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## THE SCANDINAVIAN CHALLENGE - STRATEGIES FOR WORK AND LEARNING

Industrial democracy and worker participation have been and will continue to be central concerns of the labour movement in Norway. Today they are national concerns largely shared by all involved parties.

The content of the concept of industrial democracy, however, has been changing as a consequence of the experience we gain and the historical development of society. The underlying values are still the same. We want to create democracy in the workplace so that employees can have security of employment and a healthy working environment so that they can exert influence over their work situation, learn as they work, have equal opportunities irrespective of sex or ethnic group, take part in company decision-making, have a fair share of the wealth created, and find a good balance between their working and private lives.

In general we see progress in industrial democracy as a very important part of the overall strengthening of democracy in our society.

We believe that the social and cultural structures in Norway have given us favourable conditions for developing industrial democracy. Our Federation of Trade Unions, - LO, and the Employers Confederation, - N.A.F., - negotiated the first nationwide collective agreement on participation and joint information procedures as early as in 1935. The need to join forces in the reconstruction of the country after the Second World War, intensified the feeling of mutual interest between

employers and unions. By this stage a system for the peaceful settlement of conflictual issues by means of annual or biannual collective bargaining had been well established in most sectors of working life. In the post war period these agreements were then extended to cover participation in productivity improvement schemes, and more generally participation in joint consultation and information bodies at the company level.

Around 1960, however, unrest was felt in the labour movement, caused by the growing discrepancy between the democratic values in society and the visible lack of democracy within industry. The rationalization drive of the post war period had provided the economic basis for the welfare state, but the opportunities for employees to participate in decision-making at their workplaces actually had been reduced for large groups. At the same time the level of general education in the workforce had been considerably raised.

The known models for industrial democracy at that time were in the sphere of union rights, bargaining and workers' representation on the board of directors. Industrial democracy had its strong advocates in the Norwegian trade union movement of the time, and their efforts led to the Company Act of 1973, which secured employees one third of the seats on company boards.

However important this reform, Einar Thorsrud had a vision that pointed in a somewhat different direction. He saw clearly that even if changes in property rights and formal authority, though necessary, would by no means be sufficient to secure industrial democracy in the full sense of the word. Around 1960, Thorsrud appeared on the national labour scene suggesting to the employers' and employees' organisations, LO and N.A.F., that they should start a joint action research program on the issue of industrial democracy. Referring to theories developed at the Tavistock Institute in London, he proposed a new model for industrial democracy. Thorsrud insisted that industrial democracy should mean something concrete for the individual employee. If jobs could be designed and work organised to allow for more decision making and learning on the job, employees could

better make full use of the possibilities inherent in representative democracy in the workplace, Thorsrud claimed. He suggested that the two main organisations, LO and N.A.F., should try to utilize their relatively high degree of mutual trust to explore the opportunities for improving the conditions for direct participation in the work situation, for shared decision-making and greater individual responsibility. Thus for the first time the Tavistock researchers' ideas of adapting technology and work organisation to human needs were set into the context of industrial democracy.

The resulting research and development program was organized under the joint auspices of LO and N.A.F. For the first time in their history these two organisations were using social science to explore new possibilities for the workplace. Thorsrud together with his Tavistock colleague, Fred Emery, designed a research project that could secure both freedom for local experimentation and centralised learning in the two labour market organisations. Internationally the initiative was met with great interest.

From this start in the 1960s, many lines of development, both nationally and internationally can be drawn. The first four field experiments showed that the ideas were fruitful. The idea of technological determinism, which had been guiding the thinking in the post war period, was gradually losing its hold. Plant level changes in job design, work organisation and production technology showed dramatic increases in the degree of employee involvement, in employees' ability to handle demanding tasks, and in productivity. Workers who participated in these new developments and who discovered that the scope of their jobs had increased, reacted very positively.

The publishing of the results of the research by Emery and Thorsrud and their colleagues at the Work Research Institute generated an immediate and widespread interest both in Norway and abroad.

With support from the main employers' and employees' organisations a strategy for implementing the suggested changes in Norwegian industry was developed. Throughout the 1970s the strategy was modified several times, as we saw the methods used did not give us the speed of change we wanted, and which we thought was needed.

It was also with a touch of envy that we saw the Swedish Employers Confederation promote a very rapid diffusion of "our" new work organisation concepts in Sweden. Volvo, SAAB-Scania and others demonstrated to the rest of the world the viability of Thorsrud's and Emery's ideas in large scale manufacturing industries.

In spite of the relatively great efforts devoted in Norway to demonstration projects, information, training of shop stewards and managers, seminars, workshops, etc., the ideas did not penetrate beyond a relatively small group of enterprises.

In landbased Norwegian industry the focus in the 1970s shifted more towards the quality of the working environment and the issue of worker representation at board level. One of the reasons was undoubtedly the fact that the 1970s was a period of radical social and political reform, perhaps the most radical in modern Norwegian history. In 1973 employees were granted access to company boards. Again we found that the level of agreement on basic issues and of trust was high enough to enable us to institute this reform without serious problems and conflicts. Having the employees represented on the board of directors is today seen by both sides as a positive way of improving communication in the enterprise, and removing undue suspicion.

When the old Workers Protection Act, however, came up for review, following serious concern over occupational health problems, the Government also chose to advance the industrial democracy issue. Based on the research initiated by Einar Thorsrud on organizational and technological choice and participation, and Swedish research on stress at work, we could create a completely new Work Environment Act which included

several innovations. Section 12 on psycho-social factors and the general idea of worker participation in assessing, planning and improving the work environment, stem from these sources.

Following the passing of the Act the Government also contributed substantial sums to financing a general upgrading of the quality of the working environment in industry; to the Factory Inspectorate and to research and development in this sphere.

In the 1970s also our large, new offshore oil industry developed. This dynamic industry presented major challenges both in terms of securing safety, pollution control, and the social rights of employees.

On this basis, the largest industry oriented social research and development program in the country's history was launched. Oil companies were invited to participate and to contribute with economic resources and expertise. Steering committees, in which unions were also represented, were set up. Altogether this greatly increased technological and organisational competence and capacity. Thus in a period of 15 years this industry developed from a rather problematic position in terms of safety, working environment and conditions, to become a leader in these fields.

In 1980 the issue of the further promotion of industrial democracy again was placed on the political agenda by a joint Labour Party - Trade Union committee of which I was a member. We observed that in spite of all the efforts during the previous two decades, there still was a long way to go. Companies' organisational structure had become more complex and frequently more bureaucratic, the environment had become more dynamic, and the workers felt their opportunities to participate in decision-making and company strategy matters were too limited. They also felt their resources were not fully being utilized.

A new clause in the national collective agreement between LO and N.A.F. had, however, just been negotiated. It set up the

framework for joint company development and also established a number of support functions for the central organisations. Thus a completely new approach had been launched.

Later, after becoming Prime Minister, I appointed a new commission to look into the further democratization of working life. The commission was given broad terms of reference: to review all avenues and make recommendations that could promote both participation and productivity.

At this stage, - 1981, - it had also become clear that the future prospects of a number of our traditional industries were rather gloomy. The oil revenues and the oil industry would not be able to replace the jobs that were likely to be lost here. Thus large groups of employees were under the threat of unemployment.

The growth in the service sector on the other hand had made the industrial relations of the country more complex. LO and N.A.F. no longer dominated them completely. Moreover the Government felt that the active support of the new occupations and their federations was needed in order to achieve our national objectives.

The new commission, named after its chairman, Olav Brubakken, therefore was composed of representatives from two white collar union federations in addition to LO and N.A.F. The Confederation of Industry and the Association for Smaller Enterprises ("Norges Håndverkerforbund") were also invited demonstrating the shift in political thinking. Industrial democracy was leaving the more narrow domain of rights and welfare and entering the broader domain of industrial policy.

It was an important aspect that industrial democracy should lead to the development and better utilization of human resources. We also knew that bureaucratic aspects of the company organisation and unprofessional, undemocratic management styles were often major obstacles to real participation for employees, and in fact prevented them from using their competence and

abilities. Formal representation of employees at board level and collective agreements cannot fully compensate for such frustrations. Therefore we also included in the commission experts in personnel management and organisation design.

Einar Thorsrud's idea of building industrial democracy into the organisation of the enterprise, - rather than having two parallel systems, - was incorporated from the outset.

A change of Government shortly after did not affect the terms or work of the commission, again demonstrating the high degree of consensus in this sphere within this country.

Early in 1985 the commission presented its unanimous recommendations. Looking to the future, it observed that the degree of change in technology and in the environments of enterprises would increase dramatically. Accordingly the commission proposed an increased emphasis on changes to improve the competence and performance of the organisations and at the same time promote employee participation. It pointed to the need for professional management and for better utilization of external resources to improve internal competence.

The commission found that further changes in the proportion of employees on the boards of directors was not strategically the most important point. The main breakthrough in this respect came when the workers first took their seats on the boards in 1973. However, the commission proposed greater flexibility in how to organize board level representation. These proposals will be presented to Parliament later this year.

The subtitle of this conference, - the Scandinavian Challenge, - has a double meaning for us. As a result of the experience we have gained and from what we have learnt abroad, I think we are in a fortunate position in several respects here in Scandinavia.

A number of aspects that we take for granted, - like a stable industrial relations system, a high degree of mutual

trust, a long tradition of peaceful resolution of conflicts and problem solving, - cannot always be taken for granted in other countries.

The sources of this social stability and the conditions for industrial democracy that it fosters, lie in a fruitful interplay between economic and political life. The ideals of economic and industrial democracy will more easily spread and grow in a stable democratic system where common welfare is seen as the ultimate goal of politics. Trade unions in Scandinavia do not only act as representatives of the workforce vis-a-vis employers, but as spokesmen in the political sphere as well. Thus they further and strengthen democratic ideals in economic life.

The Scandinavian challenge may also be regarded from a different angle. There is also a challenge to the Scandinavian countries from the rest of the world. We are aware that we are fairly slow in making changes in our working lives and hence in adjusting to new situations. We have seen how in other countries unilateral management initiatives and sometimes quite ruthless actions altered a single company in a very short time. We have also been able to benefit from the experience of special cases abroad where strategies and ways of working similar to those we favour, have been applied more thoroughly and faster than in Norway so far.

For the Norwegian labour movement, and the Government, it is therefore now a major challenge to capitalize effectively on this country's consensus and proven industrial relations structure. We need a rapid national mobilization of resources without endangering basic human and political values. Our idea is that the employees' and employers' organisations shall play a key role in this, with support from the Government. We feel we have the attitudes, the experience and most of the infrastructure to manage a large program at the national level. We need, however, to engage the support of other institutions in society too, the education system, the research community and other public services.



Today we also see that the whole public sector is in need of change. Rigidity caused by bureaucratization has made this sector expensive. Also, it has too limited opportunities for participation for large groups of employees.

We also find, however, that the competence and capacity we have built into our research institutions tend to be used mainly by the enterprises and local unions that have a tradition for such cooperation. The smaller enterprises, which provide the bulk of employment outside the public sector, do not yet seem to be in a position to benefit. In the future, however, we expect all sectors of the economy to need the ability to utilize research results. Therefore a major effort should be directed towards smaller enterprises.

This challenge requires initiatives on two fronts. We must deepen our understanding of social processes in a changing world, and we must enhance our ability to take action to promote organizational change and development. 1987 is the year when we launch the most ambitious social science research programme in Norway to this day: the "LOS"-program focussing on leadership, organization and coordination problems in modern society. The main objective of this program is the investigation of the complex interdependence of the public and private sector; the discussion of the bargaining processes in the labour market; and a deeper understanding of work life participation.

In addition, I can announce today that the Government this autumn will propose a program for the further democratization of our working life on the basis of the Brubakken Commission. We will invite the employees' and employer's organisations to participate together with the Government in the creation of a center to carry out this programme. Its main functions will be

- a general information and networking
- initiation of local development
- organisation of support to work life
- financing support activities.

The idea is that the program should provide key personnel to support local activities. It should strengthen more direct cooperation between working life and the educational system, create new links between industry and research and between industry and local community administration. We have the resources needed for the program available in the country today. The main task lies in organizing these resources into more coordinated efforts.

The details of the new program have yet to be worked out, and will largely be left to those appointed on the board of the resource center that will be established in a few months.

The Government is happy to make the announcement at this international conference. It also gives us an occasion to confirm our indebtedness to Einar Thorsrud who took a leading role in the development of industrial democracy and the quality of working life in Norway. We know Einar Thorsrud had an extensive international network, he contributed to positive development in other countries, including the third world, and he brought home inspiration, insight and competence from numerous other countries. I hope the conference this week again will contribute to strengthening the international research collaboration, and hope we can meet in a few years and observe that our joint efforts to promote human values in working life are indeed meeting with success.