

The political economy of partial organization:
Nested partiality, legitimacy and resilience in Swedish wage formation

Working paper for the WINIR 2022 Conference
6-9 September 2022

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Abstract

A core tenet in much of the social sciences is that a high degree of organization is often considered beneficial to achieving political and economic goals. This paper explores the counterintuitive situation of when less organization contributes to preferred outcomes. The paper presents a qualitative case study of the Swedish Industrial Norm System (INS) for coordinated wage formation, which can be described as a polycentric, nested field for collective bargaining on wages. Wage formation is a key function of industrial relations systems, comprising trade unions, employer associations, state actors, and rules. Bridging theories of partial organization and strategic action fields, an in-depth case study of the Swedish Industrial Norm System for coordinated wage formation is presented. Key findings are that partial organization can enhance a field's stability, legitimacy, and resilience, explaining the long-lasting voluntaristic collective bargaining systems found in many European economies. Further, the case study reveals that employer associations can play a vital and supporting role in the organization and coordination of collective wage bargaining, which is commonly seen as mainly beneficial to trade unions. The paper contributes empirically, theoretically, and methodologically to organization studies by extending the partial organization framework with the theoretical concepts of fragmentation and restriction, and by introducing nested partiality analysis as an analytical method for the study of organization fields. This novel method may enhance our understanding of social, political, and economic organization and coordination.

Keywords: partial organization, strategic action fields, industrial relations, wage formation, wage coordination, collective bargaining, political economy.

Introduction

In Sweden, a country known for its high degree of societal organization, a substantial part of the political economy rests on a fragmented and enigmatic form of coordination that has been surprisingly overlooked by organizational scholars. It is a regime I will call the Industrial Norm System,¹ through which wages are collectively negotiated by social partners (trade unions and employer associations). Given that wages are central to income distribution, and that Sweden is one of the world's most equal societies in terms of wage dispersion (OECD, 2021), it seems evident that the Industrial Norm System merits our attention. It should be of particular interest for scholars of organization that this system can be construed as an “order that exists outside and among organizations” (Ahrne & Brunsson, 2011, p. 83), and one that is not well understood or theorized. The Industrial Norm System upholds a form of “pattern bargaining”² where the sector exposed to international competition sets the cap for wage growth. In practice, this means that wage formation³ is led by trade unions and employers in the Swedish manufacturing (export) industry, whose wage increases dictate the maximum wage increase for all other sectors in the Swedish economy and labor market, and thus impose overall wage moderation. Thus, powerful labor market actors voluntarily give up some autonomy and constrain themselves from bargaining for the best short-term results for their members, in the hope of achieving long-term stability, employment and wage growth.⁴ Since pattern bargaining exists in many modern economies (Hall & Soskice, 2001; Müller, Dølvik, Ibsen & Schulten 2018;

¹ The Swedish term is *industrinormen* or *industrinormeringen* (the *industry norm*). The word “norm” here means a well-known known but non-binding rule that is generally followed, in this case the procedures and caps for wage bargaining. Thus, it differs from the stricter academic definition of the same word by some organizational scholars, e.g. Ahrne & Brunsson's (2011).

² Pattern bargaining is a term used for wage formation systems in which social partners in one sector (e.g. the manufacturing industry) negotiate a pattern (wage increase) followed by other sectors (Calmfors & Seim, 2013; c.f. Christian Ibsen, 2016; Müller et al. 2018).

³ *Wage formation* refers to the process of bargaining for collective agreements on wages by trade unions and employer associations. *Wage setting* occurs when managers determine wages for individual employees.

⁴ It is widely held that the system has been instrumental for the internationally unique labor peace and real wage growth that Sweden has seen in the past two decades (Kjellberg, 2019; Medlingsinstitutet, 2021b).

OECD, 2019), empirically based theorizing to better understand it should be of international relevance.

Despite the obvious organizational aspects of this important form of coordinated collective action, and its considerable impact on many European economies and labor markets, the subject has received almost no interest in leading journals on organization, business and management. This paper aims to fill this gap both empirically and theoretically, by presenting an organizational analysis of the Industrial Norm System, based on a theoretical and methodological expansion of the partial organization framework (Ahrne & Brunsson, 2011, 2019) which is linked to literature on organization fields (Fligstein & McAdam, 2012; Scott, 2014). Two new concepts (fragmentation and restriction) are proposed, and a novel analytic method labeled nested partiality analysis is introduced and applied to the organizational field of the Industrial Norm System and its constituent (nested) sub-fields.

I pose the following research question: How can the organization of the industrial norm system help explain the system's legitimacy, stability and resilience? The answer to this question may offer more general tentative conclusions, and provide valuable insights on organization and coordination in industrial relations systems, and in society more broadly. The research question calls for some definitions. First, stability is defined in terms of the system's function, having led to consistent real wage increases and very low levels of industrial conflict for almost 25 years.⁵ Second, given that this period has been marked by a number of economic shocks, the system's functional consistency is also proof of its resilience.⁶ And third, the system's legitimacy is indicated by the fact that – although occasional criticism certainly occurs – it is

⁵ The consistent yearly growth in real wages and sharp decline in work stoppages due to industrial conflict since 1997 have been documented in numerous studies, e.g. (Kjellberg, 2019; Konjunkturinstitutet, 2020; Medlingsinstitutet, 2021a, 2021b)

⁶ Most notably, the 2000 dotcom bubble, the 2007-2008 financial crisis, the 2009-2010 Eurozone crisis, and the 2019-2022 Covid pandemic.

voluntarily adhered to and upheld by all stakeholders. For the empirical analysis I use various types of data, e.g. collective agreements, legislative documents, organizational documents and statutes, policy reports, websites, and media sources.

Theoretical framework

This paper conceptualizes the Industrial Norm System as a *partially organized field*. The field concept serves to set the scope of the empirical analysis, and helps discern the organizations and rules that should be considered. Through the years, the field concept has had many similar definitions in organization studies (e.g. DiMaggio & Powell, 1983; Wooten & Hoffman, 2016). Scott (2014, p. 258) defines organization fields as "(...) relevant actors, institutional logics, and governance structures that empower and constrain the actions of participants – both individuals and organizations – in a delimited social sphere. It includes in its purview all of those parties that are meaningfully involved in some collective enterprise – whether producing a product or service, carrying out some specific policy, or attempting to resolve a common issue." A more elaborate field concept, Strategic Action Fields, was developed by Fligstein and McAdam (2012, p. 9), and defined as "a constructed mesolevel social order in which actors (who can be individual or collective) are attuned to and interact with one another on the basis of shared (which is not to say consensual) understandings about the purposes of the field, relationships to others in the field (including who has power and why), and the rules governing legitimate action in the field." As will become clear, these field definitions accurately describe the Industrial Norm System and help delineate the organizational setting of interest in this paper.

However, these field concepts are not sufficient to provide detailed explanations of the relative strength of the involved actors, nor of how varying degrees of organization interact with the

field's legitimacy, stability and resilience. For this purpose, I will employ the relatively new partial organization, which was introduced by Ahrne & Brunsson (2011), in a call for applying organization theory also to societal domains and phenomena outside formal organizations, e.g. fields. Sharing Luhmann's (2000) and March and Simon's (1976) emphasis on decisions as fundamental for organization, the authors "define organization as a decided order in which people use elements that are constitutive of formal organizations," and organizational decisions as "statements representing conscious choices about the way people should act or the distinction and classifications they should make – statements that are communicated to these people" (Ahrne & Brunsson, 2011, p. 85). In order to determine whether something is organized and to what extent, five organizational elements are central.

1. *Membership*. Decisions about who will be allowed to join the organization (in this paper, the organizational field).
2. *Constitution (also called hierarchy)*. Decisions that regulate the power to force compliance with decisions, for example rule compliance, i.e. "decisions about how to make decisions."⁷
3. *Rules*. Decisions on regulations and commands. In this study, we will follow Ahrne & Brunsson (2019, p. 11) and view goals or objectives as rules in the Industrial Norm System.
4. *Monitoring*. Decisions to oversee and supervise members, for instance their compliance with rules or constitution.

⁷ This organizational element was originally labeled "hierarchy," but in a recent book Ahrne & Brunsson (2019) suggest that a more accurate term is "constitution" (Ahrne & Brunsson, 2019, p. 13). This term is also better suited to the case study in this paper, since the voluntarism and autonomy of trade unions and employers are key characteristics of the Industrial Norm System. Therefore, "hierarchy" is a concept that would be easily misunderstood, as it seems to indicate that one actor is subordinated to another.

5. *Sanctions*. Decisions on (positive and negative) sanctions on members.

According to the partial organization framework, organization is a particular kind of social order that can be “more or less partial,” depending on whether it contains all five elements or not, i.e. if decisions are made on one or more of these five elements (Ahrne, Brunsson & Seidl 2017, p. 298). As expressed by den Hond, de Bakker and Smith (2015, p. 293): “Seen in this light, organization is not a discrete entity, but a set of variables that can be present to varying degrees.” Hence, an organization field can be more or less partially organized. As we disaggregate the field in this case study into its constituent parts, it will become clear that these too can be partially organized to varying degrees and in various ways.

Empirical context: The industrial norm system

The Industrial Norm System is not centrally decided, nor formally regulated or defined. Hence, there is no statute or other document that establishes which actors are included and how they relate to each other. As mentioned, the field concept allows us to identify these organizations as those who are “meaningfully involved in some collective enterprise” (Scott, 2014, p. 258) have “shared (...) understandings about the purposes of the field, relationships to others in the field (...), and the rules governing legitimate action in the field” (Fligstein & McAdam, 2012, p. 9). Accordingly, as a field, the Industrial Norm System includes a range of organizations, collective agreements, and other mechanisms that have been set up by trade unions, employer associations and the state (Calmfors, Ek, Kolm & Skedinger 2019; Elvander, 2002; Medlingsinstitutet, 2021a).⁸ These stakeholders can be grouped into three categories:

⁸ An organizational model of the Industrial Norm System is introduced later in this section.

employees, employers and the state. For analytic simplicity I will consider both single organizations and groups as actors (and some organizations can occur in more than one group).

The industrial partners and the Industrial Agreement

The industrial partners (trade unions and employer associations in the manufacturing industry) have been described as the “hard core” of the Industrial Norm System (Elvander, 2002, p. 205). These five trade unions and eight employer associations are signatory parties to the influential Industrial Agreement, originally negotiated in 1997 and a key component of the Industrial Norm System.⁹ The Industrial Agreement is a 40-page long procedural¹⁰ collective agreement at the sectoral level, that regulates negotiations, mediation and conflict resolution for the signatory parties (Facken och arbetsgivarna inom industrin, 2016). In other words, it is a form of private ordering which allows the industrial partners to self-regulate several key issues that would otherwise fall under government purview. This is because procedural collective agreements that regulate conflict settlement fall outside the jurisdiction of the National Mediation Office (NMO), as we shall see. The Industrial Agreement rests on the principle that the exposed sector¹¹ should set the wage pattern for the rest of the economy. The rationale behind this idea is that the Swedish economy – and therefore employment – is highly dependent on export revenues, since about 45 percent of the nation’s GDP is exported (SCB, 2017). The importance of an internationally competitive export sector has been highlighted by both employers and trade unions in Sweden since the middle of the 20th century (Bengtsson, 2019; Calmfors & Seim, 2013; Medlingsinstitutet, 2007). A key factor for competitiveness is labor

⁹ The industrial Agreement is also signed by business interest groups that do not negotiate or coordinate wages, and are therefore not included in the field.

¹⁰ There are two types of collective agreements. *Substantive* agreements regulate wages, working time, pensions, and other material issues. *Procedural* agreements regulate how rules are set, who has the right to negotiate and about what, and other issues concerning form and procedure.

¹¹ The sector vulnerable to international competition. In practice this means the manufacturing industry, although an increasing share of exports now come from the service sector and the lines between the two are becoming blurred both in terms of goods/services and in terms of professions.

costs, which mainly consist of wages, implying that high wage growth can have a negative effect on the international competitiveness of the Swedish export sector and thus on employment. The assumption is that it would be more difficult for the exposed sector than for the domestic sector to compensate for increased labor costs by raising prices, since it competes on a global market (Medlingsinstitutet, 2008; Torsten Müller et al., 2018). If non-traded (services and public) sectors raise their wages more than the exposed sector, this may lead to demands for higher wages in the latter, which would harm Sweden's competitiveness and cause rising inflation, eroding real wages and harming the economy as a whole.

A few basic rules underpin the Industrial Agreement, and as a consequence the Industrial Norm System as a whole. These are (1) that all sectors should negotiate wages after the manufacturing industry, and (2) that negotiated labor costs (i.e. not only wages, but also some costs for pensions, reskilling, parental leave, working time, etc.) have to fit within percentage for wage increase (colloquially called the Mark, usually set at around two percent) negotiated by the industrial parties in their collective agreements (Medlingsinstitutet, 2021a, p. 17). It is important to note that these rules are not mandatory for parties outside the Industrial Agreement, but are still almost unanimously followed, due to the Industrial Norm Systems various mechanisms and organizational features, which this paper aims to explain. Two crucial features of the Industrial Agreement, that reinforce its rule-setting, are the fact that the signatory parties represent cross-collar (blue- and white-collar unions) and cross-class (unions and employer associations) coalitions. These are internationally unique and provide strong coordination across sectors both within and outside the industry (Kjellberg, 2021).

While the Industrial Agreement is a fundamental part of the Industrial Norm System, it is not in itself sufficient to coordinate wage formation throughout the labor market. For instance, the Industrial Agreement stipulates that a wage pattern be set, how and by whom – but it does not

specify the actual percentage figure. Instead, this is done in sectoral negotiations between the industrial partners. These bargaining rounds normally take place every 1-3 years, leading to substantive collective agreements at sectoral (tier 2) and local (tier 1) levels. It is through this process that the industrial partners establish “the Mark”. Hence, wage coordination in the Industrial Norm System is both horizontal and vertical. Horizontal coordination disseminates the agreed wage increase (the Mark) across sectors (e.g. from the industry to the private service sector or the public sector). Vertical coordination disseminates the agreed wage increase downward and upward through four tiers: national, central, sectoral and local.¹² The Industrial Agreement and its signatory parties are instrumental in both these regards, as are other actors and mechanisms. Since the Industrial Agreement stipulates that the industrial partners shall negotiate in a synchronized manner, the same Mark applies to all their approximately 55 collective agreements, which cover about 500 000 Swedish employees or 15 percent of the labor market (Medlingsinstitutet, 2015). This synchronization is enhanced by the Swedish unions within industry (*Facken Inom Industrin*), a cross-collar meta-organization for the five industrial unions where they coordinate their bargaining before presenting any offers to the employer side. According to the Industrial Agreement, industrial partners are also committed to actively disseminate the industrial norm in other sectors of the economy (*Facken och arbetsgivarna inom industrin*, 2016). Therefore, they impose the Industrial Agreement’s rules, and the Mark, upon roughly 160 collective agreements with non-Industrial Agreement parties. This adds an additional 16 percentage points to the number of employees affected (Medlingsinstitutet, 2015). Further, the industrial partners are obliged to promote the Mark in all other organizational constellations where they participate, for instance the blue-collar union

¹² The Mark is actually negotiated at sectoral level (tier 2), but all levels are involved in wage coordination through various mechanisms which are described later in this paper.

confederation LO, and the peak employer confederation Svenskt Näringsliv (SN), further extending the reach of industrial coordination.¹³

Although the industrial partners exert a powerful influence beyond their own sector, the Industrial Agreement would not be so normative if it was not supported by the Industrial Norm System's other actors and mechanisms.

Social partners outside the Industrial Agreement

A complex patchwork of coordinating mechanisms exists among the non-industrial social partners. There are about 80 trade unions and employer associations in the Swedish labor market (in addition to the 13 Industrial Agreement organizations), who negotiate more than 600 collective procedural and substantive agreements, covering approximately 3.5 million employees. For the Industrial Norm System to work as intended, these organizations too must abide by the industrial wage pattern, the Mark, and accept it as a cap in their own negotiations. This is achieved through procedural collective agreements, policy documents, statutes and more or less formal collaborations among social partners outside the Industrial Agreement. For instance, collective agreements in the public sector state that the internationally competitive sector has a norm-setting role in wage formation and that industrial collective bargaining has to be concluded before that of other sectors (SKR, Sobona and Kommunal, 2020).

One peculiarity in the system, however, is the prevalence of "figureless agreements." These are collective agreements without a fixed wage increase, which allow for local (tier 1) wage setting, leaving some room for deviation from the Mark (Medlingsinstitutet, 2021a, p. 244). In theory, this makes rule dissemination weaker in the public sector, although in practice the wages that results from figureless agreements often stick close to the Mark (Calmfors et al., 2019;

¹³ LO (the Swedish Trade Union Confederation) is the blue-collar peak organization. Svenskt Näringsliv (the Confederation of Swedish Enterprise), is the peak employer association for the private sector.

Medlingsinstitutet, 2021a). Adding procedural collective agreements in the public sector and non-industrial agreements in the private sector, the entire labor market is directly or indirectly affected by the Industrial Norm System (Medlingsinstitutet, 2015).¹⁴

In parallel with these chain-effects caused by collective agreements, another important mechanism in the Industrial Norm System is synchronized bargaining. This occurs most notably among blue-collar unions, who usually coordinate negotiations in their meta-organization LO, and jointly agree to abide by the industrial norm (LO, 2015, 2020). Peak (central) organizations in tier 3 serve an important coordinating function in the Industrial Norm System, although they do not formally negotiate wages (negotiations occur between the sectoral social partners in tier 2, and locally in tier 1). Similarly, the employers coordinate negotiations in their own meta-organizations, at the peak level dominated by Svenskt Näringsliv, whose statute entitles it to coordinate and issue ordinances on the contents of and procedures for collective agreements (Svenskt Näringsliv, 2017, §24). This gives Svenskt Näringsliv a stronger mandate over its member organizations than LO has over its member unions. In addition, Svenskt Näringsliv's considerable funds, that cover losses for its employer associations in case of industrial conflict, are about twice as large as the combined amount controlled by the members themselves, further strengthening its grip over its members. In contrast, LO has a much weaker financial grip over its members, because the vast majority of strike funds are owned by the member unions themselves (Calmfors, Danielsson, Kolm, Pekkarinen, Skedinger 2017, p. 37). The comparatively strong employer coordination can also affect trade unions in other ways, as when Svenskt Näringsliv in the bargaining round of 2020 agreed to sign a pension agreement on the condition that all LO's and PTK's (private sector white-collar) unions abided by the industrial

¹⁴ This number was accurate until 2018, but the procedural collective agreement for the state (governmental) sector is currently being re-negotiated. In all likelihood however, the new agreement will contain a similar statement, given that the government is formally committed to the industrial norm (see the section on the National Mediation Office).

norm (Medlingsinstitutet, 2021a, p. 102). By doing this, the peak employer organization leveraged an unrelated agreement in order to impose the industrial Mark on a large share of the labor market.

Finally, commitments to the industrial norm are honored and upheld by social partners in less formal ways, e.g. through media statements, in policy documents, on organizational web pages and in publicity campaigns, which taken together create a strong social norm to abide by industrial pattern bargaining (Calmfors et al. 2019, p. 245; Hermansson, Gozzo, Vartiainen, Bergström 2017, p. 33).

In summary, when adding the direct and indirect effects of formal and informal collaborations and commitments, virtually all wages on the Swedish labor market are negotiated by organizations that adhere to the Industrial Agreement in some way. However, the Industrial Norm System is not only upheld by trade unions and employers, the state also plays a role.

The National Mediation Office

The most salient manifestation of state involvement in the Industrial Norm System is the National Mediation Office (NMO). As is made clear in the government bill that proposed the creation of the National Mediation Office in the year 2000, the agency was born as a direct consequence of the Industrial Agreement's inception in 1997 (prop. 1999/2000:32, 1999). The bill, which can be seen as the National Mediation Office's legal and political foundation, fully supports the macro-economic reasoning that underpins the Industrial Norm System, i.e. the importance of well-functioning wage formation in a low-inflation economy with an inflation target managed by an independent Central Bank (*Riksbanken*). It further states that well-functioning wage formation is characterized by a wage-norm set by the internationally competitive sector of the economy, by high employment, by few industrial conflicts, by its contribution to the international competitiveness of Sweden's business sector, and by the

possibility of relative wage changes.¹⁵ The National Mediation Office's mission statement (SFS nr. 2007:912, 2008), which was issued by the government, is based on this definition of a "well-functioning wage-formation." The document also declares that the National Mediation Office should promote and uphold the wage-norm of the internationally competitive sector, further entrenching the state's role in the Industrial Norm System. In said mission statement, another government agency is mentioned, namely the National Institute of Economic Research (*Konjunkturinstitutet*). The National Mediation Office has to consult with this agency when assessing the macro-economic conditions for wage formation.

The National Mediation Office's legal competence is also regulated through legislation, specifically the Employment Co-determination Act (*Medbestämmandelagen*) and government regulations (prop. 1999/2000:32, 1999; SFS nr. 1976:580, 2020; SFS nr 1976:826., 2013). For example, the National Mediation Office can postpone industrial conflicts for up to 14 days, although this has happened only four times since it was founded in 2000 (Medlingsinstitutet, 2021a). When social partners have given notice of industrial conflict or cannot reach an agreement through collective bargaining, the National Mediation Office can also appoint mediators to facilitate further negotiations. However, as mentioned, mediators can only be appointed by the National Mediation Office if the negotiating parties have not signed procedural agreements regulating conflict resolution.¹⁶ This is a form of private ordering that permits social partners to regulate themselves outside the National Mediation Office's purview (Facken och arbetsgivarna inom industrin, 2016). Social partners with procedural agreements which regulate conflict settlement (like the Industrial Agreement) can arrange their own private mediation and

¹⁵ Relative wage changes can be achieved if certain groups of employees, e.g. women or teachers, are permitted to bargain for higher wage increases than others, which is a form of deviation from the Mark. This is very rare, and only done when accepted by a majority of the social partners.

¹⁶ There have been rare exceptions when the National Mediation Office has mediated between parties bound by a procedural agreement, and this can only occur if the parties give their consent.

thus fall outside the National Mediation Office's jurisdiction. The prerequisite for this is that the procedural collective agreement fulfils certain legal requirements (SFS nr. 1976:580, 2020), a condition which in itself entails state involvement even in private mediation. There are currently 14 procedural collective agreements registered with the National Mediation Office, which cover 90 of the more than 700 registered substantive collective agreements and approximately 27 percent of all employees (Medlingsinstitutet, 2021a, p. 43). This would seem to imply that the National Mediation Office has a substantial role in wage formation, but it is very rare that bargaining rounds end up in mediation. In the six major bargaining rounds carried out since 2010 (each involving around 500 agreements), there were only between 10 and 27 cases of National Mediation Office mediation, usually concerning relatively small collective agreements (Medlingsinstitutet, 2021a, p. 46).

Not only is the National Mediation Office's overall competence to intervene in wage bargaining circumscribed, but the mandate of its mediators is quite weak, as they have no legal authority to *force* social partners to accept agreements (Christian Lyhne Ibsen, 2016; Medlingsinstitutet, 2021a; Thelen, 2014). Moreover, they can only propose agreements that uphold the wage-leading role of the internationally exposed sector (in practice this means adhering to the Mark). Once National Mediation Office mediators are called in, the parties are obliged to participate in negotiations with the mediators. And even though the National Mediation Office cannot legally oblige compliance, there is often considerable pressure (from other social partners, the government, politicians and the media) on the negotiating parties to accept agreements proposed by the National Mediation Office. This form of soft power is further enhanced by "preventive functions" performed by the National Mediation Office (Elvander, 2002), for example its right to summon social partners to deliberations before each bargaining round, its monitoring and publication of statistics and analyses, and its public conferences and other

events related to wage formation. In summary, the National Mediation Office has a limited, but not trivial, scope for intervention, both in terms of share of the workforce covered and in terms of its legal mandate.

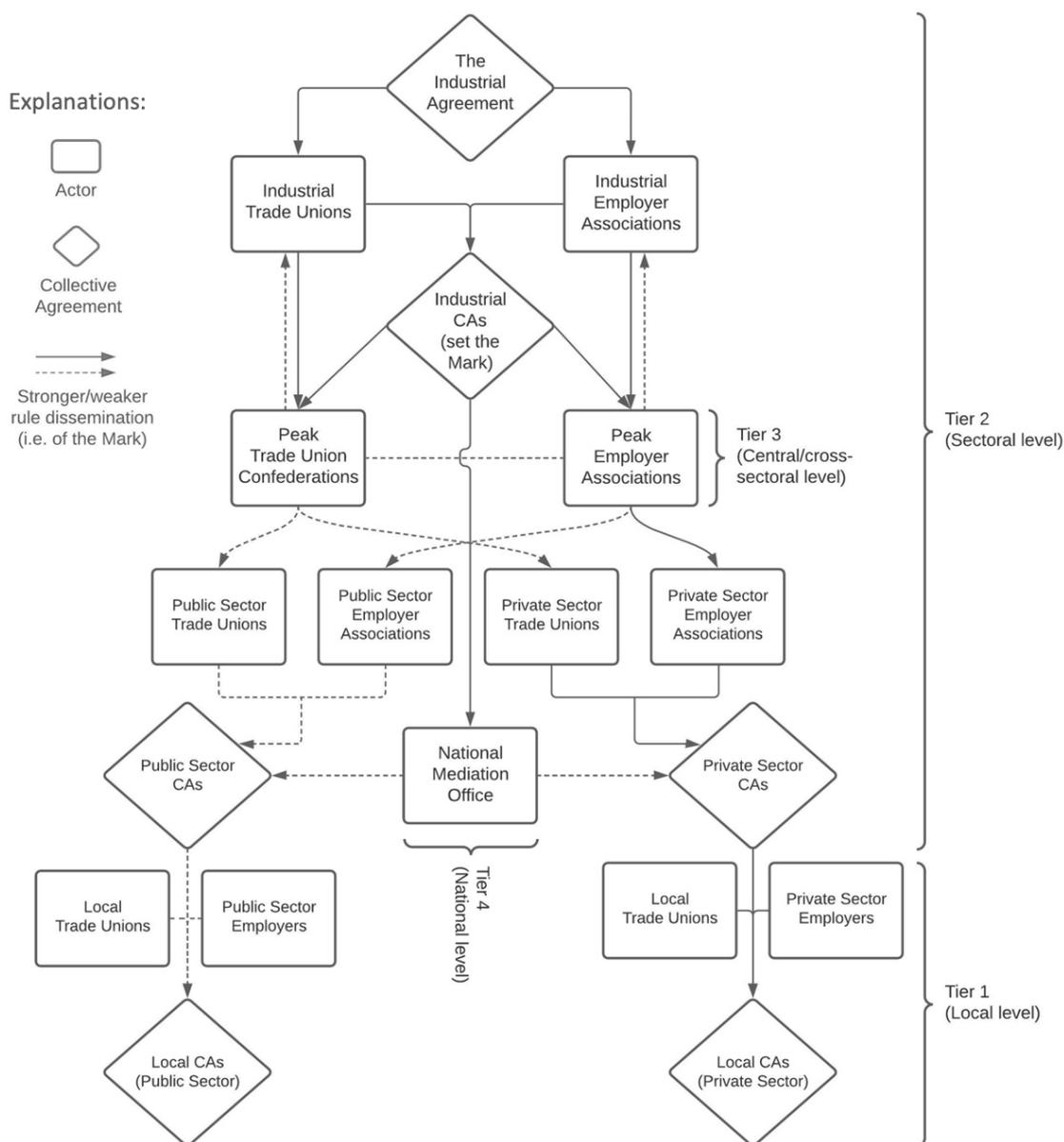
It should be noted that the state also has a less visible, but vital role in the organization field. For one thing, the social partners' legal right to represent their members and to bargain collectively on their behalf are regulated in the Constitution and in labor laws.¹⁷ Further, the government has the power to issue ordinances and regulations, and to create and instruct public authorities which in various ways oversee and regulate labor market actors. Moreover, the Industrial Agreement is itself an outcome of state intervention, as it was originally negotiated under the threat of political regulation (Calmfors et al., 2019; Lundh, 2020). Elvander (2002, p. 214) even asserts that “the starting point of this reform was the most comprehensive and centralized state intervention in the labour market in Swedish history.” In other words, the state has both legal and political prerogatives and instruments to intervene in and shape wage formation. But, in line with the voluntarist Swedish labor market tradition, this is generally done with caution and moderation.

An organizational model of the Industrial Norm System

Despite the Industrial Norm System's importance for the Swedish economy, there have been no scholarly attempts to develop an organizational model of the system, including its actors, their relationships and the rule dissemination process. This paper presents a model of the Industrial Norm System as an organizational field, which graphically illustrates the insights from the previous sections, and will serve as template for the analysis in the next chapter.

¹⁷ The most important laws in this regard are the Employment Co-Determination in the Workplace Act (*Medbestämmandelagen*), the Union Representative Act (*Förtroendemannalagen*), Board Representation Act (*Lag om styrelsrepresentation för de privatanställda*), Work Environment Act (*Arbetsmiljölagen*).

Figure 1. Organizational model of the Industrial Norm System



Tier 1: Local collective agreements (CAs) – vertical coordination.

Tier 2: Sectoral collective agreements (CAs) – horizontal and vertical coordination.

Tier 3: Coordinated bargaining in peak confederations – horizontal and vertical coordination.

Tier 4: State legislation and mediation – horizontal and vertical coordination.

Industrial trade unions: IF Metall, Livs, GS (blue-collar), Unionen, Sveriges Ingenjörer (white-collar).

Industrial employer associations: Grafiska Företagens Förbund, Innovations- och kemiarbetsgivarna, Industriarbetsgivarna, Livsmedelsföretagen, Gröna arbetsgivare, Teknikföretagen, TEKO, Trä- och Möbelföretagen.

Peak trade union organizations: i.a. LO (blue-collar), OFR, Saco-S, AkademikerAlliansen (white-collar).]

Peak employer associations: i.a. Svenskt Näringsliv, SKR, Arbetsgivarverket.

Public sector trade unions: i.a. Kommunal, Fackförbundet ST, Vision, Lärarförbundet, Akademikerförbundet SSR, Vårdförbundet, OFR, Saco-S, AkademikerAlliansen et al.

Public sector employer associations: i.a. SKR, Arbetsgivarverket.

Private sector trade unions: i.a. Handelsanställdas förbund, Hotell- och restaurangfacket, Finansförbundet, Transportarbetareförbundet, Byggnadsarbetareförbundet, Elektrikerförbundet et al.

Private sector employer associations: i.a. Almega, Svensk Handel, Visita, Transportföretagen, Sobona, Skogsindustrierna, Byggföretagen.

Nested partiality analysis of the Industrial Norm System

This section conceptualizes the Industrial Norm System as a partial organization (Ahrne & Brunsson, 2011), since decisions on the five organizational elements are fragmented and restricted in various ways and to varying degrees among different actors. Furthermore, the Industrial Norm System is also conceptualized as an organization field (more specifically, a Strategic Action Field) consisting of several partially organized sub-fields, themselves made up of formal organizations and meta-organizations. This observation is consistent with Fligstein and McAdam (2012, p. 9), who assert that “[a]ll collective actors (e.g., organizations, clans, supply chains, social movements, and governmental systems) are themselves made up of Strategic Action Fields. When these fields are organized in a formal bureaucratic hierarchy, with fields essentially embedded within other fields, the resulting vertical system looks a lot like a traditional Russian doll: with any number of smaller fields nested inside larger ones.”

I offer a theoretical and methodological expansion of the partial organization framework, by introducing two new concepts and a novel analytical method. The new concepts draw on Rasch & Seidl (2019), who expanded the partial organization framework with the concept of *dispersion*, which occurs when different actors can make decisions on different organizational elements without any central coordination (for instance when one organization makes decisions on membership and another on monitoring). I suggest that organizational elements can also be *fragmented*, in the sense that decisions on one and the same element can be made by more than one actor without central coordination. For instance, decisions on membership in the Industrial Norm System are fragmented among more than one actor, since no actor can decide the membership of any other. I also introduce the concept *restriction*, to indicate when some decisions only apply to part of the organizational field, e.g. one or two actors, and not to all of it (what I call the field level, or field scope). One can think of restriction as a silo effect, which

limits the scope of an organizational decision. For instance, some actors' decisions on sanctions or monitoring in the Industrial Norm System apply only to one actor (e.g. a group of organizations) or across two actors, as we shall see.

The following analysis is conducted in five steps.¹⁸ In each step, various actors' access to organizational elements (i.e. their decision-making capacity) is examined and assessed. We begin at the field level and analyze the key actors in the Industrial Norm System. In step 2 we disaggregate the industrial partners into trade unions and employers, and analyze them separately. Step 3 disaggregates and analyzes the peak organizations in a similar manner. In step 4 we look at non-industrial sectoral and local partners. Finally, step 5 takes us back up to the field level, but this time focusing exclusively on the aggregated organizational elements, instead of the actors. These five steps should not be understood as a general procedure for nested partiality analysis, but rather its application in this particular case. The idea is that partial organization can be disentangled by disaggregating an organizational field into its constituent actors (sub-fields), using this analytical method. As implied by the term nested partiality, the assumption is that the aggregated organizational partiality of a field or an actor can be explained by sub-level partiality. In other words, the partial organization of a field is constituted bottom-up. By analyzing an organizational field and its actors at various levels of aggregation, we may discern where differences in partiality are located and how they can be explained.

Step 1: Actors at the field level

We first direct our attention to the aggregated actors in the Industrial Norm System, with each column in table 1 representing an actor or group of actors. Social partners (i.e. employers and trade unions) have been merged, because it is their joint decisions (through collective

¹⁸ The steps closely follow the organizational model of the Industrial Norm System in figure 1, developed for this paper.

bargaining) that lead to collective agreements in the Industrial Norm System. In later steps of this analysis, some of them will be disaggregated in order to unveil differences in partial organization.

As table 1 shows, the aggregate (field level, all tiers) organization of the Industrial Norm System, is highly fragmented: all organizational elements, with the notable exception of rules, are dependent on decisions by more than one actor. In addition to being fragmented, they are restricted in most cases: although all organizational elements are present at this level, only three of them (constitution, rules and monitoring) apply throughout the organizational field. For the two remaining elements, membership and sanctions, the actors cannot make decisions for the entire field, but only for themselves or one other actor (thus, the restricted scope). Taken as a whole, this would suggest a degree of partiality, rather than complete organization (c.f. Ahrne et al., 2017; den Hond et al., 2015), in the Industrial Norm System. Table 1 provides an overview of all five organizational elements for each aggregated actor, and is followed by an explanation of how the assessments in the table (e.g. R or X+) were arrived at.

Table 1. Organizational elements and actors in the Industrial Norm System (tiers 1–4)

Actor	Industrial partners	Peak organizations and confederations	NMO	Sectoral partners	Local partners	Element fragmentation & restriction
Membership	R	R	R	R	R	Complete & actor scope
Rules	X	–	–	–	–	None & field scope
Constitution	X+	R+	X	R	R	Complete & field scope
Monitoring	R	R	X	R	–	High & field scope
Sanctions	R+	R	–	R	–	Low & actor scope
Actor organization	No partiality & low restriction	Low partiality & high restriction	Medium partiality & low restriction	Low partiality & high restriction	High partiality & high restriction	

X = field scope = decisions on organizational element apply to all actors in the field
R = restricted scope = decisions on organizational element do not apply to all actors in the field
R+ or R– = strong or weak actor with regard to the organizational element

- *Membership.* When considering the Industrial Norm System as an organizational field, we can include as members all those organizations who are either social partners or a state actor with a formal (legally established) role in wage bargaining, and who choose to participate in wage formation. Therefore, as stated in the rightmost column, this organizational element is completely fragmented and highly restricted: all actors can make membership decisions, but only for themselves.
- *Rules.* There are only three rules in the Industrial Norm System. The first is that the internationally exposed sector (de facto, the industrial partners) determines labor cost increases for the entire economy. The second is that collective bargaining in all other sectors ensues after the industry's negotiations (Medlingsinstitutet, 2007, p. 21). The third is the actual percentage for wage increase, i.e. the Mark. This parsimonious rule-setting has somewhat paradoxical effects. On the one hand, it makes rule compliance easier to monitor and more difficult to evade. But on the other hand, the relative lack of detailed rules also creates space for interpretation and deviation. Another paradoxical effect is that parsimony (as well as flexibility and plasticity, c.f. Rasche & Seidl, 2019) facilitates rule dissemination and enhances the span of the Industrial Norm System across all sectors of the economy, since the rules are relatively clear and can be easily incorporated into all collective agreements. But at the same time, parsimony makes the Industrial Norm System less adjusted to each sector's particular conditions and needs (since it is essentially tailored to the manufacturing industry), making it vulnerable to criticism and potentially unstable in the long run. As shown in table 1, the rules that constitute the Industrial Norm System are exclusively decided by the industrial partners, making this the only organizational element in the Industrial Norm System that can be decided by a single actor, and one of three elements with field scope (i.e. it applies to all actors). This non-fragmented and non-restricted rulemaking capacity gives the industrial partners a uniquely strong position in

the Industrial Norm System (also observed by e.g. Calmfors et al. 2019; Elvander, 2002; Kjellberg, 2019).

- *Constitution.* This organizational element concerns who has the right to make decisions in order to uphold rule compliance, and how. Only two of the actors can make decisions on constitution that apply throughout the organizational field: the industrial partners (as previously discussed, the Industrial Agreement obliges them to impose the Mark on all agreements and collaborations, whether within or outside the industry), and the National Mediation Office (which has the right to summon social partners and to mediate between those who have not appointed their own private mediators through procedural collective agreements). As rulemakers, the industrial partners' constitutional decisions have a direct impact on the rules that constitute the field, and are therefore coded as stronger (X+) than the National Mediation Office's. Other actors' decisions on constitution are restricted (do not apply across the Industrial Norm System), as will be discussed in step 3 of the nested partiality analysis.

- *Monitoring.* Only one actor has the right to oversee and supervise rule compliance across the entire field: the National Mediation Office, to which all other actors are legally obliged to report wage statistics and collective agreements. Since it is not a social partner, the National Mediation Office has a relatively impartial role in the Industrial Norm System, which is important for monitoring to be effective (Rasche & Seidl, 2019). Besides this, most actors engage in monitoring activities, but these are unilateral or bilateral, and generally only apply to each respective actor. For example, the industrial partners have established a so-called Industrial Council, which commissions independent economists to provide analyses that inform the industry's bargaining rounds, in order to promote a common view of the macro-economic conditions for wage formation. Since this monitoring directly affects the rulemaking actors it has an impact throughout the field, thus making it a strong but restricted (R+) element in relation

to the other actors' monitoring. Other forms of restricted monitoring are conducted by non-industrial social partners, who publish reports based on both proprietary and publicly available data, mostly to advocate for their own interests in wage bargaining. An important aspect of monitoring in the Industrial Norm System, is that it focuses on two main outcomes: bargained wage increases and actual wage increases. These do not always match, mostly because the latter can be higher due to figureless agreements or wage drift.¹⁹ This gap between bargained and actual wages is revealed by monitoring, and indicates that there is indeed some scope for deviation from the Mark. Monitoring also exposes drawbacks and limitations of the Industrial Norm System, e.g. difficulties in achieving relative wage increases for certain groups (mainly women and low-paid workers), deflationary risks of low wage growth, and reduced attractiveness for (mostly public) sectors with labor shortages (Calmfors et al., 2019; Lundh, 2020). However, the relatively low granularity of the National Mediation Office's monitoring, and the fact that additional monitoring is conducted by various actors with conflicting interests, contribute to a certain opacity in the Industrial Norm System. This contributes to a loose coupling (Weick, 1976) in the field, whereby actors can deviate somewhat from the Mark without being "caught." The relative weakness of sanctions (especially in the public sector, as we shall see) further adds to this loose coupling. As with membership and constitution, fragmentation in the monitoring element is considerable.

- *Sanctions.* This organizational element is only provided by three actors (the industrial partners, peak organizations and sectoral partners), none of which can issue sanctions with field scope, i.e. sanction all other actors. Peak organizations can issue sanctions against their own members if these fail to comply with the rules of the Industrial Norm System. Those sanctions

¹⁹ Wage drift is the difference between bargained wages and the actual wage levels at the end of an agreement's duration. For some sectors, especially those with labor shortage, wage drift is often higher and thus some trade unions opt for figureless agreements (i.e. without sectorally bargained wages) in the hope that market forces will work in their individual members' favor allowing for higher wage growth than the Mark.

are stronger on the employer side than on the trade union side. This is because trade unions that make up peak confederations by and large have a higher degree of autonomy (c.f. LO, 2020; and Svenskt Näringsliv, 2017), and their peak organizations have less financial resources (Calmfors et al., 2019). A strong and well-known form of sanctioning in industrial relations systems is the use of labor conflict. For instance, trade unions can go on strike to achieve wage increases equivalent to the industrial pattern, and employers can take countermeasures (e.g. lockout) if trade unions demand wage labor costs above this level, although it should be noted that labor strife is very rare in Sweden (Medlingsinstitutet, 2021a). Importantly, local partners (trade unions and employers at the local/plant level) cannot resort to labor conflict, because they negotiate wages after sectoral collective agreements have been signed, and these contain peace clauses that apply for the duration of the agreements. A particular and severe form of sanction is available to the industrial partners, who can opt out of the Industrial Agreement if they perceive that other signatory parties do not uphold the agreement. This is rare and has only happened once, in 2010, leading to a renegotiation of the Industrial Agreement. In strict terms, it is a sanction with actor scope (i.e. not field scope), since it can only be issued against other industrial partners. But in practice it has repercussions throughout the field, since it could undermine and probably jeopardize the entire Industrial Norm System. Therefore, it is coded as a restricted but strong organizational decision (R+), due to its potential impact on the Industrial Norm System as a whole.

Step 2: The industrial partners

We now move to tier 2, the sectoral level, where we find the industrial partners, who decide the Mark which is then disseminated to all other tiers. As signatory parties of the Industrial Agreement, they constitute a key actor in the Industrial Norm System in their aggregated form. But, in this step of the nested partiality analysis, we open up the Russian doll, and find that this

actor can be disaggregated into two stakeholder categories: trade unions and employer associations. In order to find out if there are differences between them in terms of organizational partiality, we will disaggregate the industrial partners into their respective categories. And, as shown in table 2, there are no important differences between them in terms of partiality. This is because, with respect to the Industrial Norm System, the industrial partners have the same decision-making capacity and, in some cases they, even make joint decisions on organizational elements (illustrated with a line between the cells in the table). Membership is decided by each organization. Constitution, rules and monitoring are all jointly decided in the Industrial Agreement, and sanctions can be unilaterally decided by leaving the Industrial Agreement. As discussed above, I have coded these restricted but strong organizational decisions (R+), due to their potential repercussions for the entire field. Constitutional decisions are coded as stronger for trade unions, due to their meta-organization *Facken inom industrin*, allowing for more cohesion among unions than among employers.

Table 2. The industrial partners (tier 2)

Actor Organizational element	Industrial trade unions	Industrial employer associations
Membership	R	R
Rules	X+ ————— X+	
Constitution	X+ ————— X	
Monitoring	R+ ————— R+	
Sanctions	R+	R+

X = field scope = decisions on organizational element apply to all actors in the field
 R = restricted scope = decisions on organizational element do not apply to all actors in the field
 R+ or R- = strong or weak actor with regard to the organizational element

Step 3: Peak organizations and confederations

We will now disaggregate the peak organizations in tier 3 (central/cross-sectoral level). It becomes clear that organizational elements are less present and less encompassing among the non-industrial partners, resulting in a more partial organization outside the Industrial Agreement. The nested partiality analysis in this step also shows that organization is stronger on the employer side, which is consistent with previous research (Aarvaag Stokke, 2008; e.g. Calmfors et al., 2019; Hall & Soskice, 2001; Kjellberg, 2019). On the blue-collar side, the confederation LO is a key actor, but as shown earlier and further developed below, LO's decisions on constitution and sanctions are weaker than those of its private sector counterpart on the employer side, Svenskt Näringsliv. It is important to note that since the 1980s, peak organizations do not have a bargaining role in Swedish wage formation. However, as this paper shows, they are essential for coordination in the “decentralized organization” of Swedish wage formation. In particular, the blue-collar coordination within LO has “allowed an attenuated form of wage leveling to continue across different sectors” (Christian Lyhne Ibsen & Thelen, 2017, p. 420), thus contributing to some extent of wage solidarity both between and among blue- and white-collar trade unions, and hence to the system's legitimacy.

For all actors in this step of the analysis, the organizational elements are restricted and therefore do not apply throughout the entire field, but only within actors and in some cases other actors. The lines drawn between some actors' constitutional elements indicate that this element is not only decided unilaterally (e.g. statutes or financial decisions), but also jointly (e.g. procedural collective agreements or the pension agreement discussed previously). Each element is examined in more detail below.

Table 3. Peak organizations and confederations (tier 3)

Organizational element	Actor	LO (blue-collar, public & private sector trade unions)	SN (private sector employer associations)	Saco-S, AA, OFR (public sector, white-collar trade unions)	SKR & AV (public sector employer associations)
Membership		R	R	R	R
Rules		–	–	–	–
Constitution		R- —————	R+	R- —————	R-
Monitoring		R	R	R	R
Sanctions		R-	R+	R-	R-

X = field scope = decisions on organizational element apply to all actors in the field

R = restricted scope = decisions on organizational element do not apply to all actors in the field

R+ or R- = strong or weak actor with regard to the organizational element

- *Membership* is decided by the actors within each component in their respective organizations, thus establishing them as legitimate members of the Industrial Norm System, i.e. actors in the organizational field.

- *Constitution* is achieved through agreements, collaborations and other mechanisms that facilitate and enforce rule compliance. Below, all actors (a-d, each a column in table 3) are examined in detail.

a) Constitution is relatively weak in union coordination among peak organizations, and is therefore coded as R-. The blue-collar confederation LO has formally adhered to the industrial norm in its strategy document for 2028 (LO, 2015), and its statutes give the organization some rights to restrict industrial conflict by their member unions (LO, 2020). But even so, there have been numerous cases when member unions have chosen to leave the LO-coordination and negotiate on their own terms, sometimes resulting in agreements above the industrial norm (Calmfors et al., 2019; Kjellberg,

2019; Kommunal, 2019; Lundh, 2020; Medlingsinstitutet, 2021a, p. 28). Another indication of the blue-collar confederation's weak constitutional element (i.e. decisions about who makes the rules), is the fact that few of LO's member unions have set up their own private ordering for conflict resolution, meaning that most of them are under the purview of the National Mediation Office in case of mediation. A third indication is the fact that only blue-collar unions (and their counterparts) were involved in the ten cases when the National Mediation Office appointed mediators in the latest bargaining round (2020-21), and in all but one of fifteen cases in the bargaining round three years ago (Medlingsinstitutet, 2018, 2021a).

- b) The white-collar meta-organizations Saco-S, AkademikerAlliansen (AA) and OFR have made various decisions on constitution. They have signed procedural collective agreements with their employer counterparts that explicitly endorse the industry's wage pattern (although the duration of these agreements has varied throughout the years and between the organizations). Further, some of these meta-organizations can approve or disapprove collective agreements by their members, subject to internal voting procedures. On the other hand, figureless agreements are prevalent in this sector, making the dissemination of the industrial norm through constitution comparatively weak, in the table coded as R⁻.
- c) The private sector employer confederation Svenskt Näringsliv has considerable constitutional power compared to its blue-collar counterpart LO, since its statutes explicitly allow Svenskt Näringsliv to issue ordinances about its member's collective agreements (Svenskt Näringsliv, 2017). A concrete manifestation of this is that the collective agreements negotiated by Svenskt Näringsliv members in the most recent bargaining round became "copies of the industry's agreements" (Medlingsinstitutet,

2021a, p. 33). The organization can also use its constitutional power to disseminate the industrial norm to other actors. As mentioned, Svenskt Näringsliv recently tied an unrelated agreement on pensions to the industrial norm, thus imposing the Mark on both blue-collar and white-collar unions. Taken together, these decisions render Svenskt Näringsliv an R+ coding on constitution in the table.

d) The municipal employer confederation SKR and the government employer organization Arbetsgivarverket (AV) have periodically been bound by procedural collective agreements that adhere to the industrial norm. This means that there is some element of constitution among public employer associations, which allows for some deviation from the Mark. Moreover, the prevalence of figureless agreements in the public sector renders the constitutional element comparatively weak, therefore coded R⁻.

- *Rules* cannot be decided by any other actor than the joint industrial partners. If new rules were suggested from other actors, they would have to be incorporated into the Industrial Agreement. Thus, this organizational element is available for confederations.
- *Monitoring* with regard to the Industrial Norm System is carried out by all the actors at this level, but mostly with their own or publicly available data, as no actors can legally require others to report wage statistics (only the National Mediation Office has the right to oversee and supervise rule compliance across the entire field). And while the individual organizations do monitor compliance with their respective collective agreements and the resulting wages, the primary focus of this monitoring is whether the actual wages comply with these collective agreements, not whether they follow the Mark (although this is an indirect effect). Therefore, monitoring is a restricted element for all actors at this level.

- *Sanctions* by social partners outside the Industrial Agreement can be more or less severe. For instance, LO has some power to withhold conflict funds, but since most of the funds are owned by each member union, this sanction is rather weak (Calmfors et al., 2019). White-collar public sector union confederations also have the option of withholding funds, but again, their resources are smaller than those of their member unions, and it would be difficult to connect sanctions to industrial norm compliance, since most agreements are figureless. As previously noted, the peak employer confederation Svenskt Näringsliv has far stronger sanctioning power in this regard, since it controls most of the conflict funds that are available to its member organizations. Svenskt Näringsliv has in fact refused to pay conflict compensation to employers who have signed agreements exceeding the Mark (for example on pilot wages by airline SAS, see TT, 2019).

Step 4: Non-industrial social partners

We now examine the non-industrial social partners who negotiate collective agreements at sectoral and local levels. As there are almost 100 organizations at these levels, we will not analyze them individually, but instead group them into stakeholder categories: trade unions and employer associations.

The key difference between tiers 2 and 1 (sectoral and local bargaining), is that negotiations in tier 2 can result in labor conflict, whereas stakeholders in tier 1 negotiate *after* sectoral agreements have been signed and are therefore bound by peace clauses. This strips them of significant sanctioning capacity. Because local partners only make decisions on membership and constitution (local collective agreements), organization is even more partial than at higher levels, and thus rule dissemination is arguably weaker among actors in this tier of the Industrial Norm System. As for the sectoral partners, their organizational partiality is similar to that of the peak organizations, examined in the previous step of this analysis, with the exception that

they can issue sanctions against each other in the form of industrial conflict (indicated by the line joining sectoral actors in the sanction element in table 4 below).

Table 4. Non-industrial social partners (tiers 2 & 1)

Actor Organizational element	Sectoral Trade unions	Sectoral Employer associations	Local Trade unions/individual employees	Local Employers
Membership	R	R	R	R
Rules	–	–	–	–
Constitution	R ————— R		R ————— R	
Monitoring	R	R	–	–
Sanctions	R ————— R		–	–

X = field scope = decisions on organizational element apply to all actors in the field
 R = restricted scope = decisions on organizational element do not apply to all actors in the field
 R+ or R– = strong or weak actor with regard to the organizational element

Thus far, the nested partiality analysis indicates that sectoral partners in tier 2 are important for *implementation* of the Industrial Norm System’s rules (e.g. through decisions on cross-actor constitution and cross-actor sanctions), while peak organizations in tier 3 are important for *coordination* (e.g. through decisions on within-actor constitution and within-actor sanctions). In summary, both play key roles in rule *dissemination*.

Step 5: Field level organizational elements

In this final step, we will collapse all actors into the overall field, and focus on the organizational elements rather than the actors. In a sense, we are now contemplating the field in the aggregate as a black box, or perhaps more accurately, a closed Russian doll constituted of multiple nested partialities, as shown in steps 1–4 of the analysis. Table 5 summarizes these findings.

Table 5. Field level organization of the Industrial Norm System (all tiers)

Organizational element	Restriction & fragmentation	Explanation
Membership	R, F	Decisions do not apply to the whole field and are made by more than one actor.
Rules	X, C	Decisions apply to the whole field and are made by one actor.
Constitution	X, F	Decisions apply to the whole field and are made by more than one actor.
Monitoring	X, F	Decisions apply to the whole field and are made by more than one actor.
Sanctions	R, F	Decisions do not apply to the whole field and are made by more than one actor.
Overall organization of the Industrial Norm System (field level)	Partial, fragmented, and restricted	Although all five organizational elements are present in the Industrial Norm System, its overall organization is partial since only three elements apply throughout the field. Some degree of restriction is present in all elements but one (rules). There is a high degree of fragmentation in all elements but one (rules).

X = field scope = decisions on organizational element apply to all actors in the field

R = restricted scope = decisions on organizational element do not apply to all actors in the field

C = concentration = decisions on organizational element are made by a single actor

F = fragmentation = decisions on organizational element are made in more than one component

As shown in table 5, all five organizational elements are present in the Industrial Norm System, but field scope decisions that apply throughout the Industrial Norm System can only be made on three of them (rules, constitution and monitoring), making the overall organization of the field partial. The two remaining elements (sanctions and membership) are restricted and hence do not have field scope. Moreover, the organizational elements are fragmented among actors with sometimes opposed interests.

Based on the final row of table 1, we can draw a 2x2 chart (figure 2) that illustrates the organizational strength of each actor in the Industrial Norm System relative to the others, on a rough scale of 1 (weak) to 4 (strong). Strength is here defined as an actor's ability to disseminate rules both horizontally (in the same tier) and vertically (to other tiers). For example, we find that only the industrial partners can make decisions on a non-fragmented (i.e. with field scope)

element, namely rules, which is a key element to constitute and organizational field (Fligstein & McAdam, 2012; Scott, 2014). Also, the industrial partners are the only collective actor who can make decisions on all five organizational elements, and one of only two actors who can make field-level decisions (the National Mediation Office being the other one, see table 1).

Figure 2. Organizational strength* in the Industrial Norm System
 (*in terms of rule-dissemination, based on bottom row of table 1)

	<i>High partiality</i>	<i>Low partiality</i>
<i>High restriction</i>	Local partners (1)	Sectoral partners (2) Peak organizations (2)
<i>Low restriction</i>	NMO (3)	Industrial partners (4)

High/low partiality = actor has many/few organizational elements
 High/low restriction = actor has many/few restricted organizational elements
 1 (*weak rule dissemination*) – 4 (*strong rule dissemination*)

Discussion and conclusions

The research question addressed in this paper is the following: How can the organization of the industrial norm system help explain the system’s legitimacy, stability and resilience? This question will be addressed first, followed by more general conclusions in the contribution section.

A likely reason why the Industrial Norm System has the character of a partially organized field, is that it presupposes and leaves scope for voluntarism and organizational autonomy. Similar to a standard, the Industrial Norm System is a form of “soft” regulation (Brunsson & Jacobsson, 2002) that is well suited to the Swedish labor market model, which rests on self-regulating social partners and moderate state intervention in wage setting. As with standards, the Industrial Norm System allows for a certain degree of plasticity (moderate deviation from the rules),

which is important for adoption and legitimacy (Rasche & Seidl, 2019). Imposing the Industrial Norm System through legislation would reduce its legitimacy, as this is considered anathema to Swedish wage formation, and because it would make the state (i.e. politicians) accountable for wages, as well as establish through law that the state considers some sectors to be more important than others.²⁰ Similarly, imposing the Industrial Norm System through a high degree of organization (i.e. low degrees of partiality, fragmentation and restriction) would either reduce its legitimacy, if only a few members could make organizational decisions, or reduce its effectiveness, if all affected parties were allowed to partake in decisions on all elements. In both cases, the Industrial Norm System would likely be virtually impossible to uphold, or de facto pointless.

In addition, the fragmented and restricted partial organization of the field makes it difficult to modify or undermine for virtually all actors, since most of them can only make decisions on small parts of the system, which contributes to its resilience. Partial organization also dilutes responsibility, allowing actors to avoid full agency for problems and outcomes caused by the system (c.f. Grothe-Hammer, 2019, p. 335). Of course, the industrial partners have more influence than other actors, but even among them there are only a few organizations that could undermine the system on their own. The flipside of this resilience, of course, is difficulty to achieve systemic change, reminiscent of other loosely coupled systems (Weick, 1976).

However, some actors are stronger than others in terms of disseminating the rules and upholding the Industrial Norm System. For instance, the industrial partners (unions and employer associations) have a singular position, largely due to their cross-collar and cross-class coordination. Further, the nested partiality analysis reveals that organization and coordination

²⁰ Arguably, this is already the case, considering the government's instructions to the National Mediation Office, but expanded or stricter legislation would exacerbate and highlight this even more.

is stronger on the employer side, and weaker in the public sector. In other words, private sector employer associations are of particular importance in the system. And lastly, the state plays a more important part than it is sometimes given credit for, while at the same time giving considerable leeway to stakeholders who wish to resolve conflicts through private ordering.

The case study supports findings in previous research indicating that partiality can be more powerful than complete or formal organization, especially if it rests on voluntary decisions (Ahrne & Brunsson, 2011; den Hond et al., 2015). It should be noted however, that partiality can also contribute to delegitimizing and destabilizing mechanisms. For instance, it can reduce transparency and accountability concerning organizational decisions (Ahrne & Brunsson, 2011; Rasche & Seidl, 2019). Clearly, the tension between legitimizing and delegitimizing mechanisms is vital for the stability of an organization. In the case of the Industrial Norm System, legitimacy seems to have prevailed so far, as the system has been resilient through a period (since 1997) with several political-economic shocks.

In summary, although the fragmented and restricted organizational partiality of the Industrial Norm System might be perceived as a weakness, it appears to be a necessity and may even be a strength. In fact, I posit that the particular form of partial organization I have identified in the Industrial Norm System contributes to the legitimacy and longevity of the system, since it allows for complex coordination of wage formation, while formally respecting organizational autonomy. Coordination among equal and autonomous social partners in a voluntarist and largely self-regulating industrial relations system is a key feature of the Swedish labor market model. Allowing too many and too inflexible field level decisions, e.g. on sanctions or membership (especially if decision-making power were concentrated to one actor), would likely delegitimize and destabilize the Industrial Norm System, ultimately leading to its rejection by

some or all of its stakeholders. I assert that this patchwork form of partiality is a feature, not a bug, of the organizational field that is the Industrial Norm System.

Contributions and future research

This paper offers theoretical, methodological and empirical contributions. Firstly, I propose bridging the theoretical constructs organization fields (specifically strategic action fields) and partial organization, and I add the concepts *restriction* and *fragmentation* to the partial organization framework. Secondly, I introduce and apply a novel methodological tool, *nested partiality analysis*. And thirdly, I develop an organizational model of the Industrial Norm System, which is the first of its kind and constitutes an empirical contribution to the organization studies and the industrial relations literature.

In future research, interviews with key stakeholders could provide more data on how power, trust and social norms contribute to upholding the Industrial Norm System. In order to test the generalizability of the findings, the nested partiality method and the expanded partial organization framework should be employed in comparative studies on wage formation in other countries, or in other organizational fields or settings. They should also be tried against other data, e.g. interviews, or research methods, e.g. network analysis.

I have attempted to show that organizational studies can provide valuable insights to the industrial relations and political economy literature, as well as to our understanding of important organizational and coordinating mechanisms in modern societies. A more nuanced understanding of how various elements are dispersed, fragmented and restricted in an organizational setting, e.g. an organization field, may enhance our understanding of societal organization and coordination. Partial organization clearly allows for a loose coupling between

actors, and between organizational elements, that can be beneficial to legitimacy, stability and resilience. To quote den Hond et al. (2015), “Organization is not inherently good or bad to movements.” Perhaps counterintuitively for organized labor and industrial relations, less organization and more partiality may sometimes contribute to better outcomes.

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