

Summary

Building on the "dual intention" of the social dialogue – that it is both democratic and right, and that it is productive – this report examines the relationship between employee participation and enterprise development. We look at both whether such a relationship exists and which mechanisms, if any, promote it.

The main conclusion is that there may be a relationship between workplace democracy and enterprise development, but that it is not an automatic effect of formal arrangements for co-determination. The outcome depends on how the parties understand and practice social dialogue at the workplace level.

The report consists of three parts: A literature review (*Part 1*) examines studies from both Norway and other countries. It reveals divergent findings and unclear relationships between social dialogue and productivity and points out that measures of both democratic participation and productivity may be inadequate. What is important is the quality of the social dialogue and the mechanisms that are at play. *Part 2* places "the Norwegian model" in a historical and institutional context, and it shows that the model changes over time and consists of diverse practices. The model has proven robust over time, and rights and opportunities are formally in place, while at the same time there is a growing representation and participation gap and pressure on democracy at the enterprise level. In *Part 3*, we analyse case studies from six different types of workplaces, in the public and private sectors, in different locations across the country. What they have in common is that they are known as examples of good social dialogue. We have interviewed managers and union representatives to identify the mechanisms that characterise well-functioning social dialogue.

Overall, the report finds that formal agreements and rules are necessary but not sufficient. The findings confirm that social dialogue in practice functions as both conflict management and enterprise development. Conflict is not absent in a well-functioning cooperation – on the contrary, the ability to handle conflicting interests in a predictable manner is a precondition for cooperation on development. Cooperation reduces the costs of restructuring, dampens escalating conflicts, and strengthens implementation capacity. For social dialogue to function effectively and developmentally, our informants emphasised several mechanisms: Trust is the intermediary mechanism that binds democratic participation and enterprise development together; it is built through openness, information sharing, and clear and predictable role performance, and it produces robust decisions. Clear and shared role understanding, where managers and union representatives agree on the function of the cooperation and understand and respect each other's roles and mandates, enables the parties to shift between negotiation/conflict and cooperation/development. The interplay between formal and informal forums is also important: the formal structures in legislation and agreements provide legitimacy and rights, but it is often in the informal relationships that trust is built and shared problem understanding and concrete solutions are developed.

Social dialogue requires continuous competence-building, learning from experience, and maintenance of relationships. While employee representatives receive good training through their unions, several said the training was more geared toward conflict management than cooperation and enterprise development. Managers often described rarely having had formal training about labour relations and social dialogue. Both sides emphasised that the most important learning took place in practice, which has implications for how good and effective social dialogue can be taught going forward.

This summary was translated using the AI tool Claude. The text has been reviewed and verified against the original by the authors.