

MANAGING THE ELEMENTS OF BUSINESS



CONFEDERATION
OF NORWEGIAN
ENTERPRISE
MANAGING
THE ELEMENTS
OF BUSINESS

SUPPORTING OUR
MEMBER COMPANIES
AND CREATING
A PROSPEROUS
BUSINESS CLIMATE

THE KINGDOM OF NORWAY

- Parliamentary representative democratic monarchy
- 4.5 million people
- Coastline of over 83,000 km, rugged interior
- Independency since 1905
- Temperate climate with subarctic conditions in far north
- Member of European Economic Area (EEA) since 1994
- World's 2nd highest GDP per capita
- Open economy – heavily dependent on international trade
- Parliament consists of 169 elected representatives from 7 major political parties
- Regional administration (19 counties and 434 municipalities)
- Core industries include petroleum, maritime, sea food and energy-intensive industries (metals, pulp and paper)

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THE ECONOMIC SITUATION

Having the world's second highest GDP per capita is a good starting point. However, like all industrialised countries, Norway is facing new challenges due to the process of globalisation.

A country where wage costs are high, it is easier for Norway to compete in business areas where these can be tolerated as opposed to areas where labour-intensive production is required. Norway has a highly competent workforce but efforts within innovation, research and development are comparatively low. In addition, Norway's substantial income from its petroleum-based economy means that necessary reforms in the public and private sectors to increase efficiency and productivity are less visible and easily postponed.

Unemployment in Norway is very low. The labour market is tight and in the future Norway will need more qualified people to join the labour force. With an economy in danger of over-heating,

a strict fiscal policy that limits consumption and investments is key. Otherwise interest rates would need to be raised which would have an effect on an already strong Norwegian currency and would harm the competitiveness of Norwegian companies.

Norwegian business is greatly affected by EU policies and regulations. As part of the EEA, most Norwegian industries participate in the Internal Market which is the target of approximately 80 per cent of Norwegian exports.

IMPACT



THE CHALLENGES

The economic challenges impact Norwegian business and the NHO through:

- **The need for an economic policy** which supports growth in mainland-based industries which are competing on the international markets
- **The need for a labour market policy** that will ensure a sufficiently large and highly skilled workforce
- **A wage setting system** where wage increases are in line with those of our trading partners
- **The need for increased public understanding** of the importance of internationally exposed trade and industry and of making Norway attractive to foreign investors

MISSION AND STRATEGY

Our mission is to work in the best interests of our member companies in a way that also benefits society, as the creation of value and welfare are inextricably linked.

Our work is based on the knowledge we have relating to national and international trends and guided by a strategy based on assessments of the critical issues impacting Norwegian enterprise. Core issues are currently centered around the

challenges of globalisation and the implications of Norway's reliance on its petroleum-based economy.



LONG-TERM OBJECTIVES

Not surprisingly, while working alongside the authorities to foster positive conditions for Norwegian businesses, many of our goals are closely linked to national long-term objectives. These include:

- **Norway to be among the five** most competitive and knowledge-intensive countries in Europe
- **Wage development in Norway** to be competitive compared to international trading partners
- **Norway to have the world's** most efficient and best public sector
- **Norwegian companies** to have greater diversity within management as a tool with which to strengthen profitability
- **A highly qualified workforce** to be the key differentiator for Norwegian companies facing global competition
- **A clear majority** of the population to grasp that commercially-generated wealth is a prerequisite for a compassionate society



BALANCE

CONSTELLATION



WHO WE ARE AND HOW WE WORK

The NHO is the main representative body for Norwegian employers with a current membership of over 17,000 companies ranging from small family-owned businesses to multinational companies.

In addition to the central organisation in Oslo, which has cross sectoral responsibility for members' interests, members also belong to one of 21 nationwide sectoral federations and one of 15 regional associations. The sectoral associations protect branch-related interests with the regional associations offering a local point of contact between companies and authorities. We also have an office in Brussels representing the interests of Norwegian businesses towards the EU institutions.

NHO policies and priorities are decided by a central board made up of 86 elected representatives

from member companies. A 14 member executive committee chaired by the NHO President makes decisions on policy issues with delegated authority from the central board. A director general is responsible for day-to-day operations.

ACTIVITIES OF THE NHO COVER THREE MAIN AREAS:

- **Promoting legislation** and industrial policies that are conducive to a prosperous business climate and ensuring that framework conditions for business and industry are consistent with this goal
 - **Representing employers** in collective bargaining
 - **Providing services** and advising member companies on a wide range of issues, e.g. legal assistance in court cases, legal and practical help
- in collective bargaining and interpretation of agreements, advice on European legislation and policies, public procurement, trade policy, etc. Long-term goals include promoting the competitiveness, profitability and increased internationalisation of Norwegian companies

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KEY TOOLS

BASIC AGREEMENT (HOVEDAVTALEN)

First introduced in 1935 between NHO and the LO (Norwegian Confederation of Trade Unions) and subsequently revised every fourth year, this collective agreement covers employer and employee rights and obligations in their daily

interaction at enterprise level, as well as conflict solving procedures. It is often referred to as the “Constitution of working life” in Norway.

COLLECTIVE BARGAINING

Collective bargaining agreements exist in order to regulate standard wage rates and working conditions. They give both employers and employees obligations and rights over and above those stated by Norwegian law. For blue-collar workers bargaining takes place at a sector level by the respective trade union and industry

associations, while bargaining on behalf of white-collar workers is negotiated by the NHO with cross-sector validity. These agreements are reviewed every two years.

NHO'S ECONOMIC SURVEY

Produced twice a year, this detailed review of the Norwegian economy in its international context, produced by the NHO, is widely accepted

by the business and political community as a valuable reference tool.

POLICY DOCUMENTS

The NHO regularly researches and produces reports and analyses on a variety of topics such as Norway's ability to compete, industrial policy, energy and environmental issues, working hours,

wage negotiation, the impact of EU expansion, evaluation of the EEA agreement and input to WTO negotiations.

CONFERENCES

- **The NHO Annual Conference** is the most important meeting point for business, politics, media and academia in Norway and attracts 900 top-level participants such as outstanding thinkers, entrepreneurs and politicians worldwide.

leaders of SMEs meet with politicians for dialogue and discussions on items particularly related to SME policy.

- **The NHO Small Business Conference** is the most important annual meeting place where

ACHIEVEMENT HIGHLIGHTS

Through its efforts the NHO has played an instrumental role in achieving the following:

- **Wage increases** in line with those of our trading partner competitors
- **Increased awareness** of business potential in the north of the country
- **Increased understanding** that wage costs 30–35% higher than those of our trading partners are non-sustainable
- **Increased focus** on business ethics
- **The Tripartite Agreement** on a More Inclusive Workplace
- **Increased competition** within public sector procurement
- **The introduction** of more flexible rules relating to occupational pensions
- **A significant reduction** in sickness absence estimated to represent around 25,000 man years of work in just 1–2 years



INTERNATIONAL CONTACTS

Some of our international contacts:

- **ILO** (International Labour Organisation)
- **IOE** (International Organisation of Employers)
- **OECD** (Organisation for Economic Co-operation and Development)
- **BIAC** (Business organisations of the OECD countries)
- **BUSINESSEUROPE**
- **EFTA** (European Free Trade Association)
- **WTO** (World Trade Organisation)
- **ICC** (International Chamber of Commerce – The world business organisation)
- **UN** Global Compact
- **WBCSD** (World Business Council for Sustainable Development)



OUR REPUTATION

“The NHO is an essential voice for business and industry in Norway, representing the interests of a wide span of companies. As a politician I make use, on many an occasion, of the NHO’s expert knowledge and extensive business network. When the NHO has something to say, it is heard, not least when agendas are being set and both politicians and industry challenged to look at issues from different, maybe new, perspectives. Of course, we have not always shared the same opinions, but the NHO has, without a doubt, an important and constructive role in Norwegian society.”

JENS STOLTENBERG
PRIME MINISTER OF NORWAY 2006–



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