification and consultation requirements; (2) notice periods and severance pay requirements; and (3) difficulty of dismissals, such as the circumstances in which it is possible to dismiss workers and the consequences if a dismissal is later found to be unfair. The index on temporary contracts quantifies (1) regulation on fixed-term and temporary work agencies contracts, such as the work for which these contracts are allowed, and their duration; (2) the regulation governing temporary work agencies; and (3) requirements for agency workers to receive the same pay and/or conditions as equivalent workers in the user firm (Venn, 2009: 6).

According to the index, ranging from 0 to 6 with 6 being the strictest, Denmark had a liberal legislation on both temporary and permanent contracts, not only compared with the other Nordic countries but also relative to other OECD countries (OECD mean represented by dotted lines) (Figure 1). Norway had strict regulation on temporary employment and quite strict regulations of permanent contracts, while Sweden had a rather slack regulation on temporary employment and the strictest regulation of permanent contracts. While these countries represent different institutional combinations, Finland is placed somewhat in between, near the OECD mean (Figure 1). The comparison thus allows us to study the link between these countries' institutional arrangements regarding EPL and the structure of their labor market transitions.

This article is organized as follows: first, a discussion on EPL and the possible connections between these institutions and entry into, and integration in, the labor market,

Figure 1: Regulation of permanent and temporary employment in the Nordic countries: OECD index 2005.



Note: There were only few changes in the OECD index for these countries during the period 2000–2007 (Venn, 2009). The dotted lines represent the OECD mean.

is presented. The discussion and the country differences further leads into some expectations. Second, the challenges and difficulties faced when making a cross-country analysis of this sort is discussed. We then describe the data and methods to be used in the analysis. Fourth, we present the results with controls for country differences. Finally, the results and their implications for the understanding of such regulations are discussed.

Labor market mobility and employment protection regulation

While neoclassical economics perceive the (ideal) labor market as free and unregulated, and employment contracts between employers and employees as beneficial for both parties, public regulations and collective agreements structure the use and content of employment contracts in real-life labor markets (Esping-Andersen and Regini, 2000b; Rubery and Grimshaw, 2003). Differences in the strictness of EPL between countries may lead to differences in labor mobility from unemployment to permanent or temporary employment, and in the integration of temporary employees into permanent contracts (Chung, 2005; Gash, 2008; Giesecke and Groß, 2003). The regulation of permanent and temporary contracts can be combined in three ways.

First, both permanent and temporary contracts can be laxly regulated. With lax regulation of permanent contracts, the employers' need for temporary employees is



reduced, as “permanent” contracts are flexible for employers (Chung, 2005: 37). While this implies high mobility and high use of permanent contracts, there is a limit to how lax the regulation can be. Commitment, trust, cooperation and long-term horizon are often important in the employer–employee relationship, and to stimulate this in countries with lax regulations, companies may initiate in-house regulations on seniority or severance pay, while other hidden rigidities may be anchored in collective agreements at various levels (Edlund and Grönlund, 2008; Esping-Andersen, 2000: 71; Jensen, 2011; Regini, 2000: 23).

Second, lax regulations imply unstable employment relations, thus low job and income security (Burroni and Keune, 2011; Howell et al., 2007; Ozaki, 1999). In order to balance employer flexibility against job and income security, both permanent and temporary contracts can be strictly regulated. According to economic theories, strict EPL in labor markets with wage floors will reduce employers’ ability to lay off workers and their incentives to employ new or more workers (Lazear, 1990), resulting in lower mobility and fewer opportunities for those trying to enter the labor market (Bentolila and Bertola, 1990; Gangl, 2003). As lower employer flexibility increases the hiring risks, such a combination may reduce the opportunities for those with marginal labor market connection. Research indicates that strong EPL increases the unemployment level for youth, immigrants, and women (Bertola et al., 2007; Esping-Andersen, 2000; Feldmann, 2003; Heckman and Pages, 2000; OECD, 2004, 2008). As a response to high unemployment in some European labor markets, and to address the expected lower mobility in the labor market, some argue that strictly regulated labor markets should be deregulated, in line with the lax regulation mode (Esping-Andersen and Regini, 2000a). Still, research on EPL stringency shows no impact on the overall unemployment level (Esping-Andersen, 2000; Heckman, 2007; Howell et al., 2007; OECD, 2008). Further, a comparison of mobility from unemployment to employment in the Nordic countries, using the same data as this article, finds that the transition rates from unemployment to employment (temporary or permanent) are highest in Norway, followed by Denmark, Sweden, and Finland (Berglund and Furåker, 2011). Explaining results that oppose the neoclassical economic view, Regini (2000: 23) points to the fact that there traditionally exists “hidden flexibilities” alongside strict official regulations, where actors negotiate more flexible solutions to hiring and firing issues on firm or industry level. For instance, a case study of labor adjustments in manufacturing companies in the Nordic countries after the economic crisis of mid-2008 (Svalund et al., 2013) finds that the local parties in Norway and Sweden negotiated solutions that enabled more flexible adjustments than stated in the formal regulations, showing a certain level of discretion when applying the dismissal regulations. Therefore, strict labor markets may still provide high mobility and employment possibilities. Contrary to lax regulation, such a combination implies a low probability of a transition from unemployment to employment through temporary employment. Further, as in the third regulatory mode (see below), temporary contracts may integrate temporary employees into standard contracts or lead to segmented labor markets on a limited scale (due to the restrictions on the use of temporary employees).

Third, as relaxing the regulations on permanent contracts faces employee opposition in numerous European labor markets, another way to relax the EPL is to combine strict regulations of permanent contracts with lax regulations of temporary contracts (partial deregulation). Lenient regulation of temporary contracts may provide employers the possibility of adjusting personnel needs to economic fluctuations or changes in technology and

production, while offering unemployed individuals a bridge (Gash, 2008) into the labor market, possibly integrating them on a longer term (Giesecke and Groß, 2003). Hence, temporary contracts can function as a probationary contract where the employers in practice screen employees before offering a permanent contract (Booth et al., 2002; Gash, 2008), thus reducing hiring risks. While proponents of this combination claim that the entry of unemployed through temporary contracts, and the integration of temporary employees into permanent contracts in the longer run, does not lead to labor market segmentation or dualism, critics claim it does. Segmentation and dualism theories (Boje, 1986; Hodson and Kaufman, 1982; Kalleberg and Sørensen, 1979) predict clear differences between core and periphery segments, here by way of employment contract. Type-of-contract segmentation theory (Gash, 2008; Giesecke and Groß, 2003; Polavieja, 2003) asserts that while the insiders have permanent contracts and secure jobs, the outsiders have temporary contracts and insecure jobs. These theories predict reduced transitions from temporary to permanent contracts in such labor markets, and higher transitions from temporary contracts to unemployment. While the core workers, with permanent contracts, have a privileged position in such a regulatory system, it may create incentives for firing temporary workers even when they are productive just to avoid them becoming insiders (Blanchard and Landier, 2002).

There exist several within-country studies analyzing the consequences of these different regulatory combinations. Hagen (2003) finds that temporary work leads to permanent work in West Germany, while Giesecke and Groß (2003), studying Germany, find temporary workers more likely than permanent workers to become unemployed. In a Nordic context, two analyses from Norway show that a majority of temporary employees who stayed employed ended up on a permanent contract during a two-year (Nergaard, 2004) or four-year (Skollerud, 1997) period. Håkansson (2001) and Levin (1998), studying Sweden during the 1990s, both found that temporary employees at time t had a higher risk of becoming unemployed two years later compared to those with permanent employment, but lower risks than those unemployed at time t . Also Nätti (1993), studying Finland, found that temporary employment functioned as a trap for those previously unemployed, as every third temporary employee felt under threat of unemployment, compared with 9% of the permanent employees. While these studies show that there are some integration of temporary employees into permanent positions, a disadvantage of these within-country studies is that it is difficult to assess whether the transition rates from unemployment to permanent or temporary employment, or from temporary employment to further employment or unemployment, are high or low relative to other countries, perhaps with differences in labor market composition.

There are few relevant comparative studies with individual micro-data able to control for differences in labor market composition. Gash (2008) had such data and compared Denmark (mode 1), West Germany (mode 2), France (mode 2), and the UK (mode 1), and investigated whether different institutional set-ups integrate temporary employees into the standard contract. When comparing the relative rates of transition from temporary employment to either permanent employment or unemployment, she found strong differences by country with West Germany, the strictest of these countries on the OECD EPL ranking, providing temporary employees the best chances of obtaining a permanent contract relative to entering unemployment (Gash, 2008: 663). As such, an important contribution of this article will be to compare the relative transition rates of the Nordic countries, and their regulatory combinations, while controlling for differences in labor market composition.



Hypotheses

The general hypotheses that can be derived from the above discussion, where the neo-classical idea about free, lax, and flexibly regulated labor markets is contrasted with a stricter regulatory mode more focused on employment security, and a combinatory mode where strict protection of permanent employees are combined with lax regulation of temporary contracts, are as follows:

1. Since regulation of permanent contracts is strictest in Sweden, followed by Norway, Finland, and Denmark, the hiring risks and need for screening should follow this regulatory pattern. But as the use of temporary contracts is also regulated, the relative transition rates from unemployment to temporary contracts rather than permanent should be highest in Sweden, followed by Finland, Norway, and Denmark.
2. The lax regulations of permanent contracts in Denmark should reduce the hiring risks; thus temporary contracts should mostly be used for temporary jobs, time-limited projects, etc., increasing the probability of transitions from temporary employment to unemployment.
 - a. Following the proponents of lax temporary regulations, there should be low transition rates from temporary contracts to unemployment, while the transition rates from temporary to permanent employment should be high in all countries.
 - b. Those claiming that temporary employment will lead to segmentation expect high rates of transitions from temporary employment to unemployment, or to temporary rather than permanent contracts, in countries where strict regulation of permanent contracts are combined with lax regulation of temporary contracts; thus, the transition rates should be highest in Sweden, followed by Finland and Norway.

Comparing EPL and labor market transitions in the Nordic countries

Measuring EPL

Measuring EPL strictness nationally has some important limitations when permanent and temporary contracts are regulated in a combination of law and collective agreements, as in the Nordic countries. While the OECD index incorporates collective agreements alongside legislation (Venn, 2009), extensive use of collective agreements rather than legislation opens up for more variation in the EPL level between industries and workers within a country. This is especially pronounced in Denmark, where white-collar workers are covered by the Law on Salaried Employees (*Funktionærloven*) or collective agreements with terms fairly equal to the law, stipulating stricter terms than among workers, where employers generally can dismiss easily, without much advance notification (Berglund et al., 2010: 229–238; Jensen, 2011: 276). Therefore, as all comparative analysis, quantifying and comparing across countries reduces complexity. Even though the index is a crude measure, it does provide an important assesment refined over years, and there are no comparative indicator that is considered better.

Institutional differences that might influence mobility patterns

This comparison is based on a “most similar” design (Ragin, 1987: 48), where the cases are rather similar in all but some few respects. Still, there are important differences between the countries that might influence the mobility patterns. Consequently, we should be cautious to interpret between-country differences in labor market outcomes solely to EPL differences. Differences in institutional structures related to the labor market, such as UB, as well as the educational and pension systems, may influence the supply of labor moving into and out of temporary and permanent employment.

A *generous* UB may reduce the job search intensity and make the unemployed less willing to accept “just any” job (OECD, 2006: 56). Unemployment insurance coverage is mandatory in Norway and voluntary (Ghent system) in the other Nordic countries. Uninsured unemployed must resort to means-tested social assistance in Sweden and Denmark, while there is a UB II system with benefits above the social assistance level in Finland (Dølvik et al., 2011), implying that search intensity for the uninsured was higher in Denmark and Sweden, perhaps making them more prone to accept temporary employment. There were only minor country differences in UB generosity in the years 2000–2006 for those insured (OECD, 2007: tables 3.1 and 3.2), where the Danish system was more generous on low income levels, along with Sweden, compared with Finland and Norway. Nickell (1997) argues that it is the *duration* of the UB that has an impact on the transition rate from unemployment to employment, since the probability of a transition into employment increases as unemployed persons approach the duration limit. The maximum duration was longest in Denmark (48 months), compared with 36¹ months in Norway, 28 months in Sweden, and 24 months in Finland (Berglund et al., 2010: 45). Summing up, the differences in the Nordic UB systems should imply that the mobility out of unemployment is lower in Denmark than it otherwise would have been. This is due to Denmark’s high level of replacement rate at low levels and the lengthy duration, compared with the other Nordic countries, perhaps making insured unemployed less prone to accept temporary employment.

Further, while the normal retirement age is considered to be 65 years in the Nordic countries, there are differences between these countries regarding early retirement options (Dølvik et al., 2011). At the time of the study, Denmark had an early retirement allowance (“after wage”), enabling workers to retire from the age of 55, but with lower allowance for those retiring before the age of 62 (Goul Andersen, 2007). In Finland, the unemployed who turned 60 before the 500-day period of UB was over could move directly into old age pension. In Norway, a collectively agreed supplementary pension scheme allowed covered groups to retire at the age of 62, while in Sweden there was no such early retirement system. These differences may imply that individuals facing early retirement may transit from unemployment or temporary employment to a position outside the labor market, rather than to (further) employment one year later.

The level of unemployment, growth, or decline in employment at large may also affect the mobility patterns (Andersen et al., 2008; Blanchard and Portugal, 2001). A central mechanism in labor market adjustment in the Nordic countries has been to facilitate a dynamic interplay between market competition, solidaristic wage policies, and active labor market policies (Barth et al., 2009; Erixon, 2010; Ibsen, 2011; Meidner and Rehn, 1953; van den Berg, 2008). Less productive firms unable to match the wage floor defined through centralized agreements are forced out of competition, while the



redundant workers, facilitated by public training, mobility schemes, and UBs, move into new jobs in more productive companies. Therefore, mobility is governed primarily by labor demand at the company level. High labor demand creates high mobility rates into employment, hence a full employment model has little room for insider–outsider labor markets (DiPrete et al., 2001). When labor demand is lower, the probability for reemployment (job-to-job mobility) is lower, and the probability for mobility into unemployment increases. If temporary employment leads to higher mobility into unemployment, the transition rates should be higher in case of low labor demand.

The unemployment and employment rates and the rate of growth in employment differed across the countries in the period. Finland had an unemployment rate of more than 10% in 2000, decreasing to below 7% in 2007, the same as Sweden in 2007. While Denmark had lower figures the whole period (around 5%), Norway had the lowest figures (Table 1). There were only minor differences in employment growth in these years, highest in the countries having the lowest employment to population ratio, and the highest unemployment ratio (Table 1).

Table 1: Unemployment rates, employment rates, and growth: 2000–2006. Average percentage points 15–64.

	Unemployment	Employment	Share of temporary employees	Employment growth
Denmark	4.7	76.1	9.5	3.4
Finland	8.8	68.1	17.2	4.6
Norway	3.8	73.0	9.8	4.3
Sweden	6.6	76.0	15.6	4.5

Source: Eurostat (EU-LFS).

While focusing on labor market transitions (mobility), the actual *level* or stock of temporary contracts as a percentage of all employees at a given time varies between these countries during 2000–2006, with around 10% of all employees aged 15–64 years temporarily employed in Denmark and Norway, compared with approximately 16% in Sweden and 17% in Finland (Berglund et al., 2010: 34). Still, differences in transition patterns and thus the duration of the temporary contracts between countries may mean that the *level* of temporary employment and the *transition* rates in and out of this position are only modestly connected.

Data and method

The data are from the LFS for the years 2000–2007 for Finland, Norway, and Sweden and from 2000 to 2006 in Denmark. As noted, the employment grew during these years, while the unemployment and employment rates showed steady changes. In the years after, the financial and economic shift has impacted these countries' employment and unemployment rates, as well as economic growth, with rather different strengths (Jochem, 2011). The article therefore concentrates on these rather stable years. The data consist

of a representative sample of the population in these countries aged 16–63, a total of 420,567 persons. The respondents were all surveyed at two points in time, with one year between. As an example, we therefore have information about an individual's labor market status the first quarter of 2000 (t) and the first quarter of 2001 ($t+1$). It is therefore possible that the individuals followed have changed status several times within the year, without it being recorded in the data. As the data only measure change between two points in time, we cannot control for individual heterogeneity as a longitudinal study would allow. Still, using a pooled dataset, we are able to control for compositional differences in the labor force, such as differences in age and gender composition, industry structure, company size, or differences in economic shifts, something that has not been done in previous studies of the Nordic countries. While the pooled data and the logistic analysis do allow control for compositional and structural differences between these labor markets, the data and method do not provide an opportunity to separate the effect of EPL on its own and the effect of other (institutional) differences between these countries. Therefore, the aim of this study is to investigate whether the mobility patterns in focus resemble the theoretical expectations brought forward in labor market theories, without claiming that all between-country variation is caused by EPL differences.

Focusing on whether and how different combinations of EPL may influence mobility patterns from unemployment and into the labor market, Table 3 use a dependent variable that measures whether those unemployed at t and employed at $t+1$ made this transition into a permanent (value 0) or a temporary (value 1) contract. Investigating whether temporary employees become integrated into the labor market, Table 4 analyze whether temporary employees stay employed at $t+1$ or change status into unemployed. Table 4 also analyze transitions from permanent contracts to unemployment, comparing whether high levels of transitions from temporary employment to unemployment influence the rate of transitions from permanent contracts to unemployment, and vice versa. Staying employed in a temporary or permanent contract is given the value 0, while a transition into unemployment is given the value 1. Finally, integrating temporary employees into the labor market may also mean that temporary employees get a permanent contract. In Table 5 the probability that those temporarily employed at t and still employed at $t+1$ hold a temporary (value 0) rather than a permanent (value 1) contract is studied.

A proportion of the population in all labor markets is not in the labor force, due to military service, maternity leave, child caring responsibilities, education, disability pension, etc. There are some transitions from this status to the labor market from one year to the next, but this group consists of individuals in very different positions. We therefore focus on unemployed persons, who are a more unified group that we expect tries to enter the labor market. Transitions from temporary employment to unemployment are also easier to interpret as involuntary movements, compared with forms of transitions into inactivity.

Mobility rates tend to differ between different age groups, as young individuals make labor market transitions to a higher degree than older individuals. Comparing different labor markets, differences in age composition between the countries may influence the mobility rates (Andersen et al., 2008). Norway and Denmark have a higher proportion of young individuals participating in the labor market, and *ceteris paribus*, the mobility rates can be expected to be higher. This difference may be caused, for example, by differences in the labor demand, in the educational system, or in the possibilities of getting



a part-time job while studying (Gangl et al., 2003; Olofsson and Wadensjö, 2007). As mentioned, there are also differences in the pension systems, possibly influencing the participation of those in the older age groups (Hult and Edlund, 2008). In order to avoid that such differences influence the results, we have analyzed both the whole group (19–63 years) and individuals in their prime labor market age (25–54 years).

We use logistic regressions where transition rates for each country are compared with the Nordic mean. By comparing all the countries in one regression analysis, we are able to control for differences in labor markets, be it labor market composition or structural factors. We control for a range of factors: demographic variables, gender, age, area of origin, and education are included. In the analysis of transitions from temporary or permanent employment to either employed or unemployed (Table 4), and from temporary to still temporary or permanent employment at $t+1$ (Table 5), several variables that are centered on the individuals' connection with the labor market are used. Patterns of mobility into temporary or permanent employment and from temporary to permanent employment vary between different industries. We therefore control for differences in composition of the industries (NACE 2 digit level), company size, occupational structure (ISCO-88 2 digit level), and working time. Structural and cyclical conditions in the labor market are also controlled for. Following Berglund et al. (2010), we control for structural factors that might affect the mobility rates through a variable that measures the county unemployment rates. In the analyses, the county unemployment rate variable is divided into high, medium, and low relative to the county mean unemployment level of the Nordic countries as one (see Berglund et al., chapter 4 for more details). Economic cycles are also controlled for through a variable that measures changes in national unemployment levels in percent from one year to the next.

Results

Comparing country differences in distribution of the independent variables (table not shown here), there are mostly small differences. Worth noticing is that the variation in county unemployment level and change in national unemployment vary rather strongly across the Nordic countries, with lower levels and variation in Denmark and Norway.

In Table 2 descriptive data on what happened to the unemployed individuals from one year (t) to the next ($t+1$) and whether they were still unemployed, had made a transition to inactivity, or were permanently or temporarily employed, are presented. Further, we describe whether those temporarily and permanently employed at t had changed status one year later and had made a transition to either permanent or temporary employment, unemployment, or inactivity.

Table 2 reveals distinct country differences concerning the transition rates from unemployment at t to inactivity, permanent employment, and temporary employment one year later. The proportions of unemployed individuals at t who are still unemployed at $t+1$ are much higher in Finland and Sweden, compared with Denmark and especially Norway: 21% in the age group 19–63 years were still unemployed one year later in Norway, compared with 37–38% in Finland and Sweden; 59% of the unemployed at t make a transition into employment one year later in Norway, compared with 48% in Denmark, 44% in Sweden, and 38% in Finland. As such, the mobility rates from unemployment to employment are much lower in Finland and Sweden, compared with

Table 2: Change in employment status from one year to the next. Unemployed and temporarily employed at *t*: 19–63 and 25–54 years of age, by country, 2000–2007. Percent.

Age group	Denmark		Finland		Norway		Sweden	
	19–63	25–54	19–63	25–54	19–63	25–54	19–63	25–54
Unemployed at <i>t</i>								
Status at <i>t</i> +1								
Unemployed	29.1	27.2	38.0	37.4	20.8	20.3	37.8	34.1
Inactive	23.2	17.6	23.8	19.9	20.7	19.6	18.1	17.6
Permanent employed	31.9	37.5	15.2	17.4	42.8	43.5	20.0	22.7
Temporary employed	15.8	17.7	22.9	25.3	15.6	16.6	24.2	25.6
N	4251	3178	5859	4923	1130	1008	4818	3812
Permanent employed at <i>t</i>								
Status at <i>t</i> +1								
Permanent employed	91.5	92.8	91.9	94	93.9	94.3	89.9	95.5
Temporary employed	2.5	2.7	2.4	1.9	2.4	2.0	2.2	2.0
Unemployed	2.3	2.1	1.3	1.2	1.2	1.1	1.3	1.2
Inactive	4.7	2.5	4.8	2.9	4.6	2.6	2.6	1.4
N	46705	35861	79995	61947	43387	32228	93748	70124
Temporary employed at <i>t</i>								
Status at <i>t</i> +1								
Temporary employed	30.9	31.3	51.7	52.4	30.4	31.0	48.5	47.5
Permanent employed	44.4	46.2	26.4	27.2	54.6	55.0	34.3	36.4
Unemployed	11.8	11.3	11.3	10.8	4.6	4.7	8.0	7.5
Inactive	12.9	11.2	10.6	9.6	10.4	9.3	9.2	8.6
N	4042	3478	8917	8277	2728	2514	8400	8277

Note: The period for Denmark is 2000–2006.

Denmark and Norway. While unemployed in Norway and Denmark to a large part move into permanent employment one year later, this is not the case in Finland and Sweden. In those countries, a higher proportion move into temporary rather than permanent employment. There are few significant differences between the whole group and those in the prime age. A lower proportion of those in the prime age make a transition to inactivity in Denmark and Finland, while there are no such differences in Sweden and



Norway. Further, a higher share of prime age individuals makes a transition to a permanent contract in Denmark. Finally, the total level of transitions from unemployment to employment, regardless of path, is much higher among prime age individuals than in the whole group in Denmark (6% difference) and in Finland (4% difference), compared with 3% difference in Sweden and 1% in Norway.

Turning to those permanently employed at t , most have the same status at $t+1$. While Sweden has the lowest stability (90%), Norway has the highest (94%). While just above 2% change status into temporary employment in all the Nordic countries, a somewhat higher share in Denmark move into unemployment, compared with the other Nordic countries. Further, a lower share makes a transition into inactivity in Sweden, compared with the other Nordic countries. Comparing the whole group with those in the prime employment age, the stability among those in the prime age is much higher in Sweden than in the whole group and compared with the prime age group in the other Nordic countries. Finally, Table 2 shows that the transition rate from permanent employment to inactivity, as could be expected, is much higher in the whole group.

The mobility rates out of temporary employment are much higher in Denmark and Norway, compared with Finland and Sweden. The transition rate from temporary to permanent employment contracts is twice as high in Norway, compared with Finland. Instead, higher proportions stay temporarily employed in Finland and Sweden. There are also differences in transition rates between the Nordic countries concerning transitions to unemployment. While 5% in the whole group were still unemployed at $t+1$ in Norway, 8% were unemployed in Sweden, compared with 11% in Finland and 12% in Denmark. A higher share move from temporary contracts to inactivity in Denmark compared with the other countries, while there are no differences between the whole group and those in the prime age.

Pathways from unemployment to employment—through a permanent or a temporary contract?

Berglund and Furåker (2011), using the same data as this article, find that the transition rates from unemployment to employment (temporary or permanent) are highest in Norway, followed by Denmark, Sweden, and Finland. While the level of mobility is important, our focus is on the pathways into the labor market. In what way do these go through temporary employment? Logistic regressions are used to analyze the cross-national differences regarding the dependent variables at the center of this article. First, do we find country differences in the transition from unemployment to either temporary or permanent employment contracts in the Nordic countries?

The probability of making a transition from unemployment at t to a permanent rather than temporary contract at $t+1$ is higher than the Nordic mean in Norway and Denmark, while it is lower in Sweden and Finland (Table 3). In order to rule out the influence of differences in the educational or retirement systems, a separate analysis for those in the 25–54 age group has been made. The analysis shows the same general pattern for both age groups, but the probability of making a transition into temporary employment is lower in Finland and Denmark in model 2 than for the whole group. The main picture in Table 3 is that the probability of making a transition from

Table 3: Binominal logistical regression of labor market transitions from unemployment to either permanent (=0) or temporary (=1) employment contracts: 2000–2007.

		Model 1		Model 2		Model 3	
Age group	Country (ref= means of odds)	b	S.E.	b	S.E.	b	S.E.
19–63	Denmark	-0.459***	0.040	-0.533***	0.041	-0.486***	0.045
	Finland	0.642***	0.035	0.644***	0.036	0.420***	0.049
	Norway	-0.703***	0.056	-0.690***	0.057	-0.459***	0.069
	Sweden	0.520***	0.036	0.579***	0.037	0.525***	0.039
	Pseudo R ²	0.087		0.117		0.123	
N		9512					
25–54	Denmark			-0.540***	0.049	-0.515***	0.054
	Finland			0.668***	0.045	0.469***	0.061
	Norway			-0.621***	0.072	-0.388***	0.087
	Sweden			0.493***	0.047	0.435***	0.049
	Pseudo R ²			0.125		0.130	
N		6003					

Note: The period for Denmark is 2000–2006. Significance probabilities for the coefficients: ****p*<0.001, ***p*<0.01, **p*<0.05.

Controls have been conducted regarding gender, age, educational level and area of origin in model 1, while we have also controlled for relative county unemployment levels and annual national changes in unemployment levels in model 2.

unemployment to employment via a temporary contract is higher than the Nordic mean in Sweden and Finland, while it is lower in Denmark and Norway.

Integrating temporary employees—Temporary and permanent employees’ probability of staying employed

To investigate whether temporary employees become integrated in the labor market, logistic regressions are used to analyze the cross-national differences in the transition rates from temporary employment to either staying employed or changing status to unemployed. We also study whether those permanently employed at *t* stay employed or change status to unemployed, investigating whether higher transition rates out of temporary employment are followed by lower transition rates out of permanent employment, and vice versa.

A main focus in this article is to study whether those temporarily employed at *t* remain employed or have a higher probability of becoming unemployed at *t*+1. Turning to these transitions for the whole group in Table 4, model 1, the probability of becoming unemployed is highest in Finland, followed by Denmark, with Sweden next, just below the Nordic mean. The probability is lowest in Norway, far below the Nordic mean. The



Table 4: Binominal logistical regression of labor market transitions from permanent or temporary employment at t to still employed (=0) or unemployed (=1) at $t+1$: 2000–2007.

	Country (ref= means of odds)	Permanently employed at t		Temporary employed at t					
		Model 1	Model 2	Model 1	Model 2				
Age group		b	S.E.	b	S.E.	b	S.E.	b	S.E.
19–63	Denmark	0.477***	0.029	0.479***	0.032	0.194***	0.044	0.201***	0.048
	Finland	−0.102***	0.031	−0.203***	0.042	0.326***	0.037	0.177***	0.049
	Norway	−0.284***	0.038	−0.113***	0.047	−0.438***	0.060	−0.224***	0.071
	Sweden	−0.090***	0.028	−0.163***	0.030	−0.082**	0.038	−0.153***	0.040
	Pseudo R^2	0.06		0.06		0.07		0.08	
	N	234,691				25,477			
25–54	Denmark	0.505***	0.035	0.498***	0.038	0.357***	0.054	0.365***	0.059
	Finland	−0.097***	0.037	−0.187***	0.050	0.323***	0.047	0.162***	0.063
	Norway	−0.271***	0.046	−0.098***	0.057	−0.553***	0.080	−0.332***	0.095
	Sweden	−0.137***	0.034	−0.212***	0.036	−0.127**	0.049	−0.194***	0.051
	Pseudo R^2	0.05		0.06		0.09		0.09	
	N	181,198				16,706			

Note: The period for Denmark is 2000–2006. Significance probabilities for the coefficients: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$. Controls regarding gender, age, educational level, area of origin, industry, occupation, and working time are conducted in model 1, while relative county unemployment levels and annual national changes in unemployment levels are also added in model 2.

results for those in the prime age are rather comparable, even though the probability of changing status to unemployed then are highest in Finland, with Denmark second. When controlling for labor market structures in model 2, the transition rate out of temporary employment is highest in Finland and then Denmark, while the probability is still the lowest in Norway.

Studying both age groups, and controlling for all intervening factors except the labor market variables (model 1), Denmark also has the highest transition rates from permanent employment to unemployment, while Norway has the lowest. Finland and Sweden have figures close to the Nordic average. When controlling for the relative unemployment level and changes in the unemployment level the last year (model 2), the patterns change somewhat for individuals in their prime age. While the order is still the same, Norway now also has figures close to the Nordic mean.

Integrating temporary workers—Temporary employees’ probability of moving into permanent contracts

As temporary jobs are inferior regarding quality of working life, training, etc., integrating temporary employees into the labor market is not just about whether those holding such contracts stay employed, but also whether they move on to permanent contracts over time. We therefore also make a cross-national analysis of whether those temporarily employed at t , and still employed at $t+1$, are still temporarily employed or have moved on to a permanent contract at $t+1$ (Table 5).

Table 5: Binominal logistical regression of labor market transitions from temporary employment at t to temporary (0) or permanent (1) employment at $t+1$: 2000–2007.

Age group	Country (ref= means of odds)	Model 1		Model 2	
		b	S.E.	b	S.E.
19–63	Denmark	0.339***	0.029	0.327***	0.031
	Finland	−0.743***	0.024	−0.627***	0.032
	Norway	0.710***	0.032	0.577***	0.039
	Sweden	−0.306***	0.023	−0.277***	0.024
	Nagelkerke R^2	0.116		0.120	
N		22,964			
25–54	Denmark	0.422***	0.036	0.418***	0.038
	Finland	−0.810***	0.030	−0.667***	0.039
	Norway	0.632***	0.040	0.459	0.049
	Sweden	−0.244***	0.028	−0.210***	0.029
	Pseudo R^2	0.133		0.137	
N		15,115			

Note: The period for Denmark is 2000–2006. Significance probabilities for the coefficients: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$.

Controls regarding gender, age, educational level, area of origin, industry, occupation, and working time are conducted in model 1, while relative county unemployment levels and annual national changes in unemployment levels are also added in model 2.

Both models in Table 5 show that for those staying employed from t to $t+1$, the probability of making a transition from temporary to permanent employment is highest in Norway, followed by Denmark. While the probability of such transitions is higher than the Nordic mean in these countries, it is lower than the Nordic mean in Sweden and lowest in Finland. There are only minor differences between the whole group and those in their prime age. Most notable is the fact that the transition rate for the prime age group is almost the same in model 2 for Denmark and Norway.

Summarizing the main cross-country results from Tables 3–5 in Table 6, the results show that Denmark, with a combination of lax regulation of both permanent

**Table 6:** Country rankings based on Tables 3–5, 19–63 years: model 2.

	From unemployment to permanent rather than temporary contract	From temporary employment to unemployment	From permanent to unemployment	From temporary to permanent employment
Denmark	2	1	1	2
Finland	3	2	2	4
Norway	1	4	4	1
Sweden	4	3	3	3

and temporary contracts, has the second highest transition rate into permanent employment, while having the highest transition rates into unemployment from both permanent and temporary employment. Denmark also has the second highest transition rate from temporary into permanent contracts. Norway, with a combination of strict regulation of both permanent and temporary contracts, has the highest transition rates from unemployment into permanent employment, and the highest transition rates from permanent and temporary employment to unemployment is lowest in Norway, making the Norwegian model seem like an integrating, employee-friendly, labor market. In the other end, we find Sweden, with the highest transition rate from unemployment to temporary employment, and comparatively low (third) transition rates from temporary to permanent contracts. While so, the transition rates out of permanent and temporary jobs are lower in Sweden than in Denmark and Finland, a result of the fact that the overall mobility from employment to unemployment is comparatively low in Sweden (Berglund and Furåker, 2011: 125). Combined, the Swedish results indicate that such a model results in a layer of temporary employees who do not move into permanent jobs, while not experiencing lower job security. The Finnish results are rather comparable to the Swedish, albeit with even lower mobility rates from temporary to permanent contracts.

Discussion and conclusion

Investigating whether differences in permanent and temporary employment regulations make an impact on the transition patterns into the labor market for unemployed individuals, the results in this study show that unemployed individuals to a much higher extent enter the labor market through temporary rather than permanent contracts in Sweden and Finland, compared with Denmark and Norway, following the expectations in hypothesis 1. Berglund and Furåker (2011) show that the mobility rates from unemployment into employment are highest in Norway, followed by Denmark. Therefore, the Nordic countries with the highest overall mobility into the labor market also have the highest share of transitions through permanent employment. Since temporary contracts are known to be of inferior quality, we may speak of a higher degree of labor market segmentation into the labor market in Sweden and Finland, combining strict regulation of

permanent contracts with lax regulation of temporary contracts, than in Denmark and Norway, which does not. Regarding hypothesis 2, the Danish results follow the expectations. The risk of making a transition from temporary employment to unemployment is highest there, as the hiring risk is lower.

Different within-country studies have pointed to patterns of mobility from unemployment to temporary or permanent employment, and further whether temporary employees stay employed and become integrated into permanent contracts. This comparative study shows the relative difference in transition rates between the Nordic countries and pinpoints a much stronger tendency toward a segmented labor market in Finland and Sweden, with well-off permanent employees combined with a segment of temporary employees who are not integrated into permanent employment in the same degree as in Denmark and Norway. Gash (2008) found the strictest regulated country in her study, Germany, to integrate temporary employees into permanent contracts to a higher degree than Denmark, the UK, and France. The results here point in the same direction, with the strictest country with regard to permanent employment protection integrating temporary employees to a higher degree. While neoclassical economics assume that lax regulation of permanent and temporary contracts provides higher mobility and better possibilities for permanent (insecure) employment, this article shows that Norway, a rather strictly regulated labor market, provides the highest probabilities for getting permanent (secure) rather than temporary employment. Further, we find that Norway shows the highest transition rates from temporary to permanent employment, followed by Denmark, with a lax and lax regulation. As such, proponents of deregulating into lax EPL are not supported by the results in this article. Instead, the results indicate that strict regulations are able to bring unemployed individuals into the labor market through safe, permanent employment contracts.

While deregulation through laxer regulation of temporary contracts has been put forward as a way to deregulate labor markets while keeping the jobs of insiders secure, the transition patterns in the lax model (Denmark) come out with the “second best” results, as the transition rate from unemployment into temporary employment is better than in Sweden and Finland, and while the transition rate from temporary employment to unemployment is high in Denmark, those who stay employed move into permanent contracts. Therefore, this study indicates that when discussing labor market integration, regulation of the labor market in a strict or a lax mode may function better than deregulating through laxer regulations of temporary contracts. Further, the proponents of lax regulation of temporary contracts claim that temporary contracts have a redeeming effect in providing a bridge into the labor market. This claim is not supported by the results in this study, as temporary employees are becoming unemployed to a higher degree in Sweden and Finland than in Norway. While one indicator of the labor market integration of temporary employees is whether or not temporary employees become unemployed over time, moving from temporary to permanent contracts is another indicator. The transition rates from temporary to permanent employment contracts are lowest in Finland and Sweden, contrary to expectations by proponents of lax temporary employment regulation. It seems as though unemployed individuals in these labor markets to a larger extent become employed in secondary, temporary positions that it is difficult to move away from, pointing toward labor market segmentation, thus supporting hypothesis 2b.



What can explain these clear differences in transition patterns in and out of the labor market? While the lax regulation of permanent contracts in the Danish labor market may provide companies with numerical flexibility, reducing the need for an internal, secondary group of employees with temporary contracts, the strict permanent regulation coupled with rather lax regulation of temporary employees seen in Finland and Sweden may have bred the ground for an insider–outsider labor market, where employers to a higher degree find it suitable to organize their numerical flexibility through a secondary group of temporary employees, in line with the ideas of Atkinson (1984). If so, this type of flexibility should perhaps have materialized itself in higher transition rates into unemployment, which could have been expected if this were the case. In Norway, the strict rules limit the possibilities of using temporary employees in order to enhance numerical flexibility, also at least partly explaining the low transition rates from temporary contracts to further temporary contracts or unemployment. Further, the strict regulation of permanent employment combined with the limited possibilities of using temporary employees may also explain the high level of transitions from temporary to permanent employment contracts in Norway. Since the hiring risks increase when permanent contracts are strictly regulated, the temporary contracts may to a higher degree than in the other countries function as a screening device, where temporary positions *de facto* function as a probationary contract before the employee is hired permanently. While such use is strictly regulated, and difficult to orchestrate by the employer when initiating a temporary employment contract, in positions where temporary employees substitute for employees on maternity leave or in other temporary positions within the same company, the employee holding the position permanently sometimes does not return. In such cases, the temporary employee holding the position may be permanently employed. Further, as there are relatively few temporary positions in Norway, this might also increase the likelihood of making a transition into a permanent position in itself.

We have controlled for unemployment levels and changes in unemployment levels, and tried to rule out the effect of institutional differences regarding labor market transitions among young and those heading toward retirement by also studying the individuals in their prime age as a group. Such explanations can therefore mostly be ruled as. Still, while it is possible that the Norwegian mix between strict permanent and strict temporary employment regulation does not lead to labor market segmentation, it is possible that the extraordinary high employment rates and low unemployment level in Norway at the time of the study, with close to full employment, reduced the chance of labor market segmentation. It could be that the control used does not remove the full impact of the economic boom in the Norwegian labor market. Still, Skollerud (1997) found a high degree of transitions from temporary to permanent employment also during the economic downturn in Norway during 1989–1993, indicating that the finding is not just an effect of high labor demand. In addition, while there are clear differences in transition patterns from one year to the next, it could be that the low transition pattern from temporary to permanent employment may change somewhat if studied over a longer time span than was available to us.

The consequences of EPL *per se* could not be measured directly, hence the results may be influenced by differences in the UB system or in the way dismissals and hiring of temporary employees are handled at the company level. While such measurement errors cannot be ruled out, the results in the study are robust, as they all point in the same direction, away from the idea that a combination of strict permanent and lax temporary

regulation may integrate unemployed and temporary workers in the labor market and away from the neoclassical idea of lax regulation as the way to integrate unemployed and temporary employees.

Since the years 2000–2006, the Nordic countries have faced a financial crisis, followed by economic turbulence and lower economic growth. While the impact of the crisis has varied between the Nordic countries (Jochem, 2011; Mjøset, 2011), a topic for further studies would be to investigate whether the consequences of differences in regulations, and the transition patterns observed, are different during periods with low or no economic growth.

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End notes

¹ In 2004, the duration was reduced from 36 to 24 months.

II

Stress testing the Nordic models: Manufacturing labour adjustments during crisis

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Abstract

This article discusses how the actors in the internationally exposed sectors of four Nordic economies responded to the economic crisis of 2008. Though Denmark, Finland, Norway

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and Sweden are commonly viewed as similar countries, there are important variations in the regulation of workers' rights and the available measures of labour market adjustment such as short-time working and temporary lay-offs. We find that such differences produced significant differences in adjustment patterns, in the cooperation and influence of trade unions during these processes and in institutional adaptation.

Keywords

Company restructuring, Denmark, economic crisis, Finland, flexicurity, Nordic models, Norway, short-time working, social partner responses, Sweden

Introduction

The Nordic countries are small, open economies accustomed to economic change. With the global financial crisis in 2008, their labour markets faced challenges as international market demand slumped. Katzenstein (1985: 24) emphasized that Nordic labour markets are equipped to handle economic shocks, as the interplay between the strong collective organizations and the collective insurance provided by the welfare state serves to cushion insecurity and muster legitimacy for swift policy adjustments through concertation with the state. But how did such cooperation influence company-level adjustments?

The Nordic labour regimes have traditionally been associated with a strong tier of workplace negotiations, within a framework of centralized coordination and state support (Kjellberg, 1998; Sippola, 2012). Regulation of collective dismissals is in comparative perspective relatively weak, especially in Denmark (Muffels and Luijckx, 2008; Rogers and Streeck, 1995); but law and central collective agreements ensure company trade unions – the local union 'clubs' – the right to information, consultation and negotiation in a range of areas, including labour adjustments (Bruun et al., 1992; Sippola, 2012). Thus local negotiations over workforce adjustments concerning wages, working time, use of temporary lay-offs and dismissals are a crucial arena for bargaining over crisis adjustments (Glassner et al., 2011).

In this article we study how the actors in the most internationally exposed sectors of the Nordic economies responded to the crisis at plant level. They faced different possibilities for adjustment because of national variations in the institutional regulation of dismissals and available means of workforce adjustment, but how did such differences influence the extent of cooperative adjustment, the way adjustments were negotiated and the distribution of costs? By comparing companies within a single sector with similar product market conditions we can detect the impact of differences in national institutions and regulations on the pattern of adjustment and union involvement (Marginson et al., 2004: 18–20). The decline in output in the wake of the 2008 crisis was largest in manufacturing, which was most directly hit by the collapse in export markets. Manufacturing is highly unionized, and though density has declined in recent years, the figures are still high in an international perspective, ranging between 79 percent in Sweden and 58 percent in Norway (Kjellberg, 2010; Nergaard, 2010).

Labour adjustment in the Nordic countries, inspired by the Swedish Rehn-Meidner approach (Meidner and Rehn, 1953), has traditionally emphasized external flexibility and reallocation of labour from less to more productive companies. Egalitarian,

centralized wage bargaining forced companies to restructure or go out of business, since they could not resort to downward wage competition. The focus on external flexibility and mobility, combined with relatively generous unemployment benefits and reallocation of labour, has in recent years been replicated in the Danish notion of flexicurity (Ibsen, 2011; Madsen, 2004; Muffels and Luijkx, 2008). Nordic trade unions have usually rejected concession bargaining on the American model or as involved in German company employment pacts (Lehndorff, 2011; Zagelmeyer, 2011).

Labour adjustments negotiated locally between employers and trade unions are framed by institutions and regulations that both constrain and enable different cooperative dynamics and solutions for workplace actors. These institutions rest on compromises that may be subject to change, especially during economic shifts, either by tripartite or bipartite central negotiations, or through local negotiations and bottom-up pressure (Howell and Givan, 2011; Katzenstein, 1985; Mahoney and Thelen, 2010). Local negotiations are subject to a peace obligation and are embedded in relationships where bargaining usually is voluntary, informal and based on continuous exchange (Kjellberg, 1998).

In spite of many similarities, the Nordic labour markets show significant differences concerning temporary lay-off institutions and work-sharing schemes (Hijzen and Venn, 2011), dismissal regulation (Berglund et al., 2010; Sigeman, 2002), early retirement, access to company-specific training schemes and in traditions for local codetermination and tripartite cooperation. Together with variations in rules and customs regarding leadership styles (Byrkjeflot, 2001; Trygstad and Hagen, 2007) and trade union approaches, such differences can be expected to affect the pattern of cooperation, power relations and adjustment at company level. For instance, strict dismissal regulation may increase trade union bargaining power (Elster, 1992). We therefore raise three interrelated questions concerning such national variations. First, how were labour voice, cooperative relations and the extent of negotiations over labour adjustments at plant level influenced by differences in rules regarding participation? Second, how did variations regarding regulation of dismissals, early exit options, seniority, income security and temporary lay-off schemes influence such negotiations? Third, do variations in regulations, available means of labour adjustment and cooperative efforts have distributive consequences at plant level?

Research design and methods

The study was based on case studies carried out during 2010 in 15 manufacturing companies – three each in Denmark, Finland, and Sweden, and six in Norway. All plants were part of larger corporate structures; all three Swedish plants and two of the Danish, but none of the Finnish and only two of the six Norwegian, were foreign-owned. Even though the case studies were limited to a single plant, the adjustments sometimes involved other plants in the company or group, and when relevant we also gathered information about these. To ensure that the cases were typical for the phenomena under study and to enable comparison, we selected plants (in most cases with sizeable export markets) which had experienced a substantial drop in demand, leading to a substantial labour adjustment process. Products included ball bearings, engines, windmills and

pumps. Two plants (NO4 and DK2) were not oriented to export markets, but both produced for the crisis-ridden construction sector and thus faced similar pressures for labour adjustment. All plants were based on fairly traditional mass production, with medium advanced technology, a sizeable blue-collar workforce and high union density. All had more than 50 employees, and all but three over 200, ensuring that the management–trade union relationship had some weight and that the number of workers affected by the adjustments was large enough to gain insight into their distributional effects. We contacted central unions and employer federations, used the Eurofound restructuring database (EMCC, 2009) and our own knowledge about the crisis at company level to find cases fitting the criteria.

Data were collected through interviews with representatives of site management (HR director and/or production/division manager) and of the main blue- and white-collar unions. Interview data were supplemented by annual reports, business data, management–union agreements and so on. A common interview guide was used in the fieldwork, and to ensure data quality all the interviews in Denmark, Norway and Sweden were summarized and emailed to the interviewees for comments. In this article we anonymize the plants, using country initials and numbers.

Background and institutional frameworks

Economic crisis and changes at company level

After a long period of growth, manufacturing production fell sharply in 2008–2009: by 20 percent in Finland, 19.5 percent in Sweden and 17.2 percent in Denmark, though only 6.2 percent in Norway. With production lines attuned to incoming orders – just-in-time production – this implied steep and sudden reductions in demand for labour. Subsequent recovery was strongest in Sweden (a 9.2% increase in 2010) followed by Finland (5.5 percent), but only 2–3 percent in Norway and Denmark. Nordic manufacturing was thus among the most severely affected by the international contraction in demand.

Rules and regulations concerning dismissals

According to the 1998 EU directive on mass redundancies, employers must consult with employee representatives before making a decision involving redundancies of 10 or more employees, in order to reduce the number of dismissals and to mitigate their consequences. Nordic employers facing economic or production-related difficulties may legally dismiss employees without other cost than pay through the notice period: severance pay is not required by law (Sigeman, 2002: 272–273). While these regulations show similarities and are rather lax in comparative perspective (OECD, 2012b), the regulation of (collective) dismissals also involves other dimensions, with more variations between these countries.

In cases of collective redundancy, selection rules are important. While discriminatory decisions are forbidden in all countries, there are regulatory differences. In Denmark the Basic Agreement between *Landsorganisationen i Danmark* (LO) and *Dansk Arbejdsgiverforening* (DA) states that dismissals must be based on reasonable grounds

related to the employee or the company, but criteria for selection are not defined. The same pertains to Finnish legislation, while the Dismissal Protection Agreement between *Suomen Ammattiliittojen Keskusjärjestö* (SAK) and *Elinkeinoelämän Keskusliitto* (EK) contains guiding principles emphasizing the importance of retaining skilled employees and securing those who have lost a part of their ability to work. The lack of specification also pertains to the laws in Norway, but the Basic Agreement between *Landsorganisasjonen i Norge* (LO) and *Næringslivets Hovedorganisasjon* (NHO) specifies a seniority rule, but permits deviation from this principle with due reason. In contrast, the last-in-first-out principle is mandatory under Swedish law (*Lagen om Anställningsskydd*, LAS), so long as the remaining employees have qualifications to carry out the work.

Legislation or collective agreements stipulate a period of notice before permanent employment contracts can be terminated, varying between 14 days and six months, depending on length of service. In Denmark it also varies according to occupational groups (Jensen, 2011). In manufacturing there are only minor variations in notice periods between and within these countries. In all the countries but Denmark, employees have the right to re-employment in the enterprise for a period of nine months (Finland and Sweden) or one year (Norway) after their dismissal (Berglund et al., 2010).

In company adjustments the actors may take the unemployment benefit and early retirement systems into account. Reforms in Sweden before the crisis, lowering the benefits and raising the insurance costs increased the number of workers outside the (voluntary) unemployment insurance system (Kjellberg, 2009); the same occurred, though to a lesser extent, in Denmark (Due et al., 2010). Nevertheless, there were only minor differences in the generosity of the insurance schemes in the Nordic countries (OECD, 2012a). At the time of the crisis, Denmark had an allowance (*efterløn*) enabling workers to retire from the age of 60; in Finland individuals who turned 60 before the 500-day period of unemployment benefits was over could move directly into old age pension; and in Norway a state-subsidized collectively agreed supplementary pension scheme allowed those covered to retire at the age of 62. In Sweden there was no such publicly subsidized early retirement system, and the normal retirement age was 65.

Pre-crisis schemes for temporary lay-offs and work sharing

State-funded temporary lay-off or work-sharing schemes had been widely used in Finland, Norway and Denmark long before the current crisis. The schemes share many similarities, most importantly payment of unemployment benefits to laid-off employees. However, state funding commenced only after an initial period of lay-off or short-time working; until then, the cost was borne by the worker, the employer, or both. There was also a minimum proportion of time off work before payment was available: 40 percent in Finland, 50 percent in Norway, while in Denmark the employee had to be off work at least two days per week or one week off followed by one week at work. In Denmark, temporary working had to be shared evenly between employees in at least a whole production unit, and there could be no redundancies within the unit during work-sharing.

In Finland there was no maximum period for lay-offs, but the 500 days duration of unemployment benefits served as a cap. In Norway, until the crisis lay-offs were restricted

to 30 weeks within 18 months, while work-sharing in Denmark could be used for up to 26 weeks within 12 months (Ibsen, 2011; Jørgensen, 2011b).

By contrast, in Sweden such schemes were traditionally used only on a small scale (Björklund, 1996), and ceased to exist from 1995 (Malmberg, 2003). However, a number of job security schemes based on collective agreements and financed by the employers provided training and guidance to employers and employees on how best to handle the labour adjustment process and its outcomes (Håkansson and Isidorsson, 2009).

Initial crisis responses: Central and sectoral adjustments of regulations

Besides forceful macroeconomic measures, the Nordic countries responded to the market collapse by expanding active labour market policies and education (Jochem, 2011), and partly by adjusting the duration and generosity of the unemployment benefit system. In Denmark, Finland and Norway, temporary lay-off or work-sharing schemes were also made more accessible.

Finland and Sweden eased access to unemployment benefits in 2009 (temporarily in Sweden, after being tightened severely in 2006), as was the minimum age for receipt of open-ended unemployment pensions in Finland (Jokivuori, 2011; Lovén, 2009). The Finnish criteria were further loosened in 2010. In contrast the Danish government reduced the maximum duration from four to two years in spring 2010, and tightened criteria for re-qualifying (Jørgensen and Schulze, 2011). In response, DA and *CO-industri* (the 'cartel' of LO affiliates in manufacturing) agreed on a severance pay supplement for workers with more than three years tenure raising the unemployment benefit to 85 percent of previous pay for a limited period (Ibsen et al., 2011: 333; Jørgensen, 2010).

Companies, employers' organizations and trade unions in Denmark, Finland and Norway put pressure on the state to relax the arrangements for temporary lay-off schemes. In Denmark, temporary changes enacted in March 2009 allowed two weeks of work to be followed by one or two weeks of unemployment (Jørgensen, 2011b). Large Danish companies called for prolongation of the work-sharing period from 26 weeks to 18 months. This was supported by most trade unions on condition that the period off work did not count as a supplementary benefit period (Jørgensen, 2011a), but the centre-right government refused further changes. In Norway, temporary changes in spring 2009 increased the maximum duration of lay-offs from 30 to 52 weeks, and the period without benefits was reduced. Even after these changes, the costs to *employers* for hours not worked the first month were 25 percent, which was in the high end of employer costs in the OECD area (Hijzen and Venn, 2011: 12), and much higher than the 15 percent in Denmark and zero in Finland. The minimum threshold was also decreased, allowing employers to lay-off full-time workers two days each week, instead of two and a half. In Finland the minimum threshold was temporarily lowered to one day off work per week, and in January 2009 the 'change security' activation programme, which included retraining, was extended to temporary lay-offs (Arnkil, 2011). Company-level training was also made more accessible by reducing employer contributions for small and medium-sized companies (Miettinen, 2009).

The flexibility enabled by such arrangements was most extensively utilized in Finland, where over 90,000 employees, just under 4 percent of the entire labour force and 31 percent of redundant workers, were temporarily laid off in 2009. In Denmark the number of employees engaged in work-sharing peaked at around 18,000 in May 2009 (Stuvøy and Jørgensen, 2009): 0.6 percent of the labour force and 9 percent of redundant workers. In Norway the peak was just over 18,000 in April 2010 (Olberg, 2010): 0.8 percent of the labour force and 20 percent of redundant workers.

Exceptionally for Western Europe, Sweden had no equivalent temporary lay-off scheme when the crisis hit. However, in response to dramatic job losses in 2009 the main manufacturing union, *IF Metall* and its employer counterpart, *Teknikföretagen*, signed a path-breaking 'crisis agreement', establishing procedures for negotiated work- and burden-sharing at company level. Working time could be reduced to 80 percent without compensation, subject to a company agreement (thus requiring trade union consent). Employees could be laid off for a limited number of days with a corresponding or lower cut in pay. It was the first time that a national Swedish union agreed a reduction in benefits for its members, and subsequently other unions came under pressure to follow. As a result, many workplaces settled for agreements that allowed unpaid, temporary lay-offs in order to save jobs (Henriksson and Kullander, 2011). According to a report by *IF Metall* (2009), almost a third of its clubs signed a local crisis agreement in 2009, covering about 60,000 workers (38% of the membership) (IF Metall, 2009). According to the white-collar manufacturing union, *Unionen* (2009), local branches signed 138 crisis agreements, covering nearly 14,000 members.

In the 2010 bargaining round, the crisis agreement was prolonged until October 2010 on condition that re-employment of formerly redundant workers gained priority over the use of temporary agency workers (Kullander and Henriksson, 2010). In 2012 the social partners in manufacturing proposed a revised version of the agreement as a permanent measure to handle economic crisis throughout the private sector. After revising the proposal, the government in spring 2013 decided to introduce a public scheme for short-time work, with the state, the employers and the employees sharing the costs. The scheme applies only if severe recession is expected, and if necessary structural changes are not obstructed.

In no country were pay cuts or wage freezes centrally agreed during the downturn. Pay increases were low, but various procedural innovations were developed. In Norway, the social partners in 2009 agreed an opt-out from the national pay increase for companies facing economic difficulties, if the local union accepted (Nergaard, 2011). In Finland and Sweden, similar innovations were included in some of the manufacturing wage agreements, as in the agreement for blue-collar workers in electronics, ICT and metal-working in Finland in August 2009 (Glassner et al., 2011: 312).

Employment adjustment: What scope for cooperation in hard times?

Management and trade union cooperation

As would be expected in the core sector of the Nordic models, workforce adjustment in most of the case companies involved fairly extensive cooperation between management

and trade unions. In 12 of the 15 companies, management consulted the unions in an effort to find mutually acceptable ways to adjust working hours and labour costs, thus protecting employment security. To varying degrees, both parties appeared open and willing to explore alternative solutions. In the remaining three companies (DK1, DK2, FI3), consultation was merely at arms' length (Walton et al., 1994). Management consulted the unions and kept their involvement to a minimum. This restricted the process to mostly one-way formal information. In SE1, DK1 and DK2, the actual decisions about workforce adjustment were taken at higher levels in the corporate organization, leaving little room for real local union voice. The unions in SE1 nevertheless felt that the process was fair, as they had influence on these decisions higher up the organizational chain. This was not the case in the two Danish companies. Although the fine details necessarily were left to the local actors to work out, the range of issues to settle at this level was narrow and mostly oriented towards implementation, such as securing good terms for those dismissed.

Sequence and sources of internal and external adjustments

The depth of the fall in product demand in 2009 – the median for the case companies was around 40 percent – required swift and substantial cost savings and workforce adjustments, and the available repertoire of relevant measures was crucial in the consultations. The choice of measures was influenced by the perceived depth of the crisis: many companies saw a need to adjust labour and production capacity immediately.

The measures used by the companies fall within six broad categories: cutting external employees, temporary changes in working time, internal redeployment, pay cost savings, voluntary redundancies and early retirement, and dismissals. The use of measures is summarized in Table 1. Drawing on Greenhalgh et al. (1988: 243), it depicts the short-term impact of these measures on company costs, and ranks them by their assumed contribution to integrative solutions which are perceived as the combined preferable option for both management and trade unions (Walton et al., 1994).

Shedding external labour

When the crisis broke, the prime trade union concern was to shield their own members from loss of jobs and pay, while management was looking for ways to save costs. As a first line of defence, unions in many companies thus called for, and usually won acceptance for, a reduction in external labour such as agency workers and consultants.

A dismissal is always painful, irrespective if the person is employed by the company or is working as a consultant. But from the perspective of the union, the first priority must be to keep employees in the company employed. (Union representative, SE1)

Since the number of external workers was low in most companies (except SE1), this measure had little impact, but for the unions it sent an important message to their members: external labour would be cut before dismissals were discussed. To avoid dismissals, the unions would seek temporary measures to enhance internal flexibility and possibly

Table 1. Adjustment measures.

	Type of measure	Subtype	Company			
			DK	FI	NO	SE
↑ Increasing integrative bargaining solutions ↓	1. Cut external employees			2	2,3,4,6	1
	2. Temporary working time adjustments	a) Flexible working time arrangements	2	1,2,3	2	1,2,3
		b) Temporary lay-offs, work-sharing	2,3	1,2,3	1,2,3,4,5,6	
		c) Training courses without normal pay	2	1,2		1,2,3 ^a
		d) Reduced working time and pay			1,2,3,5	1,2
	3. Internal redeployment		1,2,3	2	2,4,6	1,2
	4. Changes in pay systems		2,3			
	5. Exits and early retirement	a) Voluntary redundancy with severance pay		1,2,3		1,2,3
		b) Early retirement incentives		1,2		1,2,3
	6. Dismissal	a) Phasing out temporary employees			2	2,4,6
b) Dismissals			1,2,3	2,3	1,2,3,4,5,6	1,2,3 ^b

↑ Increasing short-term savings
 ↓ Increasing long-term savings

^aIn SE1, training measures were funded by the operating budget. In SE3 an externally funded project covered the training costs, while the wage costs were underwritten by the company.
^bIn SE2 only a few white-collar employees were dismissed.

voluntary redundancies, even though there was usually a shared understanding that, when needed, some workers would have to leave in order to secure the jobs of others.

Wage cost savings

As the fall in demand accelerated, it soon was clear that further measures were required. While nominal wage cuts, in modern time, have been unthinkable in Nordic countries, other ways of reducing wage costs were indeed a central issue. As noted, very modest central wage increases were agreed in 2009–2010, also involving procedural adjustments to enhance local pay flexibility. In Sweden, the crisis agreement implied that workers’ pay could be temporarily reduced in line with working time, and some similar but more short-term agreements were negotiated at company level in Norway. All the case companies negotiated very modest local wage settlements in 2009, including pay freezes in four of the companies.

In Finland, the blue-collar unions offered no temporary pay concessions, but in FI2 the executive group's pay was reduced, and in FI3 bonuses were suspended. In Norway, some employers suggested using the opt-out from the centrally agreed increase, but the unions argued that it made no sense since the savings would be too small and could permanently damage wage levels: the issue was a temporary lack of market demand. In Sweden, the local parties negotiated measures in line with the central crisis agreement, even when not covered by it. Wage agreements were delayed and moderate. In Denmark, management seemed more able to win trade union acceptance for reorganizing bonus systems in order to lower wage costs permanently. In DK2, management obtained substantial savings on pay, implementing a new pay and bonus system for blue-collar workers, while in DK3 a planned pay rise was converted into a bonus agreement.

Sharing burdens and searching for internal flexibility

As pay curbs and cuts in external labour could in no way match the fall in sales, the local parties also sought complementary means to cushion the crisis by internal flexibility. Companies in Finland and Sweden drew initially on existing agreements regarding flexible working time; such agreements enabled hourly adjustments of around 10–15 percent within a year. Only one Norwegian company (NO2) had a similar option, allowing five stop days with full pay during seasonal shifts. In DK2, working hours were usually adjusted to seasonal demand fluctuations. At the time of the interview they had not worked overtime during the summer, therefore facing a problem when entering the winter period. In all these cases these arrangements only postpone working hours, requiring more work later in the year. The actors in several instances therefore renegotiated their agreements or struck entirely new deals. This was usually instigated by the unions, who wanted to distribute the losses of work and income evenly while saving jobs.

Negotiations over more radical solutions were underway in SE1. Propelled by the *IF Metall* club, which was working actively to win support for development of similar frameworks at sector level, this eventually led to the signing of the 'crisis agreement', which was soon implemented. The union signed the agreement in April 2009 on condition that there would be no more dismissals in 2009, and that the savings would be equally distributed between blue- and white-collar workers. A similar deal was negotiated in SE2, corresponding to a reduction of payment equivalent to 1.3 percent on an annual basis, which the union had to concede in return for early retirement.

There were no cuts in pay in line with working time in any of the Danish and Finnish cases. In four of the Norwegian companies, however, it was agreed that employees, or just the blue-collar workers, could work three or four days a week for a month or two. In two cases the cut in pay equalled the cut in working time, in the other two the cuts in pay were 5–10 percentage points lower, a sign of integrative cooperation.

Some companies also agreed internal redeployment, whereby some employees were moved from parts of the organization with excess capacity to units with higher need for labour. Only in SE2 and DK2 did this involve a substantial proportion of employees.

Towards a new Swedish way: Market-driven micro-corporatism?

In contrast to firms in other Nordic countries, Swedish companies had no state-sponsored buffers for labour hoarding or flexibility. Both management and unions would have preferred to have access to temporary lay-offs until the crisis was less severe. Instead, the parties in SE1 agreed on 20 'stop-days', when production was suspended, and paid the workers 85 percent of their normal wage. Similar measures were seen in SE2. To complement the drive towards flexible working-time adjustment, a training scheme (SE1) and earmarked funds for education and in-service training (SE2) were used to retain employees in the company. Faced with market collapse, management was forced to negotiate with the blue-collar union over how to save costs and skills by developing a scheme for internal working-time flexibility that, in effect, served as a private functional equivalent to the public lay-off schemes known elsewhere. Instead of passing the costs on to the state, they were shared between the workers and the company. In line with the notion of 'productive constraints' (Streeck, 1992), the external market rigidities prompted the actors to find new integrative ways to improve flexibility that implied a significant shift towards local continental-style employment pacts. As mentioned, 60–80,000 employees took part in such schemes in 2009.

The traditional Nordic way: Cushioning the crisis by state-sponsored flexibility

In Finland, Norway, and to lesser degree Denmark, the companies possessed extended opportunities for labour hoarding and time flexibility by means of temporary lay-offs and work-sharing. In the Norwegian and Finnish companies, temporary lay-offs were used extensively to postpone and if possible avoid dismissals, supported by both sides in the plants. All the Finnish companies used temporary lay-offs, often to a large extent. As stated by management at FI2:

It's the Finnish law that makes dismissals and lay-offs basically the only possible workforce related adjustments. Everything else can be locally agreed, reductions in wages and such. This system, unemployment benefits and such, leads to workers not wanting to even discuss other options. It leads to the point where dismissals and lay-offs are the only sensible options.

In some Norwegian companies hit by the crisis before the lay-off rules were relaxed, a significant number of (recently hired) employees were dismissed before the use of the temporary lay-off scheme. The Finnish, Norwegian and two of the Danish companies preferred to use temporary lay-offs or work-sharing instead of dismissals so as to retain general and firm-specific skills. Procedural innovations were seen in several companies, such as fairer burden-sharing by means of rotational periods off work, reduced work weeks, extended vacations and so on.

Dismissals and criteria for selection

The unions considered any temporary, internal measures (including temporary lay-offs) to be better than permanent, external solutions. Dismissals without severance pay were the least preferable. Still, there was in most cases a shared understanding that dismissals

were unavoidable, and most of the companies reduced their staff substantially: in the majority of cases by 20 percent or more (with a peak of 83 percent in DK1). The issue in the negotiations was thus not for or against dismissals, but where to draw the line and how to spread the burdens. In spite of wide-ranging joint efforts to retain labour, the depth of the crisis made dismissals unavoidable in all but one company (FI1), and mainly affected blue-collar workers. In terms of reduced labour input, regular dismissals were the most decisive means of adjustment in all companies but two (FI1 and SE2). In two companies with less trustful relations, the dismissals were perceived as an illegitimate 'cleansing operation' (FI3), or an unfair decision made by foreign headquarters (DK1). Union representatives mainly considered the dismissals fair, as long as all alternative measures were utilized, and efforts were made to distribute savings across the entire organization, at all levels.

As regards dismissals, the scope of company negotiations varied according to the national regulation of dismissals procedures and criteria. In Denmark and Finland, the selection of whom to dismiss and retain was largely a management prerogative. In Sweden and Norway the overriding rule for dismissal of blue-collar workers was seniority. This reduced the employers' latitude, and deviations from the seniority rule usually needed to be justified and negotiated with the union club. Being in control of the conditions for deviations from seniority was an important source of power for trade unions. The young usually had least tenure and were dismissed first in all cases. According to Norwegian managements, most employees with short tenure were also less skilled. For management it was imperative to keep employees with specific competences, regardless of seniority, while the blue-collar unions saw seniority as an important and 'fair' principle for selection. In all the Norwegian and Swedish cases there were negotiated deviations from seniority, indicating that the unions accepted some flexibility if it was justified by skill requirements for a specific task or unit. For white-collar employees, competence was the sole criterion in the Swedish cases, while a mixture of seniority and competence was applied in the Norwegian cases. Usually the number of dismissals among white collar employees was low, mostly related to a reduced need for special tasks, such as invoices, buying parts, foremen etcetera. Skill requirements made seniority a less applicable criterion in such instances.

With management responsible for decisions, seniority played little or no role in the Danish and Finnish cases. In Denmark the criteria were based on perceptions of the future need for skills and capabilities in the company; in DK2, employees' motivation and sickness absence were also considered important. Even the unions saw dismissal selection as an employer prerogative, although in DK2 and DK3 they could forward views for instance regarding social considerations. According to the unions the selection criteria had sometimes biased distributive consequences, especially in one case (DK2) where management emphasized functional flexibility, since every employee after former rounds of downsizing had to be able to operate a minimum of three workstations. The result was that all those over 60 years of age were dismissed. In the two Finnish cases (FI2, FI3) the dismissal selection was more in the hands of the employers and conducted more flexibly than in the Norwegian and Swedish cases, with more weight on job descriptions and skills and less on seniority, but not to the same extent as in Denmark. The unions were consulted, but they felt they had little influence regarding the number, selection and distribution of dismissals. In FI3 the CEO explained that bad economic conditions gave a perfect opportunity to remove employees not fitting management's

perception of the future organization. Still, the dismissals did not affect particular groups, apart from blue-collar employees in general.

Give-and-take in tailoring adjustment packages

In the Swedish companies we find the clearest signs of give-and-take cooperation. The blue-collar unions would only accept cuts in working time and losses in pay on condition that there would be no dismissals within a given period of time (SE1, SE2), that blue- and white-collar employees would be subject to fair distribution of the savings (SE1) and of early retirement and redeployment offers (SE3). Further, in the Swedish companies, voluntary redundancy with severance pay was frequently used as part of trade-offs in negotiating crisis packages. The unions could for instance demand such offers, especially for elder employees, in 'return' for accepting dismissals. Severance pay was to some extent also applied in the Danish cases (DK1, DK2) and a few rare instances in DK3 in order to promote employee loyalty, calm union discontent and provide incentives to keep up productivity while working through the notice period. In the Norwegian and Finnish companies relying on temporary lay-offs, such measures were not prioritized by the blue-collar unions. In Norway this also reflected the recent pension reforms and the associated political attention and (social partner) campaigns to prevent exclusion and make the elderly prolong their careers (in order to counter the effects of workforce ageing). Pressure to take early retirement was thus perceived as normatively unacceptable. While only a few employees retired early in NO1, NO3 and DK2, a sizeable share of the external flexibility in SE1 (10%), SE2 (35%) and DK3 (27%) was obtained through early retirements. The aim of the unions in these latter companies was to avoid dismissals. Early retirement or severance pay was viewed as a better option, leaving the individual employees with a choice and some financial returns.

Discussion and conclusion

As expected within the Nordic two-tier systems, company-level negotiations between management and trade unions proved important in achieving swift workforce adjustments. Differences in dismissal regulations and in the existence and form of state-sponsored temporary adjustment measures influenced the extent and form of cooperation, the way these adjustments were negotiated and the distribution of costs.

We find that the company actors make their adjustments in articulated interaction with central actors and institutions. The Nordic countries showed different patterns of institutional adaptation, depending on the arrangements prior to the crisis and the subsequent level of tripartite cooperation and state support. In Sweden, with no state support, collective bargaining and autonomous sectoral actors were decisive. When facing market shocks, these contingencies worked as beneficial constraints, spurring cooperation at company and sectoral levels, enabling the creation of innovative agreements at both levels. In Norway and Finland the state-funded temporary lay-off measure shaped the cooperative efforts, but even so there was significant renewal in local agreements, and central actors showed ability to respond swiftly by adjusting such arrangements as temporary lay-off rules. These changes underpinned local choices and flexibility. Norway faced a smaller unemployment crisis, and had 'unlimited' funds to use for temporary

lay-off arrangements. Denmark seems to exhibit an intermediate approach. The budget crisis and government reluctance to contribute caused a political blockage in the established tripartite channels, restricting cooperation at national and sectoral levels. Since dismissal rules were the most lenient amongst the Nordic countries, and the work-sharing scheme was more restrictive than in Finland and Norway, in 2010 *Dansk Metal* negotiated increased severance pay, increasing the cost of dismissing employees.

In spite of such differences, we found largely comparable results in terms of social outcomes. Still, while one should be cautious with generalizing from outcomes when using a case study design, our cases follow the national statistics in that temporary lay-offs were used more in Finland and Norway than in the other countries. In all cases, across the countries, the actors knew that the alternative would be dismissals; the priority was to save jobs. Further, while seniority rules meant that the youngest workers were worst affected in Norway and Sweden, greater employer influence in Denmark and Finland seemed to create a more differentiated pattern of dismissals: the 'least productive' tended to be dismissed, regardless of age. Indeed older workers, with narrower skills, might be most vulnerable. The early retirement systems in these two countries seemed to smooth conflicts in case of such choices, as in DK2.

While the extent of management-labour cooperation and trade union voice in handling labour adjustments during the crisis varied between companies in the four countries, the most striking variation was in the extent of strategic renewal and institutional innovation. The negotiation of local and central agreements facilitating temporary cuts in working hours and pay in Swedish companies was remarkable in several respects. This was the first instance in modern history where Swedish metalworker unions ceded acquired rights and indirectly accepted cuts in pay, a significant departure from the traditional Rehn-Meidner model with its emphasis on external flexibility as means of adjustment. The gain was that the unions achieved a more even distribution of losses among the workers retained, and as such an integrative solution. While companies in all countries emphasised the importance of retaining company-specific skills, the Swedish move towards more emphasis on internal working time flexibility resembles the German model of local employment pacts. Eventually, tripartite talks in the wake of the crisis agreement led to the government proposal described above.

In terms of interests and objectives, there was no salient difference between the actors in the different countries. Both sides shared the overriding goal of rescuing the site and retaining competences and crucial company-specific skills, on which production and the remaining workplaces would be reliant. Both sides also soon realized that external flexibility would be necessary to rescue as many jobs as they deemed possible, but views naturally diverged as to where and how the line was to be drawn – and the division of costs – depending on which alternative options were available. The conflicts of interests between management and labour over such distributive issues took different forms, depending on the alternatives that were at hand. In all cases, the division of costs for employers and the losses of income or jobs for workers were at the heart of discussions, but how the burdens were to be distributed among the workers was also contentious. In practice, such disagreements first and foremost played out with regard to the number of dismissals as against alternative adjustments (reduced pay, working time, lay-offs, severance pay, retirement) and with regard to the criteria and selection of those dismissed. For the employers such questions were primarily functionally related to skills and productivity, whereas for the

unions they were more a matter of justice and equality. The combination of common and conflicting interests meant that the actors both were dependent on each other, and, to different extent, had control over parameters that could be used in exchange processes and as power resources.

The study reveals interesting variations in the power relations and the extent and depth of cooperation. Swedish unions, and to considerable extent also the Norwegian, were markedly more involved and influential in decision-making over labour adjustments than were the Finnish and Danish. With broadly the same general rights of participation, the main source of such variations stems in our view from differences in regulations and criteria for collective dismissals. The access or not to publicly funded schemes for lay-offs or reduced working hours also influenced the options and constraints facing the actors. Besides reducing the level of conflicting interests between management and unions, the buffer function of such schemes apparently implied that the depth of union involvement in decision-making was less profound than in Sweden.

The requirement of union consent regarding the application of seniority criteria in Swedish (and Norwegian) companies, and the absence of external public buffers in Sweden, entailed that the mutual interdependence between the actors and the pressure to find negotiated solutions were stronger than in the other countries. Swedish unions thus had control over parameters that were of utmost importance to management, at the same time as they faced stricter economic constraints. Paradoxically, it can be argued that the Swedish company actors, constrained by lack of short term, external flexibility schemes, engaged in rather balanced, integrative internal adjustments, notably for those who remained in the companies.

In Norway, where the central collective agreements allow much less local working time flexibility, the incentives to engage in such negotiations were much stronger during the crisis, also because of the costs and losses in pay associated with the temporary lay-off scheme. Such pressures were considerably higher in the early phase before rules were relaxed, prompting a number of local agreements on internal work-sharing schemes which were preferred by both sides because they involved fewer costs. Further, the unions controlled the conditions for flexible application of the seniority principle, but the access to external labour hoarding co-funded by the state eventually made the pressure to negotiate internal flexibility less urgent than in Sweden.

This was even less so in Finland, where the issue of dismissal selection was mainly under management control and the alternative of temporary lay-offs was virtually costless for the companies. Similarly in Denmark, managements' prerogative to decide the number and selection of dismissals, and the somewhat strictly regulated work-sharing scheme meant that the parties had less incentive to negotiate over further internal flexibility beyond the already quite flexible working-time schemes. This implied that there was little to negotiate about, and the plant-level unions therefore played a minor role, as seen also in another recent study (Ibsen, 2011).

In sum, the cooperative system of labour relations still played an important role in accommodating large-scale workforce adjustment in Nordic manufacturing, but the extent of local trade union participation in such processes varied significantly between the countries. The differences in cooperation between the local social partners, and in trade union influence, can according to our analysis mainly be attributed to

national differences in regulation of dismissal selection criteria, and in the availability of short-term work or temporary lay-offs. These differences provided variations in the need for cooperative solutions and in the actors' control over issues of interest to their negotiating partner. The lower level of trade union participation in Denmark and Finland reflects the fact that employers enjoy much greater discretion and flexibility in dismissal selection than in Norway and Sweden. In the latter the strict seniority criteria implied that employer decisions were reliant on trade union consent, which granted the unions a stronger say. In Sweden, the absence of a temporary lay-off scheme, a significant disadvantage for employers' ability to save company-specific skills, also posed greater pressure on the actors to negotiate mutually acceptable solutions, showing how the actors in the Nordic economies, when facing crisis and inflexible institutional mechanisms, are able to adjust by way of swift institutional changes.

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III

Adjusting labour through crisis: A three industry comparison

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Abstract

Comparing manufacturing, construction and newspapers in Norway, this article analyses how industry and occupational differences affect management–trade union cooperation and union influence during labour adjustments. While manufacturing and construction companies, to some extent, lean on temporary layoff measures and dismissal regulations anchored in national law and in collective agreements, the newspaper cases apply measures outside the scope of dismissal regulations and the general regulatory system. Conditioned by national institutions and regulative constraints the different product market, industry norms, occupational structure and labour market facing the actors in the newspaper companies, the unions there were more influential and other measures such as severance packages were more used.

Keywords

Dismissals, Norway, power, redundancies, short-time working, trade unions

Introduction

This article compares labour adjustment processes at company level in construction, manufacturing and newspapers in Norway after the financial downturn in 2008. The core question is how the impact of national institutions and regulations on local trade union¹ priorities and power, and cooperative relations, are conditioned by industry differences related to product markets, production contingencies and occupational structure in generating structures and resources management and unions exploit during labour adjustment processes. The focus is thus on how such industry differences interact with national institutions and accentuate variations in union power resources and union power during local adjustments.

National labour market institutions and regulations of dismissals, representation and cooperation constrain and shape actor choices during labour adjustments processes, while leaving room for agency and interests (Doellgast, 2008; Edwards et al., 2006;

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Pulignano, 2011; Svalund et al., 2013). The Norwegian labour market is known for its relatively lax regulation of dismissals for economic reasons, while legal regulations and collective agreements ensure unions the right to information and consultation about workforce adjustments (Løken and Stokke, 2009). The basis for temporary layoffs and dismissals, and the selection of employees to be temporarily or permanently laid off, are to be discussed with the company trade union – the local union ‘clubs’. The employer has the final say regarding labour adjustment decisions, and the unions have no right to strike except related to the central renegotiation of agreements (Stokke, 2008). In contrast to single employer bargaining systems, as in the USA (Frost, 2000, 2001), and the work(s) councils of Germany (Doellgast, 2008; Zagelmeyer, 2011), the unions in Norway are situated within a two-tiered bargaining system, and are responsible for consultation, codetermination and bargaining. Unions therefore play a different role in such local processes than in the USA and Germany (Sippola, 2012: 53).

Within a given national institutional system, industry differences are likely to cause variations in adjustment patterns and union power (Bechter et al., 2012; Lévesque and Murray, 2010; Marginson et al., 2004: 20). Studying local level adjustment in European countries after the 2008 crisis, Glassner et al. (2011) found that the use of wage and working-time cuts, temporary working-time measures, etc. varied profoundly between industries. Labour adjustment processes thus illustrate how, within the same national industrial relations, industry differences influence companies’ ability to adapt to economic shifts, how union resources are contextualized within different industries and how local justice dilemmas are resolved in practice (Elster, 1992). While there are some few studies of labour adjustments comparing different industries within national borders (Dekocker et al., 2011; Lévesque and Murray, 2005), they do not investigate systematically how national regulations, industry differences and the extent of long-term cooperation between management and unions interact in influencing union power during these processes.

The economic downturn from mid-2008 presented a rare opportunity to compare such processes across industries. The choice of industries was strategic. The three industries are highly unionized among their core employees, and experienced a substantial downswing due to the financial crisis. The robustness and adaptability of manufacturing, a cornerstone of the Norwegian labour market model, is compared with construction – an industry with long-term projects and fragmented and dispersed product organization – and newspapers, producing intangible products with highly skilled white-collar employees. The study thus contributes to previous research by comparing actors, processes and dynamics of labour adjustments between industries within national borders, developing more fine-tuned explanations of why and how such processes and outcomes vary even within the cooperative Norwegian system.

The structure of the article is as follows. Analytical perspectives are elaborated in the second section, while research methods are discussed in the third section. In the fourth the economic and employment situations, industrial relations and important regulatory frameworks in the industries are laid out. In the following section the labour adjustments are described. The sixth section analyses and discusses how differences between these industries affected management–union cooperation, union influence and choice of measures. Finally, the study is concluded.

Analytical framework

Well-known theoretical approaches illuminate why industry differences cause variations in adjustment patterns within national regulative models. Contingency theories (Thompson, 1967; Woodward, 1965) highlight that differences in production technologies and product markets influence how companies organize, while organizational neo-institutional approaches provide further explanations for such variations. DiMaggio and Powell (1983) stress that coercive, mimetic and normative pressure creates increasingly similar organizational practices within industries and stronger differences between industries. Thus, specific norms of justice (Elster, 1992) may develop within industries, influencing actor opinions regarding adjustment measures. Criticizing DiMaggio and Powell and other neo-institutionalists for being incapable of explaining incremental change and diversity within industries, Mahoney and Thelen (2010) assert that institutions are ambiguous, fraught with power and agency; formal and informal rules and regulations do allow some levels of discretion in their interpretation or enforcement. Hence, they are developed and interpreted as a result of compromises between opposing actors.

In labour adjustments there are two distinct sets of *actors*; employers deciding what measures to use and the allocation of burdens, and unions, representing a number of individual employees whose aims and interests do not always coincide with the union perception of collective worker interests. During consultations, the actors have to define the crisis situation, the extent and character of the problems, the available measures, their likely consequences, and discuss how the burdens and benefits are to be distributed. In some instances, management and unions easily agree that the situation calls for a specific measure, for instance dismissals, limiting the extent of opposing views and strategic choices. In other instances, opposing definitions of the situation lead to different perceptions of what measures are appropriate. In cases where management and unions agree on measures, be it dismissals or working-time reductions, there may still be conflicting views regarding the distribution of burdens between employees. Since ultimate decision-making power resides with management, union influence in such situations rests on its ability to make credible threats by means of controlling scarce resources of interest to management (Elster, 1992: 175). Therefore, labour adjustments sometimes involve clear trade-offs and use of exchange power (Emerson, 1962). Comparing adjustments between industries, union power resources vis-a-vis management may vary due to differences in sheer union strength. First of all, union membership and overall union density within the different industries in a national economy may influence local union resources and strength. While so, another study within the same research project as this article, comparing construction and manufacturing companies in Finland and Norway, finds that the Norwegian companies, despite lower union density on national and industry level, were more influential than their Finnish counterparts during the labour adjustments (Svalund and Kervinen, 2013). The local unions in the Norwegian companies had tighter, more reciprocal relationships with management, serving as a source of exchange power. Further, Scheuer (1986) suggests that while some unions base their power on 'collectivism' typical of workplaces with high degrees of standardization of work or close supervision, other unions representing occupations with specialized knowledge in a narrow

field, base their power on professional consciousness and control of skills ('professionalism'). Journalistic work is, compared to more routine work tasks in factories and construction sites, difficult to monitor, and editors are dependent on journalists cooperating actively in the search for and presentation of stories (Sørensen, 2004), accentuating the need for union and employee consent in the adjustments. As journalistic knowledge and collaborative work processes are pivotal in the production within newspapers, journalists are positioned as the key production factor, to a higher degree than core groups within construction and manufacturing.

Theorizing negotiation² processes Walton et al. (1994) contrast distributive bargaining, pure conflicts of interest with a clear win-lose quality, to integrative bargaining. Integrative bargaining 'has the function of finding common or complementary interests and solving problems confronting both parties', and has a win-win quality to it (Walton et al., 1994: 45). Labour adjustment negotiations are embedded in long-lasting relationships, where order and long-term reciprocity are necessary to maintain good, cooperative relationships. Hence, the respective actors' relative bargaining power also rests on the fact that they are bound to interact in the future, and must judge whether use of power may have detrimental long-term effects on the social contract, the trust and proscribed *quid pro quos* between them (Walton et al., 1994: 43).

Faced with company crisis, the use, volume and distribution of dismissals are the most sensitive and contested issues. For the employer, dismissals mean loss of skills and investment in human capital, for unions' the security of jobs and income for their members is their main priority. In instances of downsizing, this raises difficult dilemmas as the job security of some union members may depend on the loss of jobs for others. In such situations, the dismissal selection principle can be an important source of power during negotiations, as the volume of quits can be linked to the distribution of the burdens and loss of skills for the remaining groups of employees (Elster, 1992). While Norwegian law does not specify any selection criteria for dismissals, the Basic Agreement between the Norwegian Confederation of Trade Unions (LO) and the Confederation of Norwegian Enterprises (NHO) (construction and manufacturing), and the Norwegian Union of Journalists (NJ) and Norwegian Media Businesses' association (MBL) (newspapers) states that seniority should be applied. This principle may be deviated from if there is due reason (LO-NHO/NJ-MBL Chapter 10, §9.12). In industries with a high amount of on-the-job-training, promotions are often based on tenure, strengthening the importance of seniority in dismissal processes. In manufacturing work, with complicated work processes not belonging to a skilled craft, the seniority principle may correlate tightly with competence (Engelstad, 1994: 195). In construction this may be less so, as craft work tends to be more similar across companies. In newspapers, the competence of the core employee groups are to some degree based on generalized knowledge (Becker, 1964). Still, journalistic work is usually subject-related and rests on acquired personal expertise, which often correlates with seniority. While so, the use of the seniority principle will not always lead to retention of a relevant composition of skills, as newspapers, in addition to covering specific subjects, must mirror their readers' interests, sometimes employing journalists from different age and ethnic groups, etc. Therefore, the local labour markets, and the ease with which the employer can replace the competence of a

particular journalist, carpenter or CNC operator³ during a later upswing are likely to influence how employers' approach the adjustments.

During labour adjustments the companies may prefer *external* flexibility measures involving the labour market outside the company, by way of attrition, firing, or ending the use of temporary employment, agency workers or subcontractors. Alternatively, they may, to retain skills, prefer *internal* flexibility measures, such as redeployment, working-time adjustments and changes in pay systems within the company (Atkinson, 1984; Glassner et al., 2011). In such situations struggles over choice of measures, and distribution of burdens for workers and benefits for employers, are interrelated. While Elster (1992, 1995) and Engelstad (1994, 1997, 1998) in a series of studies on local justice in dismissal situations discussed the allocation of burdens in such processes, the studies were limited to discussing the use of different allocative principles for dismissals. In the same comparative project, Schmidt (1992) found such a perspective too narrow. The use of a specific principle for distributing dismissals may influence whether *other* tools for internal or external flexibility are sought, and dismissals avoided (Schmidt, 1992: 797). Hence, general principles and measures laid down in national institutions can constrain or enable the actors to choose different local adjustment paths. Studies of company downsizing in Norwegian work life (Dahl and Nesheim, 1998) and in manufacturing in Sweden (Smith et al., 1995) in the 1990s showed that early retirement and severance pay were used strategically to avoid application of the seniority principle during dismissals. A study of downsizing in the media industry in Norway after the crisis of 2008 (Rørvik and Nesheim, 2010) showed that media companies to a large extent relied on attrition, especially large severance pay and early retirement offers, paid or subsidized by the companies.

Temporary layoffs may also be an alternative to external flexibility. Mosley and Kruppe (1996), studying European experiences with such schemes until mid-1990, found that they have been used to retain skilled labour, similar to what Svalund et al. (2013) found when studying Nordic manufacturing companies. This measure is frequently used in construction and manufacturing as declining demand influences the need for labour (Hansen and Kvasdheim, 2010; Hijzen and Venn, 2011). By contrast, in newspapers, declining demand or revenues does not necessarily reduce the workload, restraining the available options.

Summing up, the key analytical question addressed in this study is thus how national institutions and industry differences interact, and how industry differences may accentuate industry specific patterns of labour adjustments, as well as union power, within the same national institutional system.

Research methods

To understand the mechanisms and processes behind local labour adjustments, a case study approach is especially useful (George and Bennett, 2005). Twelve case studies were carried out from April 2010 to January 2011. Six manufacturing plants, three large construction divisions/regions and three newspapers were selected: the main selection criterion was that they had experienced a severe drop in demand or revenues, and had been through a substantial labour adjustment process (see Table 1). To make comparison

Table 1. Case characteristics.

Case	Size before downsizing	Union density main occupational group	Main occupational groups/categories of workers	Use of temporary employees before the crisis	Use of consultants or agency workers before the crisis	Percentage permanent reduction in staff	
Manufacturing	M1	500–999	65–70%	Blue-collar	Very few	None	17
	M2	200–499	Close to 90%	Blue-collar	Very few	Low	24
	M3	100–199	80–90%	Blue-collar	Very few	Low	35
	M4	100–199	100%	Blue-collar	Very few	Low	28
	M5	200–499	100%	Blue-collar	Very few	None	63
	M6	500–999	80–90%	Blue-collar	Very few	Low	20
Construction	C1	200–499	Close to 100%	Blue- and white-collar	None	Some, use varied on project level	56
	C2	200–499	Above 90%	Blue- and white-collar	None	Some, use varied on project level	19
	C3	200–499	Above 90%	Blue- and white-collar	None	Some, use varied on project level	15
Newspapers	NP1	500–999	Above 80%	White-collar journalists, minor blue- and white-collar groups (typography, sales and service staff)	Some	Some freelancers	23
	NP2	200–499	Above 80%	White-collar journalists, minor blue- and white-collar groups (typography, sales and service staff)	Some	Some freelancers	26
	NP3	100–199	Above 80%	White-collar journalists, minor blue- and white-collar groups (typography, sales and service staff)	None	Some freelancers	41

Note: The construction companies used subcontractors to a high degree before the crisis.

possible all companies were highly unionized among their core workforce group. Companies with more than 100 employees prior to the adjustments were selected, giving insight into choices, norms and perceptions of justice in regard to distributional effects not available in smaller companies.

In manufacturing, plants based on mass production and just-in-time (JIT) production, and with sizeable international exports (except in M4), were selected.⁴ The plants made prefabricated products for the national building industry (M4), within the niche of engines, windmills and pumps (M6), production of ball bearings (M3), the automotive (part) industry (M5) and the furniture industry (M1, M2). Two cases (M4 and M6) made products that often were large and time-consuming. These cases work as contrasting cases, giving insight into the significance of such organizational traits. The construction companies represent an industry based on longer one-of-a-kind projects. We selected divisions that developed, produced and rehabilitated buildings, houses, offices and such, for individuals and enterprises. These divisions had considerable in-house production and could adjust their use of labour internally as well as externally. Newspapers deliver new, intangible goods every day. Newspapers with advertisements as a major source of income were selected, as these are more exposed to the effects of cyclical swings in the economy (Picard, 2001), ensuring that the adjustments were prompted more by short-term, cyclical swings than structural changes. The newspapers were all part of larger media houses and groups.

Even though the case studies were limited to single plants, construction division or newspaper, the adjustments were sometimes interconnected with other parts of the company or group. When relevant to the principal case, information about adjustments in these was also gathered via the informants in the principal case. Data were collected through semi-structured interviews in the case companies, supplemented by annual reports, business data, collective agreements, etc. made available to us. Representatives of site management, the HR director and/or the leader of production in manufacturing and construction, and the HR director and or the editor in the newspaper, as well as representatives of the main unions involved in the process were interviewed. Representatives of the Norwegian United Federation of Trade Unions (FF) (the main union for the blue-collars in construction and manufacturing) and the vice-chairman of the NJ were also interviewed, gaining more insight into the changes in these industries in general, and how these unions inform and guide their shop stewards during such processes. All in all, 41 individuals were interviewed. Some of the interviewees were interviewed several times, as the need for new information sometimes turned up. The interviews were mostly conducted face-to-face at the sites, but a few interviews were conducted by phone. A common interview guide was used in the fieldwork. To increase data quality, all the interviews were transcribed or summarized and emailed to the interviewees for comments.

Background – industrial relations, regulations and economic circumstances

Three main types of factors can be identified as structuring labour adjustment processes: (1) industrial relations institutions and actors; (2) rules and regulations regarding available measures and the use of these; and (3) the economic situation at industry level.

Based on these structures, employers and unions develop local strategies adjusted to differences in company and industry-specific production contingencies and product markets.

Economic and employment situation before and after the crisis

The downturn had different effects on production in manufacturing, construction and newspapers, as these industries face very different product markets. While the income and production in manufacturing and construction companies more or less are directly related to product demand, newspapers have two sources of income related to their products: sales and advertisements (Gustafsson, 2006). The sales of newspapers were only modestly affected by the slowdown, while the income through advertisements declined substantively.

The financial crisis hit the global markets mid-2008. Production and employment had increased heavily in manufacturing and construction 2006 to mid-2008, but fell sharply in autumn 2008 and 2009. Both construction and manufacturing met sky-high demand until the turn, as reflected in the figures for 2008. Further, the employment drop in construction was probably much sharper than Table 2 indicates, because many Polish labour migrants were employed in Norwegian construction as posted or hired workers, and were not covered by the labour force survey. Many of them were among the first to become redundant (Andersen et al., 2009). By contrast, newspapers, particularly national non-subscription newspapers, had long been struggling with structural challenges caused by new production techniques, and the internet, causing shrinking demand for paper news (Rørvik and Nesheim, 2010). Hence, entailing both a cyclical and a structural dimension, the crisis in the newspapers could be expected to be more profound than in construction and manufacturing, and to start earlier (Table 2).

Industrial relations

Manufacturing and newspapers, and to a somewhat less extent construction, are marked by strong, institutionalized industrial relations.

In construction, the employers were organized in the Federation of Norwegian Building Industries (BNL), while they were organized in the Federation of Norwegian Industries (NI) in manufacturing (M4 were in the BNL). The employers in the newspapers were organized in the MBL. These employer organizations are all affiliated with the NHO.

In large construction companies such as our cases, the core workforce is highly unionized, comprising blue-collar workers with different crafts. Besides, there is a share of mostly non-unionized, white-collar employees. In manufacturing, the core workforce was highly unionized, blue-collar workers with firm-specific competences. In newspapers journalists comprised a strong, white-collar profession. In addition there is a shrinking group of strongly unionized typographers, whose traditional influence was vested in control over print and layout. The blue-collar workers in construction and manufacturing were organized in different sections of the FF, which also organizes the typographers in a specific section.⁵ All these unions are affiliated to LO. The journalists were organized

Table 2. Employment, turnover and production, by enterprises, 2007–2010 (annual data, percentage change).

		Manufacturing	Construction	Newspapers
Wages and salaries	2007–2008	8	11	–7
	2008–2009	–5	–6	–5
	2009–2010	–2	4	–7
Turnover	2007–2008	5	1	–7
	2008–2009	–10	–17	–8
	2009–2010	1	5	1
Employment	2007–2008	1	11	–5
	2008–2009	–5	–2	–6
	2009–2010	–4	1	–5

Source: Statistics Norway. Own calculations.

in the independent NJ, and were therefore bound by the basic agreement between the MBL and NJ. On the industry level, union density was in 2008 higher in manufacturing (57%) than in construction (33%), but density in construction is higher the larger the company (Nergaard and Stokke, 2010). No figures exist for the media industry or the newspapers as such, but the NJ claims to organize close to 100% of the profession. Unionization among typographers was close to 100% in the case companies.

Regulatory framework

The collective agreements in these industries all require employers to inform the unions regarding the economic situation in the company. In addition, regarding mass redundancies the Work Environment Act requires that the employer informs the unions at least 30 days before term of notice can be given. During this period the parties are obliged to try to find other adjustment solutions, avoiding or reducing the amount of dismissals.

In the case of dismissals, the collective agreements all point to the seniority principle and specify that in case of disagreements as to whether the dismissal is lawful the employee has the right to stay in the job until the issue is resolved. Those dismissed and organized within LO-affiliated unions have a notice period varying between one and six months, depending on age and tenure in the company. The term of notice for those organized in the NJ is three months in general, and six months for those above 35 years of age and with 10 years of seniority or more. As some journalists have a longer term of notice, dismissals were less available as a swift cost-cutting measure.

Temporary layoffs, which relieve employers of their wage responsibilities and the employees of their work obligations, can be used in case of temporary demand reductions (Hansen and Kvadsheim, 2010). The collective agreements require that the union is informed before the temporary layoffs are issued. Prior to the crisis, employees had to be laid off at least 50% of their normal working hours, while the duration was restricted to 30 weeks within 18 months. Temporary changes, reversed in the autumn of 2011, were made to the arrangement during the spring of 2009. The minimum

reduction in working time was reduced to 40% and the duration was extended to 52 weeks. Employers and employees contribute in financing the arrangement, but the main costs are covered by the state. Before the spring of 2009, the employer paid wages/salaries for the first 10 days and the employee lost five days of pay. During the crisis (2009–2011) the arrangement was made cheaper; the employers then had to pay for the first five days, and the employees then lost three days of pay (Olberg, 2010). Except for the start-up costs, the state paid unemployment benefit for the remaining period. The unemployment benefit level was on average about 62% of the former wage, with a cap at 421,536 NOK in the period 1 May 2008–1 May 2009.

Industry variation in labour adjustment at company level – a descriptive overview

The crisis and its impact on the companies

In *manufacturing*, the crisis appeared suddenly, reducing the product demand fast. Most companies, except M4 and M6, created products that were quick to manufacture. Reduced product demand therefore quickly meant reduced production and lower demand for blue-collar labour. In M4 and M6, which made more time-consuming products, the effect on production and labour need was slower, consequently there was more time to plan and adjust. Most companies had several rounds of labour adjustments during 2009 and 2010, partly because of shifts in demand, partly because the actors wanted to stall dismissal decisions while checking whether the market would improve. In *construction*, the reduction in demand had a slower impact on production and demand for labour. The need for labour-hours on ongoing projects remained the same, but the companies did not have enough new projects at hand. The labour adjustments during the autumn of 2009 and through most of 2010 were therefore a successive process, with rather continuous rounds of adjustments. The *newspapers* all experienced a sudden reduction in advertisements during the autumn of 2008. They lost revenues while the need for labour-hours to produce the daily news remained more or less the same, thus presenting the challenge of reducing costs without reducing the quality of the newspaper edition. The newspapers went through two (NP3) or three (NP1, NP2) rounds of labour adjustments.

During negotiations, the unions across industries were expected to defend their members' interests. The frame of reference for employers and unions regarding how the adjustments should be handled was very different in these three industries. Both manufacturing and construction had been booming in the years prior to the adjustments, and especially the union representatives had limited experience regarding adjustment processes and the substantive results to expect. Therefore, they consulted other union representatives in their companies, in the central unions or in other companies, gathering knowledge about procedural and substantive regulations. In the *newspapers* both management and unions drew on more recent experiences from prior adjustment processes. These experiences functioned as a frame of reference regarding how labour adjustments should be dealt with, and enhanced the mutual understanding of the need for, and the process by which, the adjustments could be accomplished.

Adjusting to economic shifts while facing organizational contingencies and institutional regulations

Facing labour adjustments, production contingencies such as labour-hours needed to staff a particular machine or work process, or the time needed to start and shut down the machine, restricted the options available. Olsen and Kalleberg (2004) address the fact that companies' use of temporary workers, agency workers and subcontractors prior to demand reductions increase their external flexibility, potentially saving (core) local union members. Some of the *manufacturing* companies (see Table 1) used such external labour prior to the crisis, but only on a limited scale. As far as possible in relation to contract issues, the companies, urged by the blue-collar unions, immediately reduced or stopped the use of agency workers. In *construction*, the companies used subcontractors and agency workers to a large extent prior to the crisis, providing external adjustment possibilities. Therefore, these companies started to keep more of their future projects in-house. While so, productivity-related issues were often dealt with in the project. Management and unions therefore needed the cooperation of the project leaders to actually stop the use of agency workers, which could be economically beneficial on a project level. Since the collective agreements in both manufacturing and construction specified that agency workers were to be cut before dismissals or temporary layoffs could be discussed, this secured the union influence on this issue. In the *newspapers* the reduction in income did not affect the need for labour input much. Thus, the adjustments had to be oriented towards reorganization of activities to save labour input and wage costs, which accentuated ongoing reorganizations aimed at tackling the structural changes in the industry. To make such changes without reducing the quality of the paper and facing lower sales in the product market, management needed the support of the journalist, both to agree on temporary work-time cuts (see below), and to find solutions that still enabled high quality and kept the journalist motivated. Further, as the typographers had monopoly over certain work tasks through a certain paragraph in their collective agreement, and could potentially close down production fast, hurting sales, these relations between the product market and production contingencies provided resources that the unions, especially the journalists, could use in exchanges with management.

The newspapers NP1 and NP2 used a large amount of temporary employees or freelancers (also NP3) prior to the crisis, providing some external flexibility. Here also, the parties soon agreed to cut the use of such external labour as much as possible, trying to avoid reducing the quality of the newspaper product. Still, across industries, these types of external flexibility measures did not provide enough adjustment possibilities (Table 3).

As prior research on wage setting in the Nordic labour markets indicates (Van den Berg et al., 1998), wage cuts were a no-go within the unions, all union representatives aimed at sticking to their local collective agreements on wages. To cut costs in *newspapers*, management bonuses were cancelled (NP1 and NP2), or management took a wage freeze (NP3), mostly as a gesture towards the unions and the employees. Further, working hours were cut by relying more on news that required less journalistic work, and by doing more of the work during daytime. NP1 also made use of two weeks' unpaid holiday, while incentives were offered for those who wanted to take a leave of absence for the purpose of further studies in NP2.

Table 3. Type of measures used, by company and industry.

Category of measure	Subtype	Company		
		Manufacturing	Construction	Newspapers
1. Temporary work-time cuts	1. Work-time cuts and wage cuts by CA	M1, M2, M3, M5		NP1
	2. Temporary lay-offs	All	All	
	3. Training measures			NP2
2. Wage moderation	Wage cuts			
3. Internal redeployment	1. Transfers within company/plant	M2, M4, M6		NP1, NP2
	2. Hiring out	M5	C2, C3	
4. External employee reduction	Stop/reduction in the use of consultants/agency workers	M2, M3, M4, M6	All	All
5. Attrition	1. Voluntary exits through severance packages		C1	All
	2. Redeployment through early retirement incentives		(C1)	All
6. Dismissal/involuntary quits	1. Stop in the use of temporary employees	M2, M4, M6		NP1, NP2
	2. Dismissals	All	All	NP3

CA = collective agreement.

Facing reduced labour demand and lower income in manufacturing and construction, both management and unions wanted to cut labour costs. To reduce working hours in *manufacturing*, some of the companies needed to lay off workers less than the 50% required in the publicly financed temporary layoff scheme (40% after June 2009) because of production contingencies or size of the demand reductions. Four of the manufacturing companies made temporary ‘crisis’ agreements according to which the employees, or just the blue-collar workers, did not work one or two days a week for a month or two (Table 3). The blue-collar unions were, in the eyes of plant management, pivotal in finding solutions and gaining acceptance among the employees. In M4 and M6, facing a slower reduction in labour demand due to longer work processes, the choice of measures was rather clean cut and uncontested, with initial blue-collar dismissals based on seniority followed by temporary layoffs and a few white-collar dismissals. Hence, the unions’ bargaining positions and the scope of cooperation was narrower. All the *manufacturing* and *construction* companies used temporary layoffs extensively among the blue-collar workers to save company-specific skills. While the blue-collar employees in construction accepted the use of temporary layoffs, both management and unions in C1 and C2 found it difficult to temporarily lay off white-collar employees, as those laid off tended to quit their jobs. In addition to these measures, blue-collar building workers were hired out through cooperative networks among construction companies in their regions (C2, C3). In summary, lower product demand hit the need for labour-hours directly among the

production workers in manufacturing and construction, making, in the eyes of management and unions, temporary layoffs, dismissals and work-time cuts the only feasible ways to handle the crisis. Hence, there was limited room for agency and choice, especially in construction, where 100% temporary layoffs were the measure best fitting the project-based work, in addition to dismissals. In the *newspapers*, temporary layoffs were understood as unfitting; the start-up costs were too high, and it was a temporary measure in the face of more permanent changes, while the remaining workload was more or less the same. This reduced the adjustment choices available, and to save labour costs the actors agreed to change the product range and work organization by altering work schedules, producing less time-demanding articles during daytime, while reducing the staff. Such changes involved the unions, especially the journalists. Further, organizational changes on group level affected local adjustments. Sales and subscription services (NP1 and NP2) and graphic work on advertisements (NP3) were centralized at group level.

All unions across industries tried to keep the number of dismissals as low as possible, but the parties agreed on the need to reduce the number of permanent employees (Tables 1 and 3). In most cases they also agreed on the number of dismissals. In *manufacturing* the dismissals mostly hit the blue-collar, as that was the area with too high a labour capacity. The employers very reluctantly dismissed blue-collar employees, as they lost valuable skills which would be costly to replace. This was not so in *construction*, where different solutions were chosen. In C1 the number of blue- and white-collar employees was cut hard. By contrast, due to extensive use of subcontractors and temporary layoffs only one blue-collar worker was dismissed in C2, while a relatively high number of white-collar workers did quit, either by choice or by being dismissed. In C3, the company dismissed a high percentage of its blue-collar workers early on in the crisis, and a few white-collar employees.

There were only a few disagreements regarding the size of the cuts. In the *construction* company C1, hard cuts in employees were ordered by the company headquarters in a neighbouring country, whereas the local HR manager and the shop stewards wanted to keep the dismissals as low as possible. They perceived the crisis as temporary and were afraid of losing important company-specific skills, especially white-collar workers, engineers working with projects, project managers and so on, that the company had been working hard to recruit for years. Dismissing too many could cause problems when demand recovered in the future. There were also disagreements on the number of dismissals in the newspaper NP3: management, partly due to group demands regarding surplus and swift cuts, wanted to cut rather hard and fast, while the local branch of the journalists' union wanted more time, thus opening up the possibility for voluntary exits in the form of quits, retirement, etc. This triggered hostility and antagonistic relations. The group management also relaunched various centralization processes which were not debatable at local level, as they had been agreed upon in a codetermination process at group level during the earlier upturn. Because the local management itself was under pressure from group management, the unions were unable to confront local management effectively.

Mahoney and Thelen (2010: 18–22) point out that when an institutional rule offers possibilities for discretion in the interpretation or enforcement of it, it is open to actor choices. While a last-in, first-out principle seems straightforward, the principle entails some discretionary flexibility; first, there has to be some difference in seniority before it

is judged 'a difference', and second, seniority can be calculated on the level of the group, the company, the plant or the work group, and within occupational groups. Finally, discretion is needed in judging when competence essential for the operation of the company can be prioritized above seniority.

There were huge variations regarding whether the dismissal principles were fitting with product market requirements and production contingencies in these industries, thus opening up the way for union exchange power. All the *manufacturing* companies did cut staff by way of dismissals relying on the seniority principle as the leading criterion. As seniority was often correlated with skills, saving those with seniority usually meant saving company-specific skills. Both management and unions were generally happy with the principle, as it saved skills, was judged as fair, and enabled an efficient, mechanical selection process. None of these companies offered general severance packages or subsidized early retirements. Severance pay was perceived by management as unnecessary, as long as the dismissal process was done according to the law and regulations. The unions had either not tried to get such packages, or they did not prioritize it against other claims during the consultations. As most of the companies had been working to retain and attract senior employees over the last years, management and unions saw the use of early retirement packages to be normatively wrong.

Compared to manufacturing, management in *construction* wanted to apply a less strict seniority rule, with more weight on competence. In practice the unions accepted a more flexible interpretation of the seniority criterion regarding blue-collar workers. Both in C1 and C3 'usefulness' was the first criterion, with seniority as the second. The perception of 'usefulness' was related to the need for labour in different craft groups; carpenters, shuttering carpenters, machine drivers, etc. Both companies also applied a wider understanding of what constituted a 'difference' in length of tenure. In C1, management and the blue-collar union disagreed about what constituted a difference. The issue was not solved when the central federations, in accordance with the collective agreement, were brought in for conflict resolution, and the disagreement almost ended up in court regarding 13 dismissals, giving testimony to the coercive force of formal regulations within this cooperative system. When another construction company lost a court case on a similar dispute, the company backed down. The employees in C1 were offered a small severance pay or early retirement package if they quit voluntarily, based on seniority and social considerations. Hence, the severance 'premium' counteracted the dismissal selection following from the seniority principle. The blue-collar union was negative towards this offer, claiming it was too small to be of value. In C3 the perception of 'usefulness' was stretched further by management than in C1. Initially, this spurred a conflict between local management and the blue-collar union in C3, but eventually the manager convinced the local blue-collar union to accept, using the piece-rate system as an important argument. Saving the most eager and skilled could potentially improve the working environment and increase the group-based piece-rate reward for the 'survivors', he argued, while using a strict seniority criterion could impair productivity and hence the pay and job security for all remaining employees. As a result, what constituted 'a difference' in seniority was widely defined in many instances, often making competence the de facto criterion. As 'competence' was defined widely, the dismissal selection was in effect mostly settled in the consultations between management and unions. There the union tried to

avoid the selection ending up dependent on loosely based opinions about individuals' motivation and personality, using knowledge about the individuals and their social needs, as well as the seniority principle, as a way to influence the dismissal selection.

In the *newspapers*, severance pay and early retirement offers were used extensively. The use of severance pay and early retirement in the newspapers was clearly influenced by group and industry norms. NP1 and NP2 were among the first large newspapers to reduce the number of employees during the crisis, and they based their approaches on earlier experiences during downsizing processes at the beginning of the decade. The unions generally prioritized good severance pay and early retirement offers. To achieve their aim, they made clear to management that in case of dismissals without severance pay they would demand that seniority was used as the selection principle. They also warned that they would take every case not following this principle to court, implying that those employees would stay in their position until the case was settled. This would delay the effect of the savings, and could also impair the working environment since the affected journalist would be at work every day, reminding of the conflict. Since NP1 and NP2 had economic reserves in the bank, the use of severance pay was not perceived as making the jobs of union members more insecure. Since all the managers/editors were eager to point out that the work environment was essential in such a competence-intensive trade, the product market and the production contingencies in the newspapers provided the unions with a relatively good bargaining position concerning the way the downsizing was to be achieved. Still, there were limits. In NP3 the decision was to some extent out of the hands of the local management, resting with the group headquarters, making such threats less efficient. The severance pay and early retirement offers were in accordance with long-standing group traditions more limited in NP3, sparking union and employee dissatisfaction. Framed by group directions, the, by industry standards, meagre severance deals that were provided did not at all sweeten the fact that the number of employees was cut hard and fast.

The duration of the severance pay varied from three to 16 months of pay in NP3, and up to 30 months in NP1 and NP2. The unions insisted that the severance pay offers were made general and not directed towards special employee groups, making the use of it more 'voluntary'. Management initially went along, even though they then had little control over which employees would quit. In NP2, the general offer resulted in a high loss of employees from sales, marketing and IT in the first round, as these groups were attractive on the labour market. This caused problems for the company, as these employees had to be replaced, and the loss of sales personnel in advertising reduced the revenues even more. While the unions were able to force management to use general measures initially, the loss of important personnel reduced the unions' leverage. In the next rounds (one more in NP3, two in NP1 and NP2), the value of the severance pay was smaller and the packages were directed towards special groups, not only because of the risk of losing employees the companies wanted to keep, but also because the need for further dismissals was within certain groups only.

In all newspapers, management also offered early retirement packages for those who had earned the right to receive the collectively agreed early retirement pension (AFP) in the company (62 years of age). The offers were most generous in NP1 and NP2, and were used among all employee groups, especially the typographers. Very few typographers

accepted severance pay, as the job market for this craft was perceived to be rather difficult, especially since most were of high age.

Analytical account and discussion

According to Elster (1992: Ch. 5) labour adjustments are shaped by norms of justice, the bargaining power of the actors and the possible incentive effects that the use of a certain measure might have. The cooperative efforts made by management in all our cases were influenced by the perceived need for union consent and by the costs or benefits of cooperation: the possibilities of moving the burden onto outsiders, such as subcontractors and agency workers, were important. Such measures were the preferred choice, avoiding the burden for employers and in-house employees as much as possible. As these measures were not enough, moving some of the burden onto the state, through temporary layoffs, was also understood as skill saving and cheap by management and as integrative among the blue-collar workers in construction and manufacturing (Table 4).

The impact of national institutions like the temporary layoff institution varied between the industries (Tables 3 and 4). While the adjustments were understood as integrative in this respect among the blue-collar workers, management and unions in construction found it difficult to temporarily lay off white-collar employees, as they tended not to accept the temporary layoff and quit. The lower compensation during temporary layoffs (way below 62% as their pay exceeded the cap) may have played a role. Whereas, among the blue-collar workers cyclical up and downturns were perceived as the way of the trade, and temporary layoffs were perceived as legitimate; by contrast, white-collar employees with more general skills may have viewed the opportunities in other companies and parts of the labour market less hit by the crisis as more promising. Therefore, given the rights and power resources provided by national institutions, occupational norms and expectations influenced the incentive effects of using such measures towards different employee groups in different industries.

Since moving the burden onto external actors was not enough, the need for broader reorganization of production and work organization (newspapers), and saving through working-time cuts (manufacturing and newspapers), placed the unions in a central position (Table 4). Management needed the unions to find efficient solutions in the complicated search for a good mix of crafting working-time cuts, temporary layoffs, dismissals and savings in pay. Union support was also needed in finding solutions through local crisis agreements, in gaining legitimacy, compliance and commitment to the measures adopted from union members. Hence, by cooperation the parties enabled solutions otherwise not possible, gaining power over each other through various control and exchange mechanisms. Negotiations and power through exchange of resources (Emerson, 1962) were thus central in the adjustment processes, especially in the *newspapers*. The stronger reliance on internal flexibility measures, reorganizations and changes in newspaper production processes resulted in tough trade-offs between management and unions. In the manufacturing companies M4 and M6, handling larger one-of-a-kind projects, labour demand was reduced more slowly, providing more time to adjust. The blue-collar union in these companies was less central for management, as they also were in *construction*. Compared to the newspapers and the other manufacturing companies, management in

Table 4. Power resources by way of national institutions, social contract and exchange power within the three industries.

	Subtheme	Construction	Manufacturing	Newspapers
National institutions	Does the temporary layoff scheme fit employer needs?	Yes	Yes in M4 and M6. Not quite in M1–M3, M5.	No
	Does the dismissal selection regulation fit employer needs?	Not quite	Yes	No
Local, CA necessary?	Must TU sign a local CA on working-time cuts?	No	Yes	Yes
Does the set of labour adjustment measures available provide exchange power?	Do the labour adjustments require TU/employee participation?	No, dismissals and 100% temporary layoffs were made in a planned manner	M6: Same as construction. M1–M5: Yes, crafting combinations of work-time cuts, dismissals, full- and part-time temporary layoffs	Yes, in planning and legitimizing reorganization of production processes and products
	Is it essential for employers to keep dismissals as low as possible (short-term)?	Yes	Changing the staff, keeping a core/the best employees was important in C1 and C3	The dismissals were also used to adjust the staff to structural changes
Does occupational influence in the development of production provide exchange power?	Do industry-based adjustment norms provide legitimacy for distributive bargaining and TU options? Were work processes/organization permanently changed?	No	No, except for the use of seniority in dismissal selection	Yes, provide legitimacy for severance pay and early retirement offers
	Is core staff crucial for developing products and production: reciprocal, social contract-based relationship?	No, project-based development, split on different occupational groups, agency workers and subcontractors	Yes	Yes

CA = collective agreement.

those companies was less reliant upon the blue-collar unions to adjust swiftly and flexibly, providing the unions with less influence. Further, in construction the use of subcontractors and agency workers, combined with the possibility of using 100% temporary layoffs, enhanced company flexibility, reducing blue-collar union power (Table 4).

As Smith et al. (1995) and Dahl and Nesheim (1998) have emphasized, employers may sometimes want to avoid dismissal by way of seniority, providing unions with exchange power. In *manufacturing*, seniority and skills were usually correlated, making dismissals by way of seniority the preferred choice by both parties. In *construction*, the correlation between seniority and skills was weaker, and management wanted to keep the best workers. Since the social contract between unions and the employers was not as strong as in the other two industries, the employers pushed hard for their interpretation of the seniority rules. Contrary to construction, the unions in the *newspapers* gained power through the dismissal regulations, knowing that the employer wanted to avoid dismissals by seniority. The unions knew that if they did not cooperate, management would use tougher measures, such as dismissals without severance pay. On the other hand, they were aware of the power they possessed in the negotiations. In all three newspapers, the union representatives had backing from their members, and the journalist union (NJ) relied on its traditional union power through financial muscle and collectivism, as well as through professionalism (Scheuer, 1986), using the importance of their members' skills and a good cooperative climate for future innovations of the product production processes as a source of power. Management in these companies acknowledged that the unions were essential for employee support in the adjustment processes, and for further development of the company.

Svalund and Kervinen (2013) found that the depth of the day-to-day cooperation between unions and employers was more important for union power during labour adjustments than union strength by numbers. The results here indicate the same. Employers in manufacturing and newspapers had invested in building cooperative relations with the unions for years, and wanted these to continue, while there were less cooperative traditions to rely on and uphold in construction. The more limited cooperative climate between employers and unions in construction may have been caused by the dispersed and fragmented nature of production, with a high share of agency workers and subcontractors, which reduces the blue-collar unions' influence on production and quality. The blue-collar unions in construction were also less involved in production-related issues, which are dealt with at project level, compared to the core occupational unions in manufacturing and newspapers. The less reciprocal relationship with the employers reduced their bargaining power through the social contract. These differences help explain why there were more grievances in construction regarding the issue with the strongest conflict of interest, the interpretation of the seniority principle. Management got their way every time, with the unions unable to confront them effectively. Further, while a large group of skilled white-collar employees was in demand in the local labour markets, the white-collar unions in these companies were 'house' unions, and had little or no formal power.

Manufacturing and construction face cyclical changes from time to time, and the adjustments made are mostly of a temporary character, except for those dismissed. Therefore, cooperating on establishing temporary work-time cuts may be more

acceptable than reorganizing labour processes and demanding faster work processes, as in newspapers, with work intensification and a lower rated news product as a possible result. The elements of structural change caused by changes in the product market for news raised more long-term organizational and strategic challenges for the newspapers. Contrary to manufacturing and construction, the adjustments in the newspapers raised tensions concerning the choice of measures, internal flexibility versus dismissals, the use of attrition, and whether the short-term adjustments should also be done with a structural aim in mind. The extent to which the crisis was perceived as structural or cyclical, and the type of adjustments accordingly made, evidently pushed the unions there into more industry-specific trade-offs (Table 4).

Comparing these three industries within a given set of national regulations and institutions, normative, institutional pressure (DiMaggio and Powell, 1983) based on different industry norms clearly mattered, especially regarding choice of measures. As both parties in the newspapers found it natural to build on former labour adjustment experiences, severance pay and early retirement were standard operating procedures within the industry. This also bolstered union bargaining power, as the employers then needed to justify why they sometimes did not want to use measures expected within the industry. To engage in integrative bargaining was somehow 'easier' in manufacturing, where the conflicts of interest were smaller and the demands of the unions less costly; temporary layoffs were expected by the blue-collar unions in construction and manufacturing, whereas it was not the case in newspapers. And while severance pay was established as a norm in newspapers, it was not thought of as a real possibility by the unions in manufacturing and construction. In the newspapers, breaking with the industry norms of providing relatively large severance pay and early retirement packages would influence the social contract between management and unions, as well as the possibilities of attracting quality employees in the future. In construction and manufacturing the unions did not expect any such measures, and rejecting them did not impact the social contract or the companies' competitiveness in the labour market. In manufacturing the normative expectations were clearly much more related to procedural issues, that the blue-collar union would be involved, and that there would be a 'fair' distribution of burden, if possible, between both blue- and white-collars. As such, the differences in the interpretations of fairness between these industries show how the understanding of norms of justice was, through negotiations and compromises, adapted to fit industry contingencies and prior differences in power relations (Schmidt, 1992).

The internal, member-based strength and the union character were also exploited as a source of union power to differing degrees within the three industries. The journalists' union, based on high skilled members and a high degree of both professionalism and collectivism (Scheuer, 1986), and being the main occupational group, had more power resources to lean on, compared to the main occupational groups in manufacturing and construction. The services of the journalists, the quality of their work and their commitment towards the work are essential for the printed paper every day. As such, it was essential for management to maintain a good cooperative relationship. Historically their relationship had produced severance pay and early retirement offers as the customary way to handle such situations, which increased the union power in these processes. While the quality of work was essential also in the manufacturing companies,

the work process was easier to monitor and assess and management was less dependent on the skills of individual employees to maintain competitiveness. Further, management and unions in the manufacturing companies making products that were not large and time demanding (M1, M2, M3 and M5) *had* to cooperate to create possibilities otherwise not possible, producing agreements on work-time cuts, thus saving jobs and skills which benefited both parties. There was less room for distributive win–lose power games compared to the newspapers, as the plants had far fewer economic resources available. In construction, the blue-collar unions had even fewer resources to rely on. Facing subcontractors and agency workers, the main blue-collar occupational group had no closure on their work tasks; in fact their work could easily be done by the help of these external groups. The union could not, compared to the journalists' union in particular, rely on their members' indispensability in the production process. Therefore, the negotiation power of the unions in the newspapers was higher than the main occupational groups in manufacturing and much higher than in construction, because they largely controlled the production process and were backed by a well-organized and self-confident group of employees.

Conclusion

Comparing local labour adjustment processes within three industries, this study shows, like the European-wide study by Glassner et al. (2011), that in spite of common national regulations, different industries tend to apply different adjustment measures. Further, such differences influence management–union cooperation and union power. While Dekocker et al. (2011) found that unions enact various institutional rules in different ways, this study has shown that the influence of local unions provided by the cooperative Nordic industrial relations context is contingent on and accentuated by market conditions, production contingencies, work organization and occupational union strength and control. As these structures vary strongly among these industries, so did union power. While production contingencies and the way the crisis hit the companies influenced the choice of measures within these industries in specific ways, leaving most room for agency and union power in the newspapers, and least in construction, it also influenced the cooperation between management and unions, and the power resources of unions during these processes. Further, the comparison shows that local union power within the Norwegian institutional system is conditioned by industry-specific norms and traditions, and firmly anchored in the specific social contract between management and union at company level, which is reliant on the way production and organization of work influences the need for cooperation between the actors. While unions may base their power on other resources during labour adjustments in other regulatory systems such as Germany and the USA (Doellgast, 2008; Sippola, 2012), the article shows that the unions, given the important general rights and power resources enabled by the Norwegian institutional context, when possible, base their power on skills, cooperation and reciprocal exchanges over time. Further, national regulations structure union agency in very different ways across industries, showing the significance of industry differences when debating the specific impact of national regulations.

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Notes

1. Union is used as a short term for *trade union*.
2. 'Negotiation(s)' is in the article understood as 'exchange(s)', and should not be understood as necessarily *formal* negotiations.
3. A CNC (computer numerical control) operator is someone who operates a CNC machine. The CNC machine can perform functions, such as precision drilling and tapping, cutting and shaping steel and aluminium, or milling flat stock into intricate designs. The operator programmes the machine to perform the task needed and monitors the work, making all necessary adjustments as needed.
4. Abbreviations are used for the cases. For example, M4 is the abbreviation for manufacturing, case four.
5. In M1 the blue-collar workers were organized in Norwegian Union of Industry and Energy Workers.

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Trade union power during labour adjustments – comparison of company-level cases

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Summary

This article discusses local trade union power in labour adjustment processes within the Nordic systems of industrial relations by comparing labour adjustment processes in construction and manufacturing in Finland and Norway. The quality of cooperative relations and the conditions for exchange – through co-decision mechanisms and procedures, as well as rules for temporary lay-offs and dismissal selections – are essential for union influence. Together with production technologies, the organization of work and employee competence, such institutions and regulations interact in influencing union power, providing more influence to the unions in the Norwegian cases than the Finnish ones, while the unions in the manufacturing cases were more influential than those in construction.

Résumé

Le présent article traite du pouvoir syndical local dans les processus d'ajustement du travail dans le cadre des systèmes nordiques de relations professionnelles, en comparant les processus d'ajustement du travail dans les secteurs de la construction et de l'industrie manufacturière en Finlande et en Norvège. La qualité des relations de coopération et les conditions de l'échange – au travers de mécanismes et de procédures de codécision, ainsi que de règles en matière de mise à pied temporaire et de licenciement sélectif – jouent un rôle essentiel en termes d'influence du syndicat. Conjuguées avec les technologies de production, l'organisation du travail et la compétence des travailleurs, ces institutions et ces réglementations exercent des interactions qui ont un impact sur le pouvoir du syndicat, en débouchant sur une influence plus importante des syndicats dans le cas de la Norvège que de la Finlande, les syndicats étant par ailleurs plus influents dans les entreprises manufacturières que dans le secteur de la construction.

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Zusammenfassung

Dieser Beitrag befasst sich mit Einfluss und Stärke der betrieblichen Gewerkschaften bei Beschäftigungsanpassungsprozessen im Rahmen der nordischen Systeme der Arbeitsbeziehungen und vergleicht diese Prozesse im Bausektor und im verarbeitenden Gewerbe in Finnland und Norwegen. Der Einfluss der Gewerkschaften wird maßgeblich von den Kooperationsbeziehungen und Bedingungen für den Austausch im Rahmen der Mitentscheidungsmechanismen und -verfahren bedingt, sowie von den Vorschriften für vorübergehende Entlassungen und die Auswahl bei Kündigungen. Diese Institutionen und Regelungen interagieren und bilden zusammen mit Produktionstechniken, Arbeitsorganisation und Mitarbeiterkompetenz die Faktoren, die für die Stärke der Gewerkschaften ausschlaggebend sind. Sie ermöglichen den norwegischen Gewerkschaften eine größere Einflussnahme als den finnischen Gewerkschaften, während die Gewerkschaften im verarbeitenden Gewerbe mehr Einfluss haben als die des Bausektors.

Keywords

Union power, labour adjustments, crisis, construction, manufacturing

Introduction

Trade unions develop repertoires of collective action in response to the particular political economy in which they are embedded (Lévesque and Murray, 2010: 334). This article studies local trade union power during labour adjustments within the industrial relations systems in Finland and Norway. Labour laws and central collective agreements provide local trade unions with the right to consultation and participation regarding a range of workplace issues (Bruun and von Koskull, 2004; Løken and Stokke, 2009), while they also have a role in local collective bargaining (Sippola, 2012). Still, the employer has the final say regarding labour adjustments and company-level unions have no right to invoke industrial action in such instances (Stokke, 2008). Hence, lack of conflict power may imply that trade union representatives feel that they are being held hostage by the consultation procedures (Brulin, 1995: 198).

A central concern within industrial relations research is whether the impact of institutions on management-union cooperation originates mainly from national, industry (sectoral) or company level (Locke, 1992). Several studies have shown that national regulations influence union-management interaction during restructuring or labour adjustment processes across industries (Edwards, 2004; Edwards et al., 2006; Pulignano, 2011). A study of manufacturing companies in the Nordic countries (Svalund et al., 2013), part of the project on which this article is based, shows how the Norwegian unions, based on stricter dismissal selection rules and preconditions for the use of temporary lay-offs, were more involved and influential than their Finnish counterparts. Within national regulatory systems, industry differences have also been shown to influence the impact of regulations on management-union power relations (Marginson et al., 2003; Marginson et al., 2004: 20; Nergaard and Dølvik, 2011).

This article compares local unions in construction and manufacturing, and asks how unions mobilize power resources to exert influence over adjustment choices and the distribution of savings and burdens in labour adjustments. Examining this question, a two-country/two-industry approach is applied, comparing construction and manufacturing in Finland and Norway. The overall union density in the private sector, as well as within these two industries, is higher in Finland (61 per cent) than in Norway (38 per cent) (Nergaard, 2010: 16), enabling comparison of the impact of national- and industry-level union density on local trade union power. Still, these

blue-collar dominated industries are highly unionized relative to other industries within each country; trade union density in manufacturing was 72 per cent in Finland and 57 per cent in Norway, and in construction it was 58 per cent in Finland and 33 per cent in Norway (Nergaard, 2010: 16-17). While the trade union density in construction in Norway is lower than the average in the private sector, the union density increases with company size (Nergaard and Stokke, 2010: 20), and is much higher in large construction companies. Both industries exhibit clear differences in work organization: large construction companies base their production on a number of large one-of-a-kind projects, while manufacturing plants usually mass-produce by way of just-in-time (JIT) organization. Reductions in demand influence production more or less instantly in manufacturing, while in construction they impact mainly future projects, and not necessarily ongoing work. While collective identity and proximity are important prerequisites for collective action among blue-collar workers in manufacturing, workers in construction work at different construction sites and consist of different occupational groups in a mix of in-house employees, agency workers and subcontractors (Philips and Bosch, 2003). Furthermore, seniority can be understood as part of a reward system especially prevalent in industries relying on company-specific skills, such as manufacturing (Engelstad, 1998). Hence, regulations requiring dismissals through seniority may cause more conflict in construction than in manufacturing, as construction relies more on general rather than on company-specific skills among blue-collar workers. Finally, both industries were severely hit by the crisis in 2008, after strong growth in the preceding years (Figure 1). The reductions in production, employment and total working hours were deeper in Finland than in Norway, in both industries. Furthermore, there is a striking difference between Finland and Norway in terms of the relationship between production and employment, especially in construction (Figure 1). The weaker correlation between production and employment in Norway compared to Finland probably reflects the large number of posted workers in Norway prior to the crisis (Andersen et al., 2009).¹

Analytical framework

Labour adjustment negotiations in Finland and Norway take place within highly regulated and institutionalized structures, framing local union agency. Both countries and industries have multi-employer bargaining at industry level, complemented by formalized company agreements. The industry-level agreements facilitate or restrict union involvement in day-to-day activities, as well as in adjustment decision-making, and condition the use of adjustment measures. Day-to-day cooperation anchored in regulations and routines for dialogue, information, consultation and negotiations, as well as ways of compromising and resolving conflicts, provide a basis for trust (Brulin, 1995: 198; Stokke, 2002; Walton et al., 1994: part I).

Exchange theory illuminates how knowledgeable actors within long-term reciprocal relationships can exercise power (Emerson, 1962; Hernes, 1975), as it focuses on the actors' *interest* in and *control* over a specific *event*, here labour adjustments. Labour's *relationship* to the employer thus defines union power; the more the employer depends on union consent for achieving their *interest*, the more potential for union influence. As labour adjustments are embedded in ongoing interactions, norms of reciprocal exchanges over time may be more important for union power than control over single issues (Walton et al., 1994). Furthermore, power entails not just union *actions*, but also potential actions, having the *capacity* to achieve something. With knowledgeable actors

1 Reductions in the employment of posted workers do not show up in official statistics on residents.

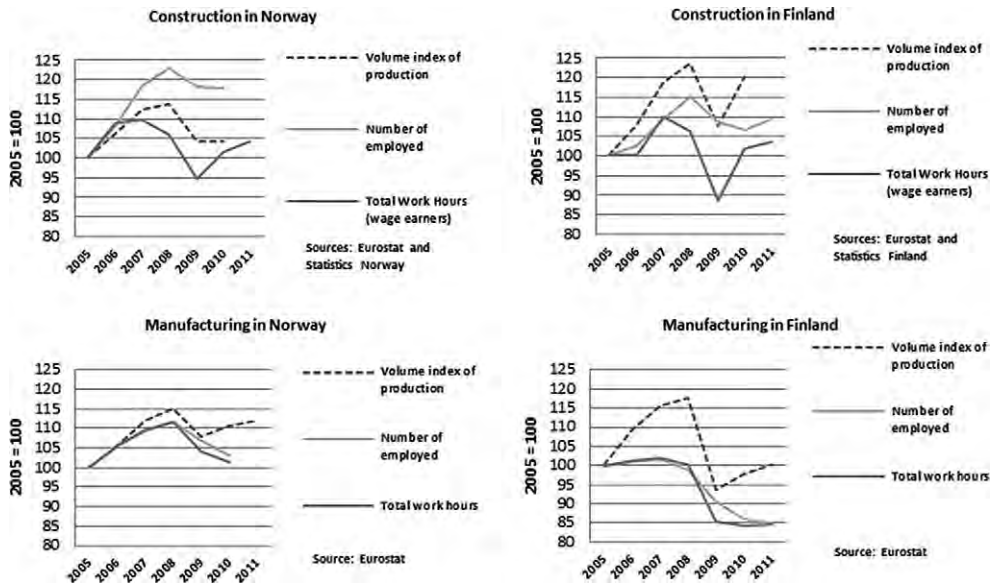


Figure I. Changes in production, employment and total working hours, 2005–2011.

dependent on each other, power does not need to be actualized to be effective: the threat may suffice (Göhler, 2009: 34). Therefore, both parties may prefer to avoid overt conflicts of interest, anticipating a negative result in any case (Friedrich, 1963).

While mutual dependence in a long-term relationship might provide the union with some power – as in win-lose situations captured by Dahl's (1957: 203) definition of power, where 'A has power over B to the extent that he can get B to do something that he would not otherwise do' – a lack of cooperation and reciprocity might reduce the ability of both parties to adjust to the crisis, resulting in a destructive, lose-lose situation (Seip, 1978). In contrast, with cooperation towards a common good, enabling actors to achieve certain ends and creating solutions otherwise not possible, both parties might gain (Foucault, 1991; Göhler, 2009: 31). Power-dependency relations can therefore result in zero-sum games, be counterproductive or productive.

Facing crisis, the company-level actors choose between different types of adjustment options, some involving the labour market *external* to the firm, some *internal* (Table 1).

Choosing between these options, unions and employers may have conflicting *interests* along several dimensions. First, as the employers in both countries are obliged to present facts that substantiate the need for labour adjustments and suggest possible solutions, defining (Goffman, 1959) the *actual* size and character of the crisis may result in conflicting views. Secondly, the parties may disagree on how the situation *ought* to be handled. Employers may prefer dismissals, whereas unions aim for other options or, in the case of downsizing, alternatives to dismissals (Dahl and Nesheim, 1998; Glassner et al., 2011).

While unions and employers have common interests in matters such as company survival and productivity, they have opposing interests regarding how to balance adjustments in working conditions, pay and wage costs, job security and distribution of saving and burdens between employers and employees. As already mentioned, controlling something of interest to the employer enables union influence and power: Procedural and substantive laws and regulations may strengthen union

Table 1. Industrial actor options, and their regulation, during labour adjustments.

Options	Subtype	Regulated by
External flexibility measures		
Reduce the use of subcontractors		Company agreements
Reduce the use of external employees	Discontinue the use of consultants or agency workers	Company agreements
Natural attrition	Selective hiring freeze Total hiring freeze	Employer prerogative
Exits and early retirement – attrition	Voluntary resignations with severance pay Early retirement incentives	Employment contracts State subsidies of early retirement schemes, CA+ employment contracts
Dismissal	Phasing out temporary employees Dismissing permanent employees without severance pay	Depends on length of contracts Law or industry-wide CA regulate the selection of employees: Seniority, age etc.
Internal flexibility measures		
Temporary adjustments in working hours	Flexible working time arrangements by existing collective agreements Temporary lay-offs	Local CA State/tripartite agreements regulate start-up costs, maximum duration, minimum lay-off time per week
Internal re-deployment	Cuts in working time and pay Transfer of employees within or between plants or projects Hiring out employees to other companies	Local CA Employee contracts and/or by local CA Local CA
Permanent changes in pay systems		Local CA

influence when requiring local union consent. A systematic dismissal principle, such as one based on seniority, provides local unions with a certain control (Elster, 1992: 42; Svalund et al., 2013). But regulations can also exclude unions, stating, for instance, that dismissals and lay-offs caused by normal economic fluctuations are not to be discussed with unions, as in construction in Finland (see Table 2). Therefore, power may also be exerted in the absence of a negotiation situation, in ‘non-decisions’ (Bachrach and Baratz, 1962). Secondly, the unions’ knowledge about the rules and their ability to define the situation to their advantage, clearly matter. In times of crisis the parties rely on uncertain knowledge about the future, making these skills more critical. Thirdly, collective identities and proximity are important for collective action (Molstad, 1988); hence the local membership rate and members’ support influence the legitimacy and negotiating power of the unions in the company/plant. Finally, the use of networks, unions’ *vertical* and *horizontal* ties, has often proved important (Dekocker et al., 2011; Frost, 2000; Lévesque and Murray, 2010). Vertically, unions may obtain information or assistance through ties with industry or national unions. Horizontally, local unions may coordinate with each other, appeal to the local community, the media or public authorities, mobilizing support and influencing company policies (Dekocker et al., 2011).

Table 2. Procedural and substantive regulations structuring the adjustment process.

Laws and regulations	Construction Norway	Manufacturing Norway	Construction Finland	Manufacturing Finland	
Procedural rights	EU law (98/59/EC)*	When dismissing at least 10 employees, the employer is obliged to consult with the worker's representative as soon as possible, in accordance with a certain procedure, before the decisions are made.			
	Legislation	The employer is obliged to discuss the reasons, the effects and the alternatives to the measures under consideration before the decisions are taken. Consensus is not required.**			
	Basic Agreement	A certain time has to pass before the consultation process is considered to be completed.			
Substantive regulation	Basic Agreement	Basic Agreement (LO&NHØ): contains no substantial supplementary clauses.	The Dismissal Protection Agreement (2001) (Central Organization of Finnish Trade Unions & the Confederation of Finnish Industries) contains no substantial supplementary clauses.		
	Collective Agreement	No substantial supplementary clauses.	No substantial supplementary clauses.	BC and WC: When the reductions are based on normal, industry typical fluctuations neither collective agreement requires union consultation, otherwise they do.	
	Dismissals				
	Legislation	When dismissing for economic reasons the employer has to have a real shortage of work. Workload needs to be decreased substantially. The employer is obliged to transfer the employee to other work, if possible, to avoid dismissal.			
	Collective Agreement	No substantial supplementary clauses.	No substantial supplementary clauses.	No substantial supplementary clauses.	
	Dismissal selection criteria				
	Legislation	Requires avoiding discrimination			
	Basic Agreement	Seniority criteria, however deviations possible with due reason	Several criteria		
	Collective Agreement	No substantial supplementary clauses.	No substantial supplementary clauses.	BC: No specific instructions or conditions regarding selection criteria. WC: Attention should be paid to the workers' professional skills, versatility and remaining tasks. The final result should not be based on discrimination on the basis of seniority, sex or social factors.	BC and WC: Skilled employees and those who have partly lost their capacity for work during their service must be the last selected. The number of children or dependents and seniority must also be taken into account.
	Temporary lay-offs				
Legislation	The employer is obliged to give an account of the reasons and scale of the lay-offs immediately after the need has come to the employer's knowledge.				
	Unemployment benefits	Employer paid wages for the first 10 (five) days while the employee lost five (three) days of pay (temporary changes between spring 2009 and summer 2011). During lay-offs the employees receive UB. To be entitled to UB the employee initially had to be temporarily laid-off at least 50% (40%) of normal work hours. Lay-offs were restricted to 30 (52) weeks during an 18-month period (temporary changes made spring 2009, lasting to summer 2011).			
		Cost free for employers while the employee lost seven days of pay. During lay-offs the employees receive unemployment benefits. To be entitled to UB the employee had to be temporarily laid-off at least 40% of normal work hours, changed during the crisis to 20%. In Finland the unemployment benefit lasting 500 days served as a de facto cap.			
Collective Agreement	BC: Companies are recommended to establish local CA concerning labour leasing between enterprises to avoid dismissals and lay-offs.	No substantial supplementary clauses.	No substantial supplementary clauses.		

Note: * Also implemented in Norway. ** Only applied in enterprises with at least 30 employees in Finland. BC=blue collar, WC=white collar.

Research design and methods

This article builds on information from 15 company/plant case studies in manufacturing and construction. Case studies were used to understand the mechanisms and processes, the actors and their perception of union power resources in labour adjustment processes (George and Bennett, 2005). Three cases were conducted in each industry in Finland, and three in construction and six in manufacturing in Norway. Companies that had experienced a substantial reduction in demand and had been through a substantial labour adjustment process were selected (Table 3). The companies had more than 50 employees and high union density among their core employees, ensuring that the management-union relationship had some weight and that the number of workers affected by the adjustments was large enough to gain insight into their distributional effects. By comparing companies with high union density across industries and countries – that is, above average in these industries and countries – differences in local union power caused by differences in union density are removed, enabling a more focused analysis of the impact of national regulations and industry differences.

Large companies developing, rehabilitating and producing dwellings for private households, private businesses and public customers (offices and such like), were selected in construction. By studying companies with a considerable amount of in-house production and their own blue-collar workers, alongside a high share of white-collar employees, companies that had adjusted their labour demand internally and externally were captured.

In manufacturing, traditional mass production plants relying substantially on international exports and with a sizeable share of blue-collar workers were chosen.² While all the plants used JIT production methods, two of the Norwegian and one of the Finnish cases made products that often were large and time-consuming, providing insight into the significance of such organizational differences.

Information about local adjustment processes and corporate processes was collected through interviews with representatives of site management (HR director and/or the leader of production/division) and the main blue- and white-collar unions involved. Interview data were supplemented by documentation in the form of annual reports, business data, management-union agreements and so on.

Industrial relations and regulatory characteristics

The union density among the core employee groups (blue-collar) in the case companies/plants was high, above 70 per cent. In contrast to the Finnish construction cases, the union density among white-collar workers was fairly low in most manufacturing cases and in one construction case in Norway (CN2).³ The other Norwegian construction cases had white-collar 'house unions' with consultation rights, but no collective agreement and no organization outside the corporation.

All employers were organized, except in MF3. During normal times the local unions in all but one company (MF3) cooperated with the employer within different cooperative bodies and were informed about the economic situation and future plans regarding the labour force. The local unions in Norway were more involved in local wage negotiations than in Finland, where wage

2 Except for MN4 (manufacturing Norway case four), which sold its product to the crisis-driven construction industry.

3 Abbreviations are used for the cases. For example, CN2 is the abbreviation for construction, Norway, case two, MF3 represents manufacturing, Finland, case three, and so on.

Table 3. Case characteristics and the use of union networks.

Cases	MF1	MF2	MF3	CF1	CF2	CF3	MN1	MN2	MN3	MN4	MN5	MN6	CN1	CN2	CN3	
Size before downsizing	500-999	200-499	50-199	500-999	50-199	200-499	500-999	200-499	50-199	50-199	200-499	500-999	200-499	200-499	200-499	
Percentage reduction in staff	0	15	19	24	12	3	17	24	35	28	63	20	56	19	15	
Use of vertical networks	Contacted central union	Contacted central union	Contacted central union	Contacted central union	Contacted central union	Contacted central union	No contact	Contacted central union, who disagreed with shop steward	No contact	Contacted central union	Contacted central union, got no input	Contacted central union, other shop stewards in other companies	Contacted central union, other shop stewards in other companies	Contacted central union, other shop stewards in other companies	Contacted central union and group head steward WCU: House union	
Common consultation process: WCU and BCU?	Yes	Yes	Yes	Yes on corporate level, no on local level	Yes on corporate level, no on local level	Yes	No	No	No	No	No	No	No	Yes	No	
Choice of measure: Was union central?	Yes: suggested alternating temporary lay-offs	Yes: when negotiating temporary lay-offs, No: when negotiating dismissals	Yes: when negotiating temporary lay-offs, No: when negotiating dismissals	BCU not important due to regulations. WCU: Yes	BCU not important due to regulations. WCU: No	BCU was active and influenced adjustment plans regardless of the regulation. WCU: No	Yes: enabled a mix of work-time cuts, temporary lay-offs and dismissals	Yes: enabled a mix of work-time cuts, temporary lay-offs and dismissals	Yes: enabled a mix of work-time cuts, temporary lay-offs and dismissals	No: dismissal and temporary lay-offs in sequence	Yes: in discussing use of alternating temporary lay-offs	No: Dismissal and temporary lay-offs in sequence	BCU pushed for cuts in agency workers WCU: No	BCU pushed for cuts in agency workers and hiring out blue-collar workers to other companies	BCU: No; No agency workers, hiring out blue-collar workers to other companies a common practice WCU: No	BCU: No; No agency workers, hiring out blue-collar workers to other companies a common practice WCU: No

bargaining takes place mainly at the central level (Sippola, 2012: 55–56). The unions in Norwegian manufacturing were also involved in productivity improvements as this could lead to higher wages. Since productivity was a project-level concern in construction, the unions were less involved.

Procedural and substantive regulations concerning labour adjustments

The number of employees subject to dismissals was pivotal in the negotiations, and if more than nine employees are to receive notice certain regulations take effect (Table 2). However, the collective agreements allow for labour force reductions without holding so-called co-determination consultations during normal, industry-typical fluctuations, reducing regulated union rights when applied (Table 2).

In both countries, temporary lay-offs can be used to reduce working hours in the event of severe production losses (Hijzen and Venn, 2011). The employer is then obliged to consult with the unions before the notice of temporary lay-offs can be issued (Table 2).

Legislation does not lay down any precise dismissal selection rules in either country, except avoiding discrimination. However, in Norway the Basic Agreement between LO and NHO states that seniority shall be applied, but this may be deviated from with good reason. The Dismissal Protection Agreement between the Central Organization of Finnish Trade Unions and the Confederation of Finnish Industries contains guiding principles emphasizing the importance of retaining skilled employees, securing those who had partly lost their capacity to work during service, as well as taking family issues and seniority into consideration.

The selection criteria in case of temporary lay-offs are in accordance with those pertaining to dismissals. The Finnish and Norwegian temporary lay-off schemes differ, influencing their application and the distribution of the resulting burdens. In Norway the initial employer costs are much higher, the maximum duration is longer and the minimum working time reduction each week higher (Table 2).

Union roles and influence in labour adjustments

Construction

Union power was initially framed by *regulations*. In *Norway*, the unions had procedural consultation rights regarding means of adjustment. Since normal changes in labour demand were steered outside the cooperative system in *Finland*, the definition of ‘normal changes’ was important. Despite a more than 15 per cent reduction in industry production, the economic downturn was understood as within the normal for blue-collar workers, both throughout the industry and among the local unions, hence these unions had no formal right to influence the employers’ labour adjustment decisions. By contrast, the rather large man-hour reductions among white-collar workers were understood as untypical by local management and unions. The white-collar unions therefore had procedural consultation rights regarding the adjustments. In CF2, a corporate group decision, consented to by union representatives at group level, was to hold continuous consultations concerning dismissals only. This restricted the *scope* of the local consultations, since discussing, for instance, temporary lay-offs would require a separate process with a new and separate notice and consultation period, delaying the adjustments.

Discussing labour adjustments

All companies were hit hard by the crisis (Table 3). Fewer new projects reduced the need for future man-hours, while ongoing production was unaffected. The crisis was soon noticeable for both

management and unions, since finalizing a project meant deciding what to do with employees without new projects. In the consultations the union representatives relied mainly on their own limited experience, but sought specific information at the central union or from the head shop stewards at headquarters.

The consultations were in general held in an open atmosphere and the discussions were focused on common solutions rather than win-lose bargaining. In such circumstances, *knowledge* was a power resource. Suggesting solutions in line with union interests, backed up with arguments, could change decisions. Still, the initial phase was not particularly open in one of the Norwegian cases (CN2), where the unions had to push management, referring to regulated rights, to get information and consultations. The late involvement left less room for union manoeuvring since management had already made detailed adjustment plans, which proved difficult to change within a short time span.

In terms of interest, the unions' main aim in both countries was to keep workers employed, preferring general cost-cutting and discontinuing the use of agency workers and temporary contracts over temporary lay-offs and temporary lay-offs over dismissals. The employers shared the interest in saving employees, but both parties realized that dismissals would be required, in combination with other measures. Still, they sometimes disagreed on the number and distribution of dismissals. In Norway, both management and unions in CN1 felt that the cuts were too large, but they had to comply with group orders demanding huge cuts. In CN3, the blue-collar union was initially presented with tougher cuts than expected. After initial disagreements, studying the economic figures more closely, the union agreed that the future man-hour demand required almost such a cut. Within such discussions, figures and facts structured the possibilities for union disagreement, underlining the important relationship between knowledge and power (Foucault, 1991). In the Finnish cases the white-collar unions generally agreed on the need for cuts in labour costs, including dismissals. In both countries the poor demand situation left the parties with few options. For blue-collar workers, dismissals or full-time temporary lay-offs were the possibility they faced. For white-collar workers, reduced working time was also an option (CF1, CF3). Hence, there was limited room for union manoeuvring.

Nevertheless, the unions applied different strategies to reduce the number of dismissals. All unions made sure that internal redeployments were used. Furthermore, in *Finland* the union in CF2 suggested more temporary lay-offs instead of dismissals, but the local manager rejected this due to a more pessimistic outlook on the industry's prospects. Still, the union representative perceived the decision as legitimate, since the manager had genuinely considered other alternatives. This demonstrates how regulations left the unions virtually powerless when the possibilities for union-management exchange on other issues, such as pay, were scarce. In CF3, the chief shop steward heard about the future risk for dismissals before implementation. To avoid especially blue-collar dismissals, he created a training and internal redeployment plan together with local management. Thus, the blue-collar union, due to well-functioning cooperation created room for proactive union influence regardless of the lack of formal co-determination rights.

Regulations, combined with union knowledge, mattered for the choice of labour adjustment means also in the *Norwegian* cases. The blue-collar unions in CN1 and CN2 wanted to terminate the use of agency workers. While company management agreed with the union, some project managers in the dispersed project organization kept using them for the sake of convenience. Learning this, the unions referred to the collective agreement stating that agency workers should not be used during temporary lay-offs or dismissals, forcing them to stop as soon as possible. Furthermore, instead of temporary lay-offs or dismissals the blue-collar unions in CN2 and CN3 demanded that workers, when possible, be hired out to other construction companies in the region, in accordance with clauses in the central collective agreement.

Distribution of burdens

The distribution of dismissals and temporary lay-offs was important for unions in both countries. In the absence of formalized selection criteria in the Finnish white-collar collective agreements (Table 2) it was difficult for unions to influence choices directly, except in the case of discriminatory selection. They only controlled procedural issues, as the local unions could, in case of offences, delay the adjustment process, while the central union could sue afterwards. This control made management especially thorough regarding formalities.

Furthermore, the unions could gain some influence through arguments. In CF1, the union achieved an equal distribution of burdens between different sections within the company: each section was given a certain savings target, allowing local union representatives and managers to determine the combination of dismissals, early retirements or temporary lay-offs independently. The union also wanted the dismissed to be offered outplacement training, which the employer agreed to, acting in accordance with institutionalized norms in Finland.

In the Norwegian cases the unions wanted dismissal selection to be done according to seniority within each occupation, a principle that was easily justified to members and provided a certain union control. Since seniority and productivity were not necessarily correlated, the employers were concerned about keeping the best skilled, motivated and productive employees. Facing conflicting interests, *defining* the operational application of the regulation was important. Management used court rulings to back up their contention that the difference in seniority between employees had to be substantial, no fewer than two years. In CN1, the blue-collar union disagreed and since neither party retreated, a number of dismissals were brought up to the industry-level organizations for conflict resolution. They also disagreed, and the conflict almost ended up in court. Eventually, management retreated because another company lost a court trial on a similar dispute. Hence, formal conflict resolution mechanisms at various levels were important power resources for the unions. In CN1 management offered severance pay if employees quit voluntarily. By doing so, the dismissal selection criterion lost some of its relevance as long as enough white- and blue-collar employees chose to quit. Management and the blue-collar union disagreed on the interpretation of seniority also in CN3. Management argued that putting more weight on competence, social skills, motivation and so on would improve the work environment and piece-rate wages for those remaining. The union gave in, but tried later in the negotiations to relate competence as closely as possible to seniority. Thus, procedural issues became, as in the Finnish cases, more central when the regulations were applied less mechanically. The white-collar unions in Norway also wanted a seniority principle to be applied, but the larger variation in tasks and competencies reduced the level of tensions since jobs were often less comparable.

Decisions about temporary lay-offs in the Norwegian cases were mainly in the hands of employers, akin to dismissals in Finland. The blue-collar unions in Norway agreed with management that the lay-offs should be distributed according to seniority on projects, rather than at company level, since this did not disrupt the ongoing projects' productivity and the group-based piece-rates. Therefore, the wage system steered management and union interest in the same direction. Temporary lay-offs were virtually unused amongst white-collar workers.

Manufacturing

While regulations provided all the local unions with the right to participation in labour adjustment processes, the unions in one Finnish company (MF3) faced limited possibilities for influence, since the employer was unorganized. The final arena for conflict resolution would in this case be the civil court rather than the labour court. As the civil court frames conflicts as between an individual

employee and employer instead of between the union and the employer, the union obtained no control. Since the union did not control other issues of interest to the employer, providing power in win-lose situations, it was compelled to promote win-win strategies, suggesting and pushing different kinds of adjustment possibilities. Limited labour adjustment experience reduced the unions' ability to pursue such strategies effectively and the union representatives resigned; the ultimate decision power was solely the employer's.

Discussing labour adjustments

The use of just-in-time (JIT) swiftly made the drop in demand evident at the plant floor in both countries. Thus, compared to construction, demand shifts had a much more rapid impact on production and manpower needs, except in MN4 and MN6. The uncertainty of the evolving economic situation made it difficult to create long-term adjustment plans, making combinations of temporary measures and dismissals, sometimes with redeployments (MF2, MF3, MN2, MN4, MN6), more suitable.

The union representatives – at least the blue-collar ones – were experienced and well aware of normal day-to-day rules, regulations and practices, except in MF3. In the Finnish cases MF1 and MF2 some unions also had previous crisis experience, but in all cases the unions still broadened their power resources through *horizontal ties*, making use of knowledge and support offered by other local unions during joint consultations (Table 3). In MF1 the unions also made plans to achieve equal distribution of burdens between working groups. Furthermore, to improve their knowledge of rules and regulations the unions in MF2 and MF3 used their vertical ties and contacted their central unions. In Norway, the unions had earlier experiences with labour adjustments, but not of the magnitude they were now facing. They contacted their central unions for information, but relied mostly on the knowledge and experience of the local union representatives, as the central union guidance was often too general to be of use in the actual consultations. The consultations were conducted separately for different unions, partly because the white-collar workers in most companies faced few adjustments, were unorganized and few in number. In Finland vertical network ties were used more extensively in manufacturing compared to construction, while in Norway the use of vertical networks was lower in manufacturing than in construction, due to the more specific nature of the issues dealt with.

The unions in both countries agreed with management on the need for labour adjustments and dismissals. The overriding goal for both parties was to maintain as many jobs as possible at the plant, retaining the competence and skills necessary to be productive in the future. Still, there were sometimes conflicting interests as to where to draw the line between temporary reductions in working hours and dismissals. As in construction, the unions wanted to move the burdens on to external workers first, but the size of this group was very limited and had no real effect. Still, as the unions in both countries had collective agreements stating that the use of agency workers should stop before temporary lay-offs or dismissals were discussed, this was an important sign toward their members, showing that their interests were being taken care of.

As JIT organization required flexible working time arrangements, both unions and management wanted to use the pre-existing collectively agreed schemes available in MF1 and MN2. However, this was not sufficient. In Norway the speed of the crisis and the fact that temporary lay-offs initially required that employees were laid off at least 50 per cent of their working hours made both sides in several companies (MN1, MN2, MN3, MN5) interested in finding other short-term solutions. Therefore, to save jobs, the unions engaged in *cooperative efforts* to adjust working time and pay, enabling win-win solutions rather than forcing the employer into win-lose power games. In MN1, the union negotiated a local 'crisis' agreement where wages were cut by 10 per cent, while working time was cut by 20 per cent, sharing the burden between employer and employees. Similar

measures were created in the other three companies. The unions were thus essential in enabling joint crisis solutions and building consent among the employees, providing the unions with goodwill in later negotiations.

The unions' knowledge about production enabled them to take an active part in discussing possible combinations of measures in both countries, allowing them to develop a proactive role during the adjustment process. Overall, the unions were more involved and influential in developing and choosing adjustment measures in manufacturing than in construction. This was especially so for the Norwegian unions facing especially rapid demand shifts (MN1, MN2, MN3, MN5), as these companies *had* to find immediate short-term solutions requiring active union involvement.

Distribution of burdens

Employers and unions sometimes had diverging interests regarding how to distribute the burdens. All companies in both countries, except MF1, dismissed employees. Even though the blue-collar collective agreement in Finland included a reference to seniority, the criterion of competence was most emphasized, making it hard for the unions to demand a certain selection, except to avoid discrimination. Therefore, the Finnish unions could only control, as in construction, whether the employer followed procedural regulations. Both local and central unions could delay the process in case of procedural wrongdoings, but as the employers anticipated that risk, they carefully complied with the regulations. While dismissal selection was beyond union influence in Finland, it was important in Norway, where the unions wanted a strict application of the seniority principle. Compared to construction the divergence of interest between unions and management was less pronounced, as management most often found that there was a tight relationship between seniority and skills, as most employees gained competence through work experience.

Production contingencies influenced how temporary lay-offs were distributed in the plants, but still left room for union influence regarding distributive justice among the individual workers. While unions in the Finnish cases MF2 and MF3 did not engage in these matters, the union in MF1 managed to convince management to apply *alternating* temporary lay-offs, combined with training. This offered improved employability and shared the burden of income loss evenly, as all production workers were laid-off for a period, then called back for a period, and then laid-off again. In Norway, the unions discussed and agreed with the employers regarding the use of temporary lay-offs. Also, the union in MN4 pushed for alternating temporary lay-offs, where half of the blue-collar workers were laid-off for one week and the other half the following week, distributing burdens evenly. Such a measure did cost more, as the employer had to pay wages for the five first days for all the employees instead of half of them, and it required more administrative efforts. The union argued that this would benefit the company, avoiding that laid-off employees quit, and the employer went along with the proposal. Thus, by using company-specific knowledge, and advocating it as the best for the plant, the unions won through.

Discussion and concluding remarks

Some similarities in union actions and power across countries and industries, related to the cooperative Nordic system, were found in the case studies presented.

The company's cooperative traditions, as well as union knowledge regarding labour adjustments, were important for the local union's ability to exert power. In companies with well-established union-management cooperation the final outcomes were generally more integrative (Walton et al., 1994), with a larger extent of win-win solutions benefiting both parties. The unions with a reciprocal relationship with the employer had more opportunities, repertoires and skills to

pursue their strategies. In companies/plants where cooperative traditions were less established, we find, occasionally, as Brulin (1995: 198) points out for Sweden, that the union representatives felt they were 'held hostage' by the consultation procedures.

Even though the employer has the final say in labour adjustments within the Nordic cooperative system, the industrial relations system is based on the premise of cooperation and compromise between employers and unions (van den Berg et al., 2000). This study exemplifies how knowledge and mutual power-dependency relations in most instances enabled adjustments in which both parties related to common facts, while being cooperative and constructive. Not aiming for compromises (Dekocker et al., 2011; Golden, 1997) was not an option, partly because it was not 'the way things are done' (March and Olsen, 1984), partly because it provided a limited basis for union power. The power resources originated within the cooperative system, not outside it. Even where the union representatives felt that they had limited power, the employers' actions were highly structured by regulations, such as with regard to the procedural dismissal rules in Finland. The organized system for conflict resolution cements union rights (Stokke, 2002), because the higher level organizations can settle conflicts with the consent of the local parties. The strongest testimony to the importance of the collective dispute regulation system is that, facing an unorganized employer, the unions in MF3 were left virtually powerless. Their grievances could not be solved within the industrial relations system, but required a civil court case.

While there were also similarities within industries between the two countries, there was evidence of industry differences in union power within the two countries. The unions in manufacturing were generally more influential in the labour adjustment processes than in construction, regarding both choice of means and distribution of burdens.

Several issues related to union power resources and management-union dependencies explain this difference. First of all, as a result of differences in production the manufacturing unions' potential power stemming from their ability to mobilize workers at the shop floor was stronger than in construction. The blue-collar unions in construction controlled only a part of those working at the sites and had to deal with conflicting interests with other blue-collar workers, trying to reduce the use of agency workers or subcontractors. In manufacturing, keeping a good relationship with the strong unions at the site was important for the employers' long-term interests, more so than in construction, where industrial relations were more fragmented.

Secondly, industry differences in the structure of production – one-of-a-kind projects versus serial production organized through JIT systems – conditioned union power during the negotiations. As changes in demand for new projects could be adjusted over some time in construction, full-time temporary lay-offs and dismissals were the main methods among the building workers. The means were more complex in manufacturing: swift demand shifts prompted combinations of adjustment measures, which made employers more dependent on the unions. With a less reciprocal relationship between unions and management in construction, the unions had fewer power resources to draw on vis-à-vis the employer.

Thirdly, related to these industry differences, regulations and institutional inflexibilities required cooperative solutions that provided possibilities for union influence in manufacturing. This was especially evident in Norway, where the substantive regulations of temporary lay-offs induced cooperative efforts to find alternative ways to adjust labour costs. Making concessions on, for instance, temporary cuts in working time and pay, unions were prepared to reclaim the favour at a later point, showing how reciprocity and reiterated exchange served as a power resource and how norms of fair exchange over time underpinned union power vis-à-vis management (Ellickson, 1991). In construction, the strict seniority rules pertaining to dismissals in Norway did not fit managements' aims of keeping the most skilled employees, leading to more conflicts than in

manufacturing. As the employers were dependent to a lesser extent on the unions in other day-to-day cooperative efforts in construction, the unions had much thinner power resources vis-à-vis the employers.

In contrast to manufacturing, the blue-collar unions in construction in Finland had virtually no such rights, making the difference in union power between construction and manufacturing more significant in Finland. Still, the unions in construction found it acceptable, since these regulations were collectively agreed on a higher level and as such in line with norms of appropriateness (March and Olsen, 1984: 743). Compared to construction, the white-collar workers in manufacturing in Finland gained from the close proximity enabled by the work organization in the plant and their cooperation with the blue-collar unions. The difference in blue-collar consultation and participation rights also explains why vertical network ties were used more extensively in manufacturing.

Altogether, the study found indications of less local union power in Finland compared to Norway across industries, pointing to more general national differences. The result in Svalund et al. (2013) can therefore be extended to other industries. In Finland, union participation was limited to the rights defined in the regulations in both industries, limiting union power to control of procedural issues, while the union involvement was higher in the Norwegian cases, in both industries.

This can be explained by the fact that the rules regarding temporary lay-offs and dismissals were more lenient in both industries in Finland than in Norway, limiting the basis for union power and moving dismissal selection into a non-issue for the Finnish unions (Bachrach and Baratz, 1962). The strict seniority criteria combined with the somewhat inflexible temporary lay-off rules provided the Norwegian unions with power resources to exploit in exchanges, in pure trade-offs and by enabling win-win solutions (working time cuts in manufacturing, hiring out in construction), all influencing the substantive outcomes.

In addition, cooperative relations at company level seemed more deeply anchored in the Norwegian cases, as the more decentralized wage bargaining system in Norway, compared to Finland, contributed to a more pronounced cooperative climate. Through the annual negotiation over wages the shop stewards became more involved in company/plant development, increasing management-union trust and the possibilities for long-time exchanges, as union concessions during labour adjustments could result in future paybacks.

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The impact of institutions on mobility, labour adjustments and cooperation in the Nordic countries

This PhD dissertation studies how national differences in labour market regulation influences mobility patterns, as well as company level adjustments during crisis.

The dissertation studies mobility patterns in the Nordic labour markets, and investigates how mobility patterns in and out of labour, in and out of temporary and permanent employment contracts are influenced by the regulation of permanent and temporary employment contracts.

The dissertation also studies labour adjustments in the aftermath of the 2008 economic crisis, asking how the existence and form of temporary short time work arrangements, as well as the regulation of dismissals, influence how economic crisis are handled at company level.

The study finally focuses on the role of unions in these labour adjustment processes, and investigates how and why their significance varies between industries and countries.



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