

# Common challenges and Nordic synergies

Programme for the Nordic Council of Ministers' co-operation on working life 2013–2016





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### **Nordic co-operation**

*Nordic co-operation* is one of the world's most extensive forms of regional collaboration, involving Denmark, Finland, Iceland, Norway, Sweden, and the Faroe Islands, Greenland, and Åland.

*Nordic co-operation* has firm traditions in politics, the economy, and culture. It plays an important role in European and international collaboration, and aims at creating a strong Nordic community in a strong Europe.

*Nordic co-operation* seeks to safeguard Nordic and regional interests and principles in the global community. Common Nordic values help the region solidify its position as one of the world's most innovative and competitive.

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# Foreword

In this co-operation programme, the Nordic Council of Ministers for Labour (MR-A) sets out the strategic focus for the formal Nordic inter-governmental co-operation on working life for the period 2013–16.

In this period, the Nordic labour markets will face a number of common long-term challenges, primarily as a result of globalisation and demographic change. In the short term, more cyclical challenges and possible crises are also to be anticipated. This presents a challenge to the longer-term competitiveness, sustainability and cohesion of the Nordic welfare states.

The programme defines the most important objectives of the co-operation, all of which aim to improve the Nordic countries' ability to address these challenges. The objectives include extending and upgrading the qualifications and skills of the workforce to meet the needs of the labour market,

combating unemployment among vulnerable groups and reducing long-term unemployment – especially among young people. Other objectives include encouraging a positive working environment, promoting the sustainable use of labour resources, preventing social dumping and discrimination in the labour market, ensuring a good balance between employee protection and flexibility, and strengthening Nordic co-operation in relation to international regulation. An important priority that transcends all of the objectives is to combat and prevent barriers to cross-border freedom of movement in the Nordic labour market. The programme also stipulates the foundation of agreements upon which the co-operation on working life is based, as well as the framework conditions for that co-operation.

I would like to highlight the part of this foundation that constitutes the *Agreement Concerning*

*a Common Nordic Labour Market.*

Since 1954, this agreement has guaranteed Nordic citizens the right to work, study and live freely in another Nordic country. During this programme period, the joint Nordic labour market will therefore celebrate its 60th anniversary as the most integrated regional labour market in the world. We in the Nordic Region have good reason to be proud of this!

I hope that the Nordic co-operation on working life, as well as the other areas of Nordic co-operation, will continue to provide a basis for innovative and forward-looking pan-Nordic solutions.

*Halldór Ásgrímsson*

Secretary General  
Nordic Council of Ministers



Common challenges and Nordic synergies



# Summary

This co-operation programme sets out the strategic focus for the formal Nordic inter-governmental co-operation on working life in the period 2013–2016. The focus during the programme period is on the long-term challenges posed by globalisation and demographic change. However, other subjects will be prioritised when necessary, including more cyclical challenges that arise during the period.

Under the auspices of the Nordic Council of Ministers for Labour and the Work Environment (MR-A), the co-operation continues to build primarily on exchanges of experience and information about national initiatives and results in relation to the common challenges. The co-operation also contributes to important networking among relevant officials in the Nordic Region. As part of this, the Nordic exchange of experience and information, networking, and co-ordination in relation to EU initiatives and negotiations as well as implementation of EU directives are all key elements of the co-operation.

The top priorities for the Nordic co-operation on *employment and the labour market* include stimulating the supply of labour, increasing

employment and reducing structural unemployment for men and women. The aim is to contribute to the future sustainability of the public finances and of the Nordic welfare model, as well as to encourage the inclusion of marginalised groups in society. The objectives are to mobilise internal labour-market resources; ensure closer matching of the supply and demand of labour; promote lifelong learning that accords with the needs of the labour market; promote the attractiveness of the Region in a way that reflects the need for labour from non-EU/EEA countries; promote co-ordination among relevant official bodies; and to combat unemployment among vulnerable groups and long-term unemployment. Combating youth unemployment is one of the biggest challenges and highest priorities.

A main priority for the co-operation on the *working environment* is to promote safety, health and welfare at work for both men and women. The aim is to create a working environment that is attractive, motivating and inclusive, and which prevents work-related physical and mental health problems. Efforts in this area must take into account international agreements and EU legislation. The objectives are to improve conditions



in the workplace; develop working-environment strategies and supervision; discourage unacceptable working conditions, “social dumping” and discrimination on the labour market; highlight the importance of good management and active involvement of employees; and make more sustainable use of the individual employee’s resources.

One of the main priorities for Nordic co-operation in the area of *labour law* is to follow up on

the conditions, challenges and adjustments faced by the Nordic model, and to develop the model in response to the increasingly globalised nature of working and business life. The aim is to safeguard the Nordic model and the Nordic labour market’s good working conditions, working environment and adaptability. The objectives are to ensure balance between flexibility and protection for wage-earners; promote gender equality and equal treatment on the labour market; and strengthen the Nordic co-operation in relation to international regulation, first and foremost in the EU.

One *cross-sector priority* will be to continue to prevent and remove obstacles to cross-border freedom of movement in the Nordic labour market in order to promote geographic mobility, the attractiveness of the Region and its adaptability. The Nordic model provides a good basis for a well-functioning working life. Co-operation with trade unions and employers will continue to be a natural part of Nordic co-operation.

Additional themes that follow up on more *topical political and professional challenges* will be specified in the successive presidencies’ sectoral programmes and in the committees’ plans of action and themes.

# Introduction

There is a long tradition of Nordic co-operation on working life. It covers both formal co-operation in the Nordic Council of Ministers and the Nordic Council as well as informal co-operation among the countries. The Nordic countries' shared values and their many common characteristics provide excellent opportunities to learn from each other's experiences, and to co-ordinate views where relevant and where it generates *Nordic synergies* – in other words, areas in which the countries can achieve more together than separately.

The purpose of this co-operation programme is to define the strategic focus for the formal Nordic inter-governmental co-operation under the Nordic Council of Ministers for Labour and the Work Environment (MR-A) for the period 2013–2016. The co-operation covers the areas of employment and the labour market, as well as the working environment and labour law.

The programme aims to establish prioritised Nordic co-operation on initiatives that will generate Nordic synergies and improve the Nordic

countries' opportunities to face the joint challenges of the day.

The co-operation will continue to build primarily on studying, analysing and discussing similarities and differences among the Nordic countries' initiatives and results in relation to the joint challenges. This formal co-operation also establishes important networks among people who work in official bodies involved in the sector, from which the countries can derive significant benefit in specific situations.

In this programme period, the focus of the co-operation will primarily be on a series of objectives that aim to meet the long-term challenges facing the Nordic labour market as a result of globalisation and demographic change. The co-operation will also be flexible enough to focus on the more cyclical challenges that may arise during the programme period.

The co-operation will be further fleshed out in the presidencies' annual sectoral programmes and in the annual action plans for each area of co-operation.

## The main challenges facing the sector

Working life plays a crucial role in the development of the Nordic welfare society, business and the individual. The main challenges faced in this sector therefore exert considerable influence at many levels in the Nordic countries. The governments in all of the Nordic countries constantly consider how policy and co-operation with unions and employers can help them to address these challenges and contribute to growth and employment. The Nordic co-operation on working life acts as a source of useful information and inspiration for this work.

Developments in the Nordic countries' labour markets are increasingly influenced by a number of overarching long-term development traits, the most important of which are globalisation and demographic change. These development traits constantly lead to new opportunities and challenges. At the same time, developments on the labour market are to a great extent influenced by cyclical fluctuations that require rapid responses.

In relation to *globalisation*, it remains a key long-term challenge to improve the Nordic labour market's adaptability and competitiveness. This will provide better opportuni-

ties to quickly compensate for rapid structural changes, such as the loss of jobs in industries affected by increased international competition, and to provide a workforce with the required qualifications in growth areas. Globally speaking, the workforce is gradually becoming more mobile. This makes it increasingly important to ensure that there is a good balance between flexibility and security, and that the workforce has the competences that are in demand on the labour market.

Globalisation also increases the competition for talent and the best-qualified employees on the global market. The main challenge here is to strengthen and promote the benefits of working and living in the Nordic countries, including making the Nordic labour markets even more attractive, for example through good working conditions and a working environment that prevents health problems, increases job satisfaction and motivation, and helps extend working life.

As far as *demographic change* is concerned, a long-term key challenge will be to ensure a sufficient supply of labour for both the private and public sectors. This will

be crucial for private companies' potential for growth, for the public sector's ability to meet the increasing demand for welfare services and for funding the Nordic welfare society of the future.

This may be a particularly demanding challenge for the Nordic countries, which are characterised by a high degree of labour-market participation. Other challenges include a relatively high frequency of sick leave from work in the Nordic Region and the large proportion of the Nordic population of working age who, for various reasons, are excluded from the labour market and living on benefits.

Here, the main challenge for the working-life policy is to contribute to a high labour supply, including through extending working life and improving the integration of marginalised social groups into the labour market. This places new and greater demands on the working environment in companies and official bodies, on the organisation of work and on the adaptation of working conditions to the individual employee. Another major challenge in this area is to ensure that employees have the competences and knowledge to match labour-

market demand, and that ever more of the workforce and more service providers are recruited externally – including from countries outside the EU/EEA area.

While both globalisation and demographic change therefore lead to a need for more foreign labour in the Nordic countries, growing migration also presents challenges for the “Nordic model”. It can increase pressure on certain welfare benefits, heighten competition on low wages and encourage the circumvention of health and safety measures at the workplace. Here, the main challenges for working-

life policy are to ensure that collective agreements are respected and to combat “social dumping” and unacceptable working conditions. This will also make a significant contribution to fair and healthy competition among companies and employees in the Nordic labour market.

A further challenge is to improve the Nordic labour markets’ ability to convert to a more CO<sub>2</sub>-neutral economy, and to provide a suitably qualified labour supply sufficient to meet the needs of new sectors and industries that will arise in this context.

As far as *cyclical* increases in unemployment are concerned, the main challenges usually consist of taking effective action at short notice against rising unemployment among young people and other vulnerable groups and of rising long-term unemployment, which can have serious consequences for the individual, for the public finances and for the Nordic welfare states.

# Main priorities and objectives for the programme period

The overall objective of Nordic co-operation on working life is to help guarantee an efficient labour market and a good working life in a competitive Nordic Region.

Co-operation across the whole sector will focus on how best to promote gender equality in the labour market and to fight discrimination and unacceptable differences in working conditions and working environments due to gender, reduced capacity to work, age and ethnic background. Particular attention will be paid to segregated labour markets.

Some of the most important objectives for the Nordic inter-governmental co-operation in the period, in the areas of employment and the labour market as well as the working environment and labour law, are set out below.

The co-operation will be flexible enough to focus on cyclical challenges, different types of crisis situations, and any important changes in political and academic priorities that may arise during the programme period.

The objectives will be elaborated on in the successive presidencies'

annual sectoral programmes and in the Committees' annual action plans and themes.

## **Employment and the labour market**

The top priorities for the Nordic co-operation on *employment and the labour market* are to stimulate the supply of labour, increase employment – especially among young people – and reduce structural unemployment. The interaction among economic policy, education policy and labour-market policy will be important in this context. The co-operation will be consistent with



and complement the relevant EU/EEA co-operation.

The main objectives of the co-operation within the area of employment and the labour market are:

***Mobilising as much of the internal labour-market resources as possible***

The programme will focus on integrating young people, including students, into working life more effectively and at an earlier stage, as well as on retaining older employees. The focus will also be on reducing the frequency of sick leave among employees, and improving the integration into working life of groups with weak links to the labour market (including people with immigrant backgrounds and reduced work capacity). Those people who have part-time work and want to increase their working hours also represent a major resource.

***Closer matching between labour supply and demand***

One area of focus will be how mobility can be improved in order to alleviate bottlenecks in the labour market and avoid situations where in certain professions there are shortages of labour, despite a large number of unemployed people. This concerns, among other things, both incentive structures and requirements in relation to the individual unemployed person, as well as the methods and tools available to the job centres. Mutual acceptance of qualifications remains a topical theme.

***Promotion of lifelong learning that accords with the needs of the labour market***

The programme will focus on the best way to develop the competences and knowledge of the workforce in a way that is closely linked to demand. The aim is to

ensure that, at any given time, the workforce has the qualifications to meet the needs of the private- and public-sector labour markets. This applies more generally to youth education and adult skills development, but it is also important in relation to the objectives of retaining and including older people on the labour market and improving the integration of weaker groups on the labour market.

***Combating unemployment among vulnerable groups and long-term unemployment***

The programme will focus on combating high youth unemployment through effective labour-market and educational policy initiatives, with a view to enhancing competences and improving integration in the labour market. Particular attention will be devoted to unemployed young people with an incomplete education. Attention will

also be paid to other groups who have difficulty gaining a foothold in the labour market – such as immigrants, those with a low level of education or reduced work capacity and long-term unemployed people.

***Promoting attractiveness in relation to demand for labour from outside the EU/EEA***

The programme will focus on how to improve or develop the Nordic labour markets' attractiveness in relation to the demand for foreign labour from countries outside the EU/EEA. In this context, the correlation between increased labour migration, economic growth and the long-term sustainability of the Nordic welfare systems will be among the key issues.

***Promote co-ordination among relevant official bodies***

The programme will focus on closer co-ordination between relevant official bodies and authorities in and among the Nordic countries for the purpose of improving opportunities for unemployed people, those on sick leave and people outside the labour market to quickly and effectively find their way to an active working life.

***Working environment and labour law***

A main priority for the co-operation on *the working environment* is to promote health, safety and welfare at work. The objective is a working environment that is attractive, motivating and inclusive, and prevents work-related health prob-

lems. It must also be developed in accordance with international agreements and EU legislation.

One of the main priorities for the Nordic co-operation in the area of *labour law* is to follow up on the conditions, challenges and adjustments faced by the Nordic model, and to develop the model in response to the increasingly globalised nature of working and business life.

In both areas, the programme will focus in particular on enhancing the mutual Nordic exchange of information and experiences, networking and co-ordination in relation to initiatives and negotiations within the EU and especially in connection with the implementation of EU directives that have





significance for labour law and the working environment.

The main objectives of the co-operation within the areas of working environment and labour law are:

***Improving the physical and psychological working environment at the workplace***

The programme will focus on developing and improving physical, mental and social conditions at the workplace. Systematic preventative work will be prioritised to reduce the number of industrial accidents and occupational illnesses. A good working environment will also help to extend working life and support active ageing. Attention will be devoted *inter alia* to the most disadvantaged groups, sectors or industries in Nordic working life, and to effective ways to improve their situations. Other relevant themes will be challenges

in relation to stress-related symptoms associated with, among other things, an ever-increasing availability and consequent lack of restitution.

***Further development of working environment strategies and supervision***

The programme will also focus on the further development of working environment strategies and supervision, taking into account the priorities in the EU's working environment strategy and other international partnerships in this field. In this context, the Nordic countries will work more closely together and with the social partners. They will pay close attention to developments in the working environments in each country and identify important areas in which Nordic co-operation can be expected to lead to particular synergies.

***Discourage unacceptable working conditions, “social dumping” and discrimination on the labour market***

The programme will focus on how to further develop the Nordic Region as an attractive labour market with a high level of professional competence, good working conditions and a good working environment that will help to attract the foreign labour required. Focus will also be on preventing increased labour immigration and fiercer competition on wages contributing to unacceptable working conditions, “social dumping” and discrimination on the Nordic labour market. In this context, experiences and information will be shared about effective tools and approaches. The possibilities for closer co-operation among the relevant Nordic authorities will also be explored.

***Highlighting the importance of good management and active employee involvement***

The programme will focus on the importance of good management and active involvement of employees in order to develop high standards for the working environment, health and productivity at the workplace, in both the private and public sectors.

***Strengthening sustainable use of the individual employee’s resources***

The programme will focus on how best to promote the sustainable use of the individual employee’s resources with a view towards positively combining work and private life at different phases of life in order to counteract stress, sick leave, burn-out, exclusion and



early withdrawal from working life. This will include a focus on developing flexibility at the workplace, including in relation to working hours and teleworking.

### **Balancing job security and flexibility**

The programme will focus on models for ensuring a good balance between job security and flexibility, with a view to further improving the Nordic labour market's adaptability to change. Efforts will also be made to determine how restructuring processes, new ways of working and new ways of deploying labour can be organised and implemented without incurring negative consequences for individuals, companies and the economy.

### **Closer Nordic co-operation on international regulations**

The programme will focus on how best to protect and develop the Nordic model through sharing of work and knowledge, and through co-operation in relation to international forums – particularly the EU, ILO, Council of Europe, OECD, UN and international standardisation bodies.

### **Priorities that transcend sectors, including promoting cross-border freedom of movement**

Preventing and breaking down barriers to freedom of movement in the Nordic labour market will remain a *cross-sector priority*. In addition to the responsibility the individual countries have for assessing such obstacles, the MR-A will also look closely at this issue. In co-operation with the

Council of Ministers for Health and Social Affairs (MR-S), the working-life sector has implemented an in-depth mapping of obstacles to cross-border freedom of movement in the social and labour-market area in the Nordic Region. Actual obstacles cause unnecessary friction in the joint Nordic labour market. Reducing the number of such obstacles helps to increase opportunities for Nordic citizens to relocate and take jobs in another Nordic country. It also helps to increase the supply of qualified labour in the Region. Co-operation with the EURES employment-service network in the border area is important in this context.

The MR-A will co-operate with other sectors and institutions under the Nordic Council of Ministers, as well as other international organisations, whenever doing so generates Nordic synergies. Co-operation with the Region's neighbours, including the Baltic states and Poland, will continue where relevant.



## Framework conditions for co-operation

The Nordic Council of Ministers' co-operation in the labour-market field has since 1954 been based on the *Agreement on a Common Nordic Labour Market*, which was last revised in 1982 and came into force the following year. In it, the Nordic governments highlight, among other things, that it is a fundamental right of their citizens to work and live freely in another Nordic country. The agreement also stresses that the governments aim to maintain full employment in their respective countries and co-operate with each other to that effect. Freedom of movement for labour within the Nordic countries applies, notwithstanding the obligations contained in EU/EEA agreements. However, Nordic co-operation is becoming increasingly influenced by the development of the common European labour market, as freedom of movement is mainly regulated by EU law and the EEA Agreement.

The co-operation within the area of working environment is based on *the Nordic Convention on Working Environment* of 1989. This convention establishes the fundamental principles for Nordic co-operation in this sector. It lays down overall principles for the substance of the co-operation, the overriding aim of

which is to work for an increasingly better, healthier and safer working environment.

The MR-A has the overall responsibility for the Nordic co-operation on working life, and constitutes a significant forum for discussions and exchanges of experience among Nordic employment, labour and occupational health ministers on how best to face up to joint challenges.

The co-operation is organised by the Committee of Senior Officials for Labour (EK-A), which sets the guidelines and allocates MR-A's budget. A flexible organisational structure is important for the ability of the Nordic co-operation on working life to initiate and follow up on topical issues. EK-A has established three standing committees – the Labour Market Committee, the Working Environment Committee and the Labour Law Committee – and sets up *ad hoc* groups as needed.

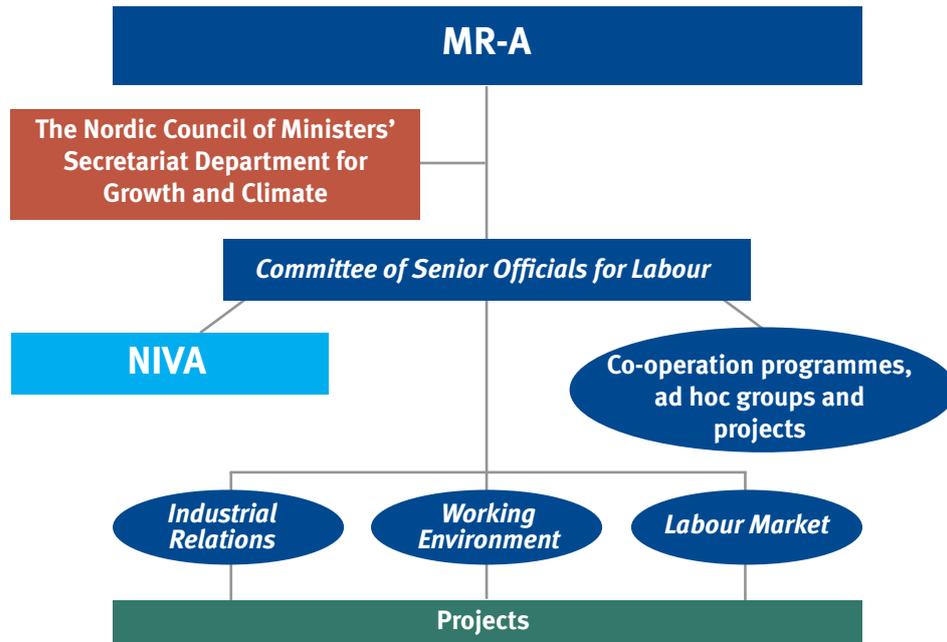
The committees and groups play an important role in the exchange of experiences among the Nordic countries, within their respective areas of responsibility. The standing committees also have project funds at their disposal, primarily to improve the basis for the exchange

of experiences. This includes mapping and analysing similarities and differences among the Nordic countries' initiatives and their effects. This also provides input to EK-A and MR-A, including through identifying and presenting relevant and interesting political and professional themes for discussion in these forums.

It is an objective of the programme period that the co-operation will place greater emphasis on discussing experiences and collective challenges.

The Nordic co-operation on working life also involves *the Nordic Institute for Advanced Training in Occupational Health* (NIVA) in Helsinki, which holds courses and seminars in English within the area of working environment in the Nordic countries ([www.niva.org](http://www.niva.org)). The Council of Ministers also partly finances the *Nordjobb programme*, which is an exchange programme for young Nordic citizens who want to take a summer job in another Nordic country ([www.nordjobb.net](http://www.nordjobb.net)). The Council of Ministers also funds an information programme about Nordic working life in both Scandinavian and English ([www.arbeidslivinorden.org](http://www.arbeidslivinorden.org)).

The following organigram depicts the situation in 2012:



The committees, NIVA, Nordjobb and the information programme submit annual action plans for the coming year and an annual report of the results and accounts for the previous year. This reporting provides the basis for EK-A's allocation of MR-A's budget.

The social partners play a natural role in the development of policy on working life and the welfare model, and are also important partners of

the Nordic Council of Ministers. The contacts between MR-A and the social partners take place through flexible dialogue that involves thematic meetings, conferences, consultation meetings, etc.

The outcomes of the co-operation programme will be evaluated before the end of the period in order to identify potential improvements before the next programme is drawn up.



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### **Common challenges and Nordic synergies**

In this co-operation programme, the Nordic Council of Ministers for Labour and the Work Environment (MR-A) sets out the strategic focus for formal Nordic inter-governmental co-operation on working life in the period 2013–2016. During this period, the focus will be on the particular challenges facing the Nordic labour market as a result of globalisation and demographic development. The co-operation will also be flexible enough to focus on more cyclical challenges that may arise during the programme period.

The programme identifies a number of objectives for co-operation in employment and the labour market, as well as the working environment and labour law, all of which aim to improve the Nordic countries' ability to address these challenges. The programme also stipulates the foundation for the agreement upon which the co-operation on working life is based, as well as the framework conditions for that co-operation.

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