Labour Mediation in the Nordic Countries

Oiling the Wheels of Collective Bargaining



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Please cite this publication as:
OECD (2026), *Labour Mediation in the Nordic Countries: Oiling the Wheels of Collective Bargaining*, OECD Publishing, Paris, https://doi.org/10.1787/cf0a805c-en.

ISBN 978-92-64-43063-1 (print)
ISBN 978-92-64-34051-0 (PDF)
ISBN 978-92-64-40274-4 (HTML)

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Foreword

Well-functioning collective bargaining systems depend on institutions that manage labour conflict and maintain trust between workers and employers. Mediation bodies play a key role by helping resolve disputes, reducing the costs of industrial action, and supporting efficient wage-setting. This report analyses mediation systems in Denmark, Finland, Iceland, Norway and Sweden, highlighting their common features, national differences, and the challenges they face in evolving labour markets.

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The report benefited from generous funding from the Nordic Council of Ministers and the Swedish Mediation Office. The analysis and conclusions presented in the report are those of the OECD and were developed independently of the funding organisations.

Acknowledgements

The OECD Secretariat is particularly grateful to Irene Wennemo, Per Ewaldsson and Anna Fransson at the Swedish Mediation Office, Dan Grannas at the Swedish Ministry of Employment, as well as the Nordic Committee of Senior Officials for Labour, the Labour Law Committee and the secretariat of the Nordic Council of Ministers, whose support was essential to making this report possible.

The Secretariat also gratefully acknowledges the contributions of Kilian Weil, who provided important background research during the initial phase of the project; Christian Lyhne Ibsen, who offered valuable comments and suggestions on an earlier draft; and Kristine Nergaard, who provided helpful clarifications during the preparation of the analysis.

This report has benefited from comments and feedback from delegates to the OECD Employment, Labour and Social Affairs Committee.

The analysis draws on extensive exchanges and interviews with representatives of the mediation offices as well as trade unions and employer organisations across the five Nordic countries:

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  - Social partners: Dansk Arbejdsgiverforening (DA); Fagbevægelsens Hovedorganisation (FH)
- Finland:
  - Mediation office: Anu Sajavaara; Jukka Ahtela
  - Social partners: Ammattiliitto Pro; UPM; Palvelualojen ammattiliitto (PAM); Opetusalan Ammattijärjestö (OAJ); Teknologiateollisuus; Palta; Kaupan liitto; KT; Teollisuusliitto
- Iceland:
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  - Social partners: Reykjavik Municipality; Samband íslenskra sveitarfélaga; Ministry of Finance and Economic Affairs; Kennarasamband Íslands (KI); Samtök atvinnulífsins (SA); Alþýðusamband Íslands (ASÍ); BSRB; Bandalag háskólamanna (BHM)
- Norway:
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  - Social partners: Landsorganisasjonen i Norge (LO); Næringslivets Hovedorganisasjon (NHO); Unio; Norwegian Ministry of Digitalisation and Public Governance
- Sweden:
  - Mediation office: Irene Wennemo; Per Ewaldsson; Anna Fransson
  - Mediators: Gunilla Runnquist (ad hoc mediator) and Erland Olauson ("*opartisk ordförande*", impartial chair, within Sweden's Industrial Agreement – *Industriavtalet*)

- Social partners: Svenskt Näringsliv; Landsorganisationen i Sverige (LO); Byggföretagen; Sveriges Kommuner och Regioner (SKR); Fastighets; Svenska Journalistförbundet; Seko; Sveriges Ingenjörer; Unionen; Kommunal

However, the analysis and conclusions presented in the report do not necessarily reflect the views of national authorities or the organisations consulted.

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Executive summary

Collective labour disputes are an inherent feature of market economies. While most OECD countries have systems to prevent and resolve them, the Nordic countries – Denmark, Finland, Iceland, Norway and Sweden – have developed some of the OECD's most institutionalised systems for managing collective labour disputes relating to the establishment or the renewal of a collective agreement. These systems are built around independent public mediation offices embedded within a broader work environment characterised by strong social partners, high collective bargaining coverage and co-ordinated wage-setting arrangements.

A common institutional foundation, but substantial diversity

The five Nordic mediation offices share a common procedural architecture: mediation – a structured process led by an independent and impartial third party to help parties find a compromise – is combined with peace clauses under which industrial action is prohibited on issues regulated by the agreement during the validity of collective agreements.

At the same time, important differences exist in mandates, institutional design and formal powers. Denmark's State Conciliators have the most extensive statutory toolkit, being allowed to aggregate multiple collective agreements into a single ratification ballot. Finland's 2024 reforms strengthened the National Conciliator's mandate to align with the export-sector wage norm. Iceland relies more on voluntary co-operation and has the narrowest statutory intervention powers, with no authority to postpone industrial action. Norway's National Mediator operates within a system of co-ordinated "*frontfag*" bargaining supported by tripartite analytical commissions. Sweden's *Medlingsinstitutet* has the broadest mandate, combining dispute resolution with responsibility for promoting well-functioning wage formation and producing official wage statistics.

Mediation processes combine common stages with different procedural tools

Across the Nordic countries, mediation follows four broad stages. First, notice obligations require parties to inform both the counterpart and the mediation office before industrial action can begin. Second, mediators may in some countries postpone industrial action to extend the settlement window: for up to 28 days in Denmark and 14 days in Finland and Sweden. Third, mediation itself relies on mandatory participation and intensive negotiation between the parties. In Denmark, Finland, Norway and Sweden, mediators generally operate within wage norms established by internationally exposed sectors. Finally, ratification procedures vary substantially. In Denmark, in addition to the voting procedures set out in individual collective agreements, the conciliator may require a ballot and link several agreements in a single vote, while Sweden and Finland leave ratification entirely to internal union and employer governance procedures.

Nordic countries generally record limited strike activity

Compared with OECD averages, Nordic countries generally record relatively low levels of strike activity, although developments differ across countries and over time. Sweden consistently records very low strike intensity, while Denmark and Norway experience occasional but generally short-lived disputes, particularly in the public sector. Finland stands out, with strike activity increasing markedly in recent years, including the 2022 healthcare strike, the largest in the country's modern history. No data are available for Iceland.

Stakeholders' assessments of mediation institutions are consistently positive in Denmark, Norway and Sweden, where mediation offices are widely perceived as professional, impartial and integral to orderly bargaining processes. Assessments are more mixed in Finland and Iceland following recent legislative reforms and high-profile disputes that have tested institutional legitimacy and mediator authority.

Mediation contributes to co-ordinated wage formation

In Denmark, Finland, Norway and Sweden, mediation institutions also support co-ordinated wage formation. Limited inter-sectoral wage dispersion in Nordic countries reflects an egalitarian tradition of wage-setting anchored to externally exposed sectors which negotiate first and establish wage norms that other sectors broadly follow. While wage co-ordination remains strong thanks to high bargaining coverage, well-organised social partners and established bargaining practices, mediation institutions also play a role. They can do so by structuring the timing and sequencing of negotiations, and supporting settlements aligned with the manufacturing norm through a framework that facilitates agreement on norm-consistent outcomes.

At the same time, wage co-ordination involves trade-offs that are becoming more salient. These include staff shortages in public services, limited scope for occupational and regional differentiation, and challenges in accommodating emerging business models outside established bargaining frameworks. Nordic countries have introduced targeted mechanisms – such as tripartite agreements on shortage occupations and above-norm settlements – to address these tensions, but they remain inherent to the model.

Lessons for Nordic and other OECD countries

The report highlights several lessons relevant both for the Nordic countries and for other OECD economies. First, mediation systems operate most effectively within frameworks characterised by organised and representative social partners, high bargaining coverage and shared acceptance of mediator neutrality. At the same time, the Nordic experience suggests that mediation itself can contribute to a well-functioning labour relations system. Second, shared diagnosis plays an important supporting role in co-ordinated bargaining systems. Institutions such as Norway's Technical Calculation Committee and Holden Commissions, Denmark's *Statistikudvalget* and in Sweden, among others, the Industrial Economic Council under the Industrial Agreement and *Konjunkturinstitutet* help establish common economic reference points ahead of bargaining rounds, reducing information asymmetries and supporting more fact-based negotiations.

Third, legitimacy and trust remain central to effective mediation. The evidence suggests that reforms affecting mediation systems are more likely to be sustainable when developed through broad consultation with social partners. Fourth, early and preventive mediator engagement can help reduce both the frequency and duration of disputes, particularly where mediators become involved before bargaining positions harden. Finally, mediation proposals appear most effective when focussed on resolving the core issues preventing agreement rather than attempting to settle outstanding matters comprehensively.

The Nordic experience offers more than a context-specific model. It brings to the fore a set of institutional logics – settlement proposals whose content the parties can anticipate in advance, shared analytical reference points, preventive engagement, and the “scapegoat” function of mediators – whose relevance extends beyond the Nordic setting. Countries with less developed collective bargaining systems may therefore benefit from strengthening mediation capacity, even where the full set of Nordic preconditions is absent. Mediation that is seen as fair, neutral, consistent, and analytically grounded can itself help build the trust and institutional foundations from which more stable bargaining systems may emerge.

1 Setting the scene: What is mediation and how does it plug into the Nordic labour relations system?

1.1. Introduction

Collective labour disputes are an inherent feature of labour relations systems, including well-functioning ones. The central policy challenge is therefore not to eliminate conflict altogether, but to ensure that disagreements between workers and employers are channelled and managed through systems that support orderly bargaining, minimise economic and social disruption, and facilitate negotiated solutions.

Labour market set-ups that help workers and employers resolve disputes peacefully are an important component of well-functioning labour relations systems. Effective dispute resolution mechanisms can reduce the economic and social costs associated with industrial conflict – including lost output, forgone wages and service disruption – while supporting stable and predictable wage formation. Moreover, dispute resolution mechanisms that are perceived as fair also strengthen the overall perception of procedural justice and legitimacy of labour relations systems. In several Nordic countries, mediation institutions form part of broader systems of co-ordinated collective bargaining that have been associated with sustained competitiveness, high employment and real wage growth over time.

While various types of mediation mechanisms exist in most OECD countries, the Nordic countries – Denmark, Finland, Iceland, Norway and Sweden – are characterised by particularly institutionalised systems of public mediation in collective labour disputes. Over more than a century, they have developed independent mediation offices that play a central role in collective bargaining processes and in the management of industrial conflict. These institutions are embedded within labour market systems characterised by relatively strong social partner organisations, high collective bargaining coverage and traditions of co-ordinated wage-setting. Understanding how these systems operate, the institutional conditions that support their effectiveness, and the challenges they face is directly relevant to OECD countries seeking to strengthen collective bargaining frameworks, improve dispute resolution mechanisms and reinforce social dialogue.

The Nordic systems share several core institutional features. In all five countries, mediation becomes mandatory once industrial action has been notified (in Sweden, only once the National Mediation Office decides to appoint a mediator), but it can also happen before. Peace obligations apply during the validity of the collective agreements, and mediation institutions operate independently from government in their day-to-day activities. At the same time, the systems differ significantly in institutional design, mandates and procedural powers.

The Nordic industrial relations model has attracted sustained international attention, but it continues to evolve in response to broader economic and labour market changes. Union density has declined from historically high levels across the region, although it remains substantially above the OECD average. New

forms of work, changing employer structures and increasing labour shortages in public services are reshaping bargaining environments and placing pressure on existing institutions. Recent developments illustrate these broader trends. In Finland, legislative reforms adopted in 2024 modified aspects of industrial action rules and introduced a statutory requirement for the National Conciliator to safeguard the overall interests of the national economy by ensuring that wage formation operates effectively. In Iceland, a high-profile dispute in 2023 highlighted operational and legal challenges related to the implementation of mediation procedures. In Sweden, the dispute involving Tesla drew attention to the importance of broad participation in collective bargaining institutions for mediation systems to function effectively. Together, these developments underline the need to examine both the resilience and adaptability of Nordic mediation institutions under changing labour market conditions.

Although mediation is increasingly recognised in international discussions on social dialogue and industrial relations – most notably in the 2023 EU Council Recommendation on strengthening social dialogue in the European Union – its practical role in collective bargaining systems remains comparatively underexplored. Relatively limited comparative evidence is available on how mediation systems operate in practice, how they interact with wage formation systems, and under what conditions they contribute to co-ordinated bargaining outcomes – Stokke (2009[1]) and Ibsen (2016[2]) being the main exceptions.

Against this background, this report examines the role, organisation and functioning of mediation offices in the five Nordic countries. It analyses their legal frameworks, institutional arrangements and procedural practices, while highlighting both common features and national differences. The report focusses on mediation in collective interest disputes, namely disputes arising in the negotiation or renewal of collective agreements, rather than rights disputes concerning the interpretation or enforcement of existing agreements.

The report is organised into three chapters. This chapter introduces the main concepts and provides an overview of different mediation (and conciliation) systems across the OECD (Section 1.2) and describes the broader industrial relations systems of the Nordic countries in which the mediation offices operate (Section 1.3). Chapter 2 compares the institutional design and functioning of the five Nordic mediation offices, including their governance arrangements, procedural powers and operational practices. Chapter 3 examines outcomes and emerging challenges, including strike activity, stakeholder perceptions and the relationship between mediation and co-ordinated wage formation, before drawing lessons relevant both for the Nordic countries and for OECD labour market policy more broadly.

1.2. Mediation: function and existing systems across the OECD

There is no one common approach to defining individual or collective labour disputes (ILO, 2023[3]). They may involve a single worker or a group of workers and one or more employers (the parties), revolve around existing rights or the definition of new benefits and working conditions, and vary regarding the source of the rights over which there is the dispute (the individual employment relationship versus collective agreements).

A distinction is made between *rights-based* labour disputes (conflict of rights hereafter) and *interest-based* labour disputes (conflicts of interests hereafter). In cases of conflict of rights, the dispute refers to the application and interpretation of an existing entitlement embodied in a collective agreement. In cases of conflicts of interests, the dispute relates to the renewal of a collective agreement, the establishment of the terms and conditions of employment of a new one or the signing of an existing agreement by an employer who is not yet a party to it. Furthermore, collective disputes are associated with the pursuit or defence of a collective interest, whereas individual disputes[1] are taken to be those related to the exercise of an individual right. This report focusses on the prevention and resolution of collective (labour) conflicts of interest.

1.2.1. What is mediation?

Various operational arrangements and processes have been set up by OECD countries to prevent and resolve collective labour conflicts. They include, in one way or another, institutionalised voluntary or mandatory measures for conciliation, mediation or arbitration.

An important remark is about terminology: as countries most often have national definitions of conciliation, mediation and arbitration, these may in fact conflict or overlap in some cases; in particular the terms conciliation and mediation are frequently used as synonyms to refer to a process where a neutral third party assists the disputing sides in finding a mutually acceptable solution – and in some cases a distinction is made regarding the possibility or not to propose a settlement. Arbitration can also take the form of an advisory arbitration and be combined with mediation[2] (ILO, 2023[3]; Euwema et al., 2019[4]).

Therefore, in this report, the terms used refer to the definitions provided in the glossary of key terms (Box 1.1) to have a common understanding of the different concepts across countries:

- *Conciliation* refers to a facilitative process where an independent and impartial third party assists disputing sides in reaching agreement through dialogue and persuasion but does not propose formal settlements. Conciliation comprises activities, such as information sharing, deliberation, dialogue and persuasion, aimed at bringing parties to the table.
- *Mediation* is considered a next step, i.e. involving similar activities to conciliation but with the possibility for the third party (the mediator) to help parties prevent the escalation of conflicts and to propose a settlement to reach mutually acceptable agreements. The mediator has however no authority to impose a decision – but rather seeks to rebuild trust and enable solutions.
- *Arbitration,* by contrast, is more decisive as it includes the possibility for the third party (the arbitrator) to issue a binding decision that all parties must obey. Arbitration can thus be considered as a quasi-judicial procedure for dispute resolution even if some form of advisory arbitration exists as well, that does not result in a binding and enforceable decision and comes into effect only if the disputing parties accept it.

Although the national institutions in Denmark, Finland and Iceland use the term “conciliator” in their official English titles, by the definitions above they practise mediation, since they can table settlement proposals; this report therefore refers to their work as mediation.

In the case of conflicts of interests – which, as said before, arise from disagreements about the renewal of an existing collective agreement, the establishment of a new one or the signing of an existing agreement by an employer who is not yet a party to it – mediation is particularly suited because solutions must be created: the goal is to craft a mutually acceptable agreement, not to determine compliance.

Box 1.1. Glossary of key terms

The purpose of this glossary is to provide a common understanding of the concepts in light of the different terminology, dispute resolution mechanisms and industrial relations context across countries, as they are used in the report. Definitions provided below should not be taken as validated/legal ones in any specific country.

Adjudication: A formal decision-making process in which the rights and obligations of the parties are determined on the basis of evidence and legal arguments to settle the dispute.

Advance notice period: The legally mandated timeframe within which trade unions or employers must notify opposing parties and/or relevant authorities before initiating industrial action.

Arbitration: A dispute resolution method in which a neutral third party (the arbitrator) hears both sides and issues a binding decision that all parties must obey.

Collective dispute: A disagreement between a group of workers usually, but not necessarily, represented by a trade union, and an employer or group of employers.

Conciliation: A facilitative process where an independent and impartial third party (the conciliator) assists the disputing parties to reach a mutually acceptable agreement to resolve their dispute through dialogue and persuasion but does not propose formal settlements**.**

Conflict of interest: A disagreement between workers and their employer concerning future rights and obligations under the employment contract. It can arise from disagreements about the renewal of an existing collective agreement, the establishment of a new one or the signing of an existing agreement by an employer who is not yet a party to it.

Conflict of rights: A disagreement between workers and their employer concerning the violation of an existing entitlement embodied in a collective bargaining agreement (ILO, 2023[3]).

Labour dispute resolution institution: An organisation that assists in the resolution of labour-related disputes. This includes judicial and non-judicial institutions, including consensus-based and adjudicative bodies. It also covers, depending on the national context, a range of different arrangements including ministries and departments of labour (bodies within public service national or state labour administrations), independent statutory bodies (bodies funded by the State but which operate with a degree of independence and autonomy), courts, and shared arrangements (where labour dispute is partly the responsibility of the labour administration and partly that of an independent institution).

Lockout: A work stoppage in which the employer(s) prevent workers from working and getting paid by closing the business.

Mediation: A structured negotiation process led by an independent and impartial third party (the mediator) to help parties preventing escalation of conflicts who can suggest possible compromises but lacks the authority to impose a binding outcome.

Peace clause: Rule that unions (and their members) or employer organisations (and their members) are prohibited from industrial action on issues regulated by their collective agreement during the validity of the collective agreement.

Pattern bargaining: A strategy where some employers, industries or regions (usually, those most exposed to international competition) negotiate first to set a pattern for the remaining collective bargaining negotiations.

Social partners: Representatives of employers and workers, usually employer organisations and trade unions.

Strike: A concerted work stoppage of or withdrawal from work by a group of workers of an establishment or several establishments to express a concern or to enforce demands. Strike actions can be total or partial (ILO, 2023[3]).

(Wage) Co-ordination: Co-ordination between and/or within trade unions and/or employers' organisations (sometimes with some role of the government) to set formal or informal objectives on wage increases or wage freezes/cuts. Wage co-ordination can take different forms, e.g. "pattern bargaining", where first a sector or a region starts, and the others follow; formal or informal inter- or intra-associational guidelines to follow when negotiating; or wage increases or cuts agreed within a social pact or national agreement.

1.2.2. An overview of mediation and conciliation systems across the OECD

Most countries have mechanisms and institutional arrangements to prevent and resolve labour conflicts, including both judicial and non-judicial institutions. In this report, the focus is on mediation and conciliation systems, i.e. services and institutions that use co-operative approaches to prevent and resolve labour conflicts.

Table 1.1 provides an overview of the diversity of mediation and conciliation systems across the OECD[3] along different dimensions: their institutional set up (e.g. whether they are part of a Ministry or a specialised body), their operational structure (composition of the body and level of operational autonomy) and the obligation or not to use mediation or conciliation before going on industrial action.

Table 1.1. Key characteristics of selected OECD collective mediation systems

Country	Institutional set up	Operational structure	Mediation/conciliation mandatory before industrial action
Belgium	Conciliation and mediation embedded in the Federal Public Service Employment, Labour and Social Dialogue in sector-level Joint Committees (*Commissions paritaires)*	Conciliation: organised by conciliation bureau of the Joint Committees, in which representatives of sectoral social partners are represented and chaired by social conciliators (civil servant of the ministry) Mediation: (next-step) task of the social conciliators (also in the public sector)	No, except when foreseen in collective labour agreement (CLA) or related to a CLA theme covered by a social peace obligation (explicit or implicit)
France	No dedicated national institution	Judicial and administrative channels only (prefect, labour inspectors may intervene)	No: voluntary and rarely invoked in practice
Germany	No dedicated national institution	Bipartite (*Schlichtungsabkommen*), embedded in collective agreements	No: voluntary; no public mandatory mechanism, the bipartite mechanism operates only where the parties have agreed to include it in their collective agreement.
Ireland	The Workplace Relations Commission (WRC)	Independent public body: a neutral facilitator – an Industrial Relations Officer (IRO) is assigned by the Workplace Relations Commission	No: voluntary but strongly encouraged
Japan	Labour Relations Commissions (LRCs)	Independent administrative commissions with tripartite composition	No: voluntary, though historically central in collective bargaining disputes

Country	Institutional set up	Operational structure	Mediation/conciliation mandatory before industrial action
Korea	The Labour Relations Commission (LRC) which includes the National Labor Relations Commission (NLRC) and several Regional Labor Relations Commissions.	Independent, quasi-judicial bodies with tripartite composition	Yes: mandatory before any strike (10 days for general industries; 15 days for public utilities)
New Zealand	Employment mediation services within the Ministry of Business, Innovation and Employment (MBIE)	Mediators are employed through the government-administered service (MBIE)	No: voluntary
Portugal	The Directorate General for Employment and Industrial Relations (DGERT) a public service under the Ministry of Labour, Solidarity and Social Security	The mediation service is provided by civil servants who are part of DGERT's staff	No: voluntary
Spain	SIMA Foundation (*Servicio Interconfederal de Mediación y Arbitraje*)	Shared with social partners: SIMA-FSP is a paritarian (joint) foundation	No, except when foreseen in interprofessional agreements (VI ASAC at national level and regional agreements in virtually all autonomous communities), which require mediation before calling a strike and in specific processes
United Kingdom	The Advisory, Conciliation and Arbitration Service (ACAS)	Independent public body	No: voluntary
United States	The Federal Mediation and Conciliation Service (FMCS)	Independent public body	No: voluntary in the private sector; parties must notify FMCS of bargaining impasse

Note: This table covers collective interest disputes only (i.e. conflicts over the terms of new or renewed collective agreements). Rights disputes (over the interpretation of existing agreements) are generally handled by labour courts and are excluded. "Mandatory" refers to a legal obligation to attempt conciliation or mediation before industrial action may lawfully take place. The distinction between conciliation (facilitative only) and mediation (includes the possibility of a settlement proposal) follows the definitions in Box 1.1; national terminology may differ.
Source: ILO (2023[3]), "Access to labour justice: Comparative Law and practice on labour disputes prevention and resolution", Ibsen (2021[5]), "Conciliation, mediation and arbitration in collective bargaining in Western Europe: In search of control", https://doi.org/10.1177/0959680119853997; Stokke (2009[1]), "Mediation in Collective Interest Disputes"; national legislation.

Institutional set up

Most often mediation (and conciliation) services are embedded in the national labour administration systems, e.g. in ministries or government departments[4] in charge of labour, employment and social policies (e.g. in Belgium, Portugal [5] or New Zealand[6]). Yet mediation can also be provided by specialised independent public bodies, e.g. funded by the State but operating with a high degree of autonomy and independence, such as the Nordic mediation offices (Box 1.2), the Workplace Relations Commission[7] in Ireland, the Labour Relations Commission (LRC) in Korea, the Advisory, Conciliation and Arbitration Service (ACAS)[8] in the United Kingdom and the Federal Mediation and Conciliation Service (FMCS) in the United States.[9] In several countries (e.g. France, Germany, etc.) there is no dedicated national institution, but there are other set-ups (see Table 1.1).

Box 1.2. Labour dispute prevention and resolution in the Nordic countries: the mediation offices

The five Nordic countries have all well-established independent public institutions, the mediation offices, with different governance structures.

- The Swedish National Mediation Office (*Medlingsinstitutet*) is a government agency under the Ministry of Employment, that operates independently in its day-to-day activities. Its Director-General is appointed by the government.
- Norway's National Mediator functions as the head of an institution (*Riksmekleren*, the National Mediator's office) created by the Labour Disputes Act but not as an agency with large staff. The National Mediator of Norway is appointed by the King for a fixed term and leads all other mediators in the country (Labour Disputes Act). While the National Mediator's office receives administrative support and funding from the Ministry of Labour and Social Inclusion, the role is intended to be impartial and is insulated from political interference in handling specific disputes.
- The National Conciliation office in Finland (*Valtakunnansovittelija)* is attached to the Ministry of Economic Affairs and Employment and enjoys operational autonomy; the National Conciliator is appointed by government on four-year terms and leads the mediation (Act on Mediation in Labour Disputes).
- Denmark's *Forligsinstitutionen* is formally a state institution, but candidates for the mediation positions, which comprise three co-equal State Conciliators, one deputy conciliator and a number of mediators (currently five), are proposed by the Danish Labour Court, a judicial body with employer and union representatives. Once appointed by the Minister for Employment (upon the Labour Court's recommendation), Danish conciliators act independently in mediating disputes, without ministerial direction.
- Iceland's State Conciliation and Mediation Office is headed by the State Conciliation and mediation officer (SCMO, *Rikissattasemjari*) who is appointed by the Minister of Social Affairs and Housing for five-year terms and leads the agency which is acting independently from the ministry (Icelandic Act on Trade Unions and Industrial Disputes).

Operational structure

In some cases, the public bodies responsible for mediation of collective conflicts are also composed of representatives of employers and workers: in Belgium, for instance, conciliation and mediation services are provided by a special unit within the Ministry of Labour, with social partners playing an active role in mediation of collective disputes in the Joint Committees at branch and sector levels (*Commissions paritaires*) (Box 1.3).

Box 1.3. Mediation in Belgium: the role of social partners in Joint Committees

The Belgian Federal Public Service Employment, Labour and Social Dialogue offers conciliation and mediation services to the private and the public sector in collective labour disputes.

This government agency acts as a third party to mediate collective conflicts at the level of the organisation in the private sector, primarily through the Conciliation Board created within a Joint Committee (*Commission paritaire*). These Joint Committees are made up of an equal number of representatives of employers and workers' organisations. Beyond bargaining, another key responsibility of these Committees consists in preventing and settling collective disputes. Most Joint

Committees have a conciliation board, which is usually chaired by a social conciliator belonging to the pool of conciliators established by the Ministry of Labour, Employment and Social Dialogue.

The objective of the conciliation board is to reach a consensus solution, possibly through separate consultations with each party. Collective labour disputes or threats of such disputes are referred to the Chair of the Conciliation board by one of the parties or handled at the initiative of the Chair. In the event of an industrial action, the Joint Committees are in a "second instance" also responsible for determining and limiting the measures, services or facilities to be provided (e.g. essential services), if the local social partners do not reach an agreement on this matter. In a third instance the Federal Minister of Labour can organise requisitions when essential services have to be organised to protect "vital needs".

Source: Belgian SPF/Ministry of Labour, Employment and Social Dialogue: https://emploi.belgique.be/fr/themes/concertation-sociale

In other instances of shared arrangements, the administrative bodies have a tripartite or "tripartite-plus" constitution, that is, including representatives of government and sometimes civil society. In Korea, the Labour Relations Commission that has a mediation and arbitration function when labour mediation is sought, sets up a mediation committee consisting of a trade union member, an employers' organisation member, and a public interest member for general businesses; and an ad hoc mediation committee consisting of three public-interest members for public services. In Japan, the Labour Relation Commissions are likewise composed on a tripartite basis, with equal numbers of representatives of employers, workers, and the public interest.

Labour dispute resolution can also be managed outside a public body on a bipartite basis: in Germany[10] social partners can establish voluntary conciliation and arbitration procedures (*Schlichtungsabkommen)* to resolve conflicts of interest disputes: these are embedded in collective agreements which usually provide rules for establishing ad hoc mediation-conciliation and arbitration procedures on a bipartite basis (Box 1.4). Sweden also allows social partners to create and lay down their own mediation in collective agreements called "negotiation procedure agreements" – see Chapter 2 for a detailed discussion.

Box 1.4. Bipartite labour dispute resolution in Germany

Mediation can be provided in Germany through a collectively agreed mechanism (*Schlichtungsabkomme*n) that temporarily replaces strikes and lockouts. It applies to interest disputes such as wages and salaries, working time, new collective agreements but not to rights disputes (*Rechtsstreitigkeiten*), which concern the interpretation of existing agreements and must go to labour courts. It is especially common in the public sector, transport and infrastructure industries.

This mechanism is part of Germany's system of collective bargaining autonomy (*Tarifautonomie*), protected by Article 9 (3) of the German Constitution (*Grundgesetz*) and a core element of the German consensus-oriented industrial relations model. It is not mandatory (i.e. conciliation is not required by law) but can become mandatory if the parties so decide in their agreement. Once agreed, the obligation is legally binding.

The agreement typically specifies when conciliation starts (e.g. usually after collective bargaining negotiations are declared failed), how conciliation works (e.g. appointment of a neutral conciliator (Schlichter) or a conciliation panel, procedural steps and deadlines), peace obligation (e.g. both sides commit not to strike or lock out during the conciliation process) and the outcome of conciliation (e.g. a proposal (*Schlichtungsspruch*) made by the conciliator which is usually non-binding, unless the parties explicitly agree to make it binding and which does not often happen).

Finally, labour inspectorates can in some cases be involved in conciliation of collective disputes in complementarity and co-operation with institutions for disputes resolutions, as far as it remains compatible with the principles of confidentiality and neutrality (ILO, 2023[3]).

Compulsory nature

Another key feature of mediation, beyond its operational set-up, is the obligation to use conciliation or mediation before taking industrial action. While often a voluntary step in the dispute resolution process – e.g. in Ireland,[11] Japan, New Zealand, the United Kingdom[12] or the United States) – it is mandatory (as a procedure) in the five Nordic countries, but also in Korea for example.

1.3. The Nordic industrial relations systems

Mediation usage and practice very much depend on the broader economic and social context in which they operate. All five Nordic countries are small open economies dependent on exports, which makes macroeconomic co-ordination[13] over wages particularly relevant; in addition, all five Nordics share an egalitarian wage-setting tradition, making wage co-ordination both a competitiveness and a wage-floor mechanism, with unemployment benefit schemes, active labour market policies and other institutions acting as complementary tools to support highly dynamic labour markets – e.g. the flexicurity model in Denmark (Andersen et al., 2015[6]).

Furthermore, mediation systems operate in various industrial relations systems, reflecting different bargaining traditions, strength and quality of labour relations. The Nordic industrial relations systems are characterised by strong, organised social partners, constructive social dialogue and co-operation between employers and trade unions (OECD, 2019[7]). Operating within contexts defined by strong collective bargaining autonomy and limited direct State intervention, mediation offices in Denmark, Finland, Iceland, Norway and Sweden represent core institutions that are primarily aimed at preventing and resolving labour disputes, while also playing an important role in co-ordinating the overall wage setting in some of the Nordic countries.

1.3.1. Collective bargaining in the Nordic countries

Collective bargaining in the Nordic countries is generally referred to as the “Nordic” or “Scandinavian” model, even if there are differences across the five countries (Table 1.2). First, the Nordic bargaining systems are characterised by strong and representative social partners. The share of employees who are union members is high, varying from about 52% in Finland and Norway to 91% in Iceland in 2023/24 − i.e. much higher than the OECD average at 15.2%. Furthermore, in a context of an overall weakening of collective bargaining in the OECD area over the last decades, the Nordic model stands out as being quite resilient, even if trade union density declined in Denmark, Finland and Sweden (Figure 1.1, Panel A).

Table 1.2. Dashboard of collective bargaining systems in the Nordic countries, 2023/24

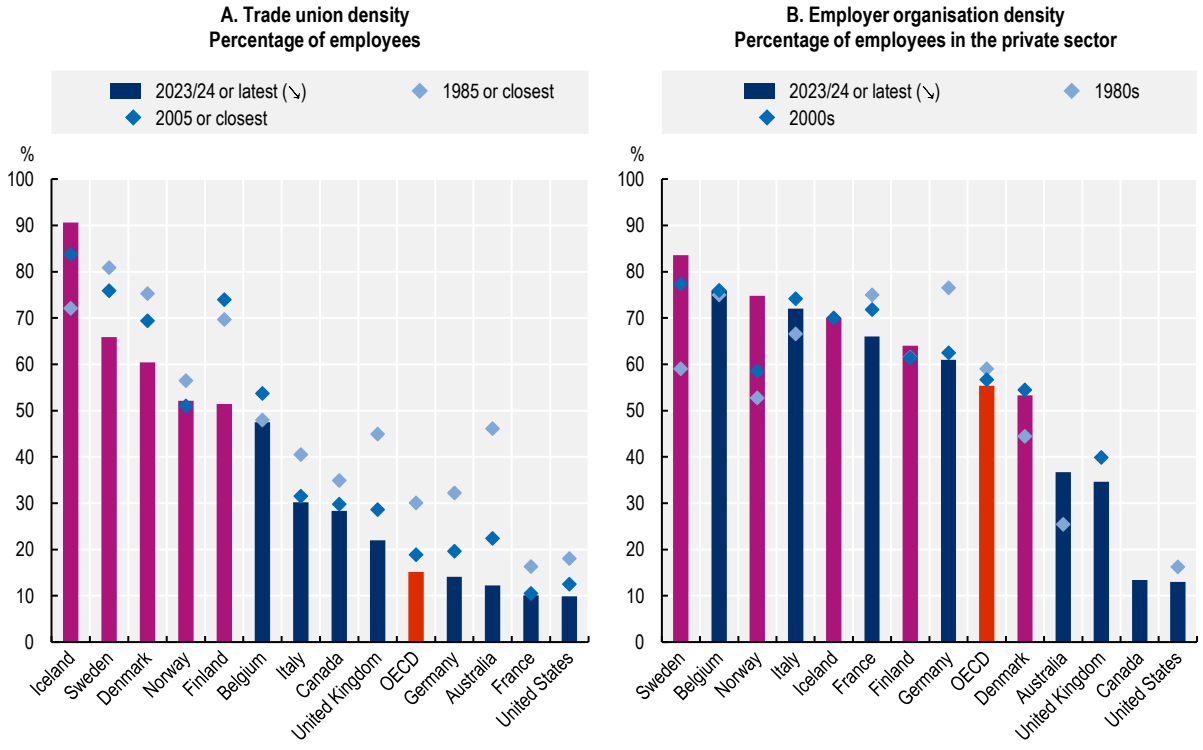
Country	Predominant bargaining level	Degree of (de)centralisation	Co-ordination	Trade union density	Employers' organisation density	Collective bargaining coverage rates
Denmark	Sectoral	Organised decentralised	High	67.6%	53.3%	81%
Finland	Sectoral	Organised decentralised	High	51.4%	64.0%	88.8%
Iceland	Sectoral	Predominantly centralised and weakly co-ordinated	Low	90.6%	70.0%	90%
Norway	Sectoral	Organised decentralised	High	52.1%	74.8%	72%
Sweden	Sectoral	Organised decentralised	High	65.9%	83.0%	88.0%

Note: Trade union density is net union membership – employees who are union members, excluding self-employed, unemployed, retired and student members – as a share of all employees (salaried employment, ICSE-93 domestic concept); it is estimated from administrative records (Denmark, Finland, Norway) or from employee surveys (Iceland, Sweden), the latter covering employees in the main job aged 16-74 and aged 15-74, respectively. Employers' organisation density refers to the private sector: private-sector employees in establishments affiliated to an employer organisation as a share of all private-sector employees. Collective bargaining coverage is the adjusted rate – employees covered by a valid collective agreement in force as a share of employees with the right to bargain (total employees less those legally excluded). Figures are the latest year available for each country and indicator: union density, 2023 (Iceland) and 2024 (others); employers' organisation density, 2022 (Finland), 2023 (Denmark, Norway) and 2024 (Iceland, Sweden); coverage, 2022 (Finland, Norway), 2023 (Denmark) and 2024 (Iceland, Sweden).
Source: OECD (2019[7]), *Negotiating Our Way Up: Collective Bargaining in a Changing World of Work*, https://doi.org/10.1787/1fd2da34-en; OECD/AIAS ICTWSS database version 2.0, https://oe.cd/ictwss-20 and Ibsen and Arnholtz (2026[8]), "Organisationsgrad på det danske arbejdsmarked: 2008-2025".

Most Nordic countries have unions organised at three levels: i) at *local/workplace level*, unions represent employees at firm or workplace level and handle daily issues/demands, disputes, etc.; ii) at *sectoral/industry* level, unions organise workers by occupations or industry (e.g. metalworkers, teachers, healthcare) and negotiate collective agreements with employer federations; iii) finally at *national* level, peak-level unions (confederations) ensure wage co-ordination − notably by supporting pattern bargaining led by export industries −, engage in macro-level negotiations and represent workers in political and social dialogue fora; they also participate in boards of unemployment insurance funds, training and reskilling systems or occupational pension funds. Iceland stands out with many unions and more limited wage co-ordination (OECD, 2019[7]).

Employers perceive collective bargaining as a usual and legitimate tool, and bargain collectively through powerful confederations (peak organisations). Employer organisation density (i.e. the percentage of employees working in a firm affiliated to an employers' organisation) is also high, especially in the private sector, ranging from around 53% in Denmark to 83% in Sweden in 2023/24. Compared with union membership, employer organisation density shows greater stability (Figure 1.1, Panel B). It is important to note that employer organisations often also serve as business associations that represent business interests vis-à-vis politicians nationally or in Europe. Employer organisation density stability is therefore not solely a matter of support for collective bargaining.

Figure 1.1. Social partners are strong in the Nordic countries



Note: Panel A: The latest year refers to 2019 for France. "OECD" is the employee-weighted averages of union densities across the 38 OECD countries. Panel B: The latest year refers to 2014 for Belgium; 2017 for France and the United Kingdom; 2018 for Australia, Canada, Germany, and Italy; and 2022 for Finland. "OECD" is the median value across 31 OECD countries (not including Chile, Colombia, Costa Rica, Israel, Japan, Korea, and New Zealand).
Source: OECD/AIAS ICTWSS database version 2.0, https://www.oecd.org/en/data/datasets/oecdaias-ictwss-database.html.

Second, collective bargaining coverage (i.e. the share of employees covered by valid collective agreements in force) is very high at around 72% in Norway and up to 80%-90% in the four other Nordic countries in 2023/24, again much higher than the OECD average at 33.5% (Figure 1.2). This high coverage rate in the Nordic countries is reached essentially through high membership, but administrative extensions are used in Iceland, Finland and, very selectively, Norway. (OECD, 2019[7]). It has generally persisted over the last decades, supported by strong employers' organisations: companies, even new ones coming from abroad or start-ups, have usually tended to conform to the Nordic model.

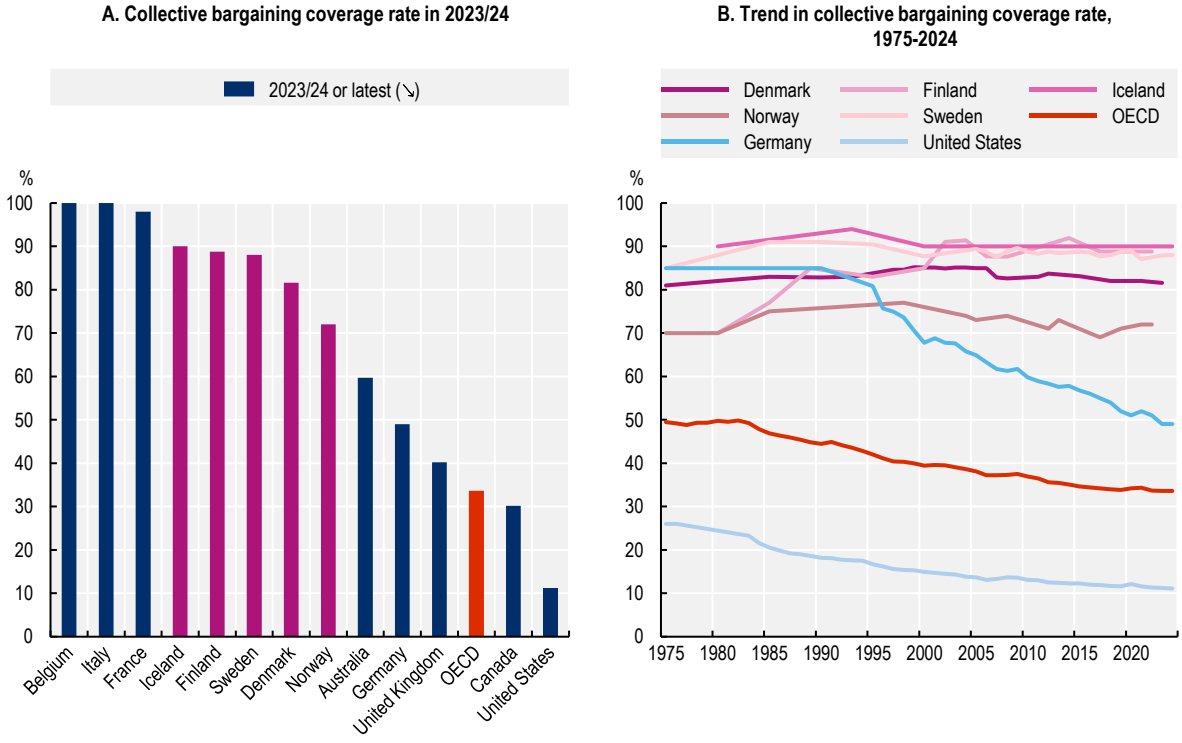
As highlighted before, collective bargaining takes place at different levels in the Nordic countries, with sectoral level remaining central and lower-level agreements called to tailor conditions: decentralisation occurs through a process of articulation within the sectoral agreements which set broad framework conditions while leaving significant room for lower-level agreements to adjust and set detailed provisions. Traxler (1995[9]) first described these bargaining configurations as "organised decentralisation". Until 2015, however, Finland had a centralised bargaining system (OECD, 2019[7]). Recent trends suggest that decentralisation is going further in this country, taking on characteristics of disorganised decentralisation, i.e. without a sectoral bargaining framework, such as in the forestry industry, where employers have moved away from sectoral bargaining.

Strong wage co-ordination is another key feature of the Nordic model[14] and takes the form of the so-called *pattern bargaining* where the key sector (here the export-oriented manufacturing sector exposed to international competition) negotiates first and sets the target/norm and others (or at least some of them)

follow the target. Co-ordination can also take the form of inter- or intra-associational guidelines where peak level organisations either set some norms or define an intra-associational objective that should be followed when bargaining at lower levels. This second form of co-ordination takes place more or less formally in several OECD countries, but it is usually binding only in countries where peak level trade unions or employer organisations are relatively strong and centralised (again the Nordic countries and to a significantly lower extent France and Italy).

Figure 1.2. Collective bargaining coverage in the Nordic countries: high, despite a few challenges

Employees covered by a collective agreement as a share of those with the right to collectively bargain



Note: In Panel A, the latest year refers to 2022 for Finland and Norway. In Panels A and B, "OECD" is the employee-weighted average of the adjusted collective bargaining coverage rates across the 38 OECD countries.
Source: OECD/AIAS ICTWSS database version 2.0, https://www.oecd.org/en/data/datasets/oecdaias-ictwss-database.html.

In the Nordic systems, conflict resolution and industrial peace rely heavily on mediation and conciliation, but also on the possibility to regulate industrial actions (strike, lockout[15] or other forms of collective actions[16]) with "peace clauses" during agreement periods. Peace clauses entail that once an agreement has been signed, parties (and their members) are under an obligation of peace during the validity of the agreement. While absent or rarely used in some OECD countries (e.g. Belgium, France, Mexico) on the grounds that a peace obligation would interfere with the right to strike, peace clauses are widely used in the Nordic countries during the validity of the agreement (OECD, 2019[7]).

Finally, a key feature of the Nordic industrial relations model relates to the quality of labour relations, which relies on mutual trust and respect between unions and employers, but also between the social partners and the State. State intervention and regulation in the field of industrial relations is limited and left to social partners' responsibility (e.g. to self-organise and reach agreements on their own), contributing in turn to promoting constructive dialogue and co-operation between the parties (OECD, 2019[7]).

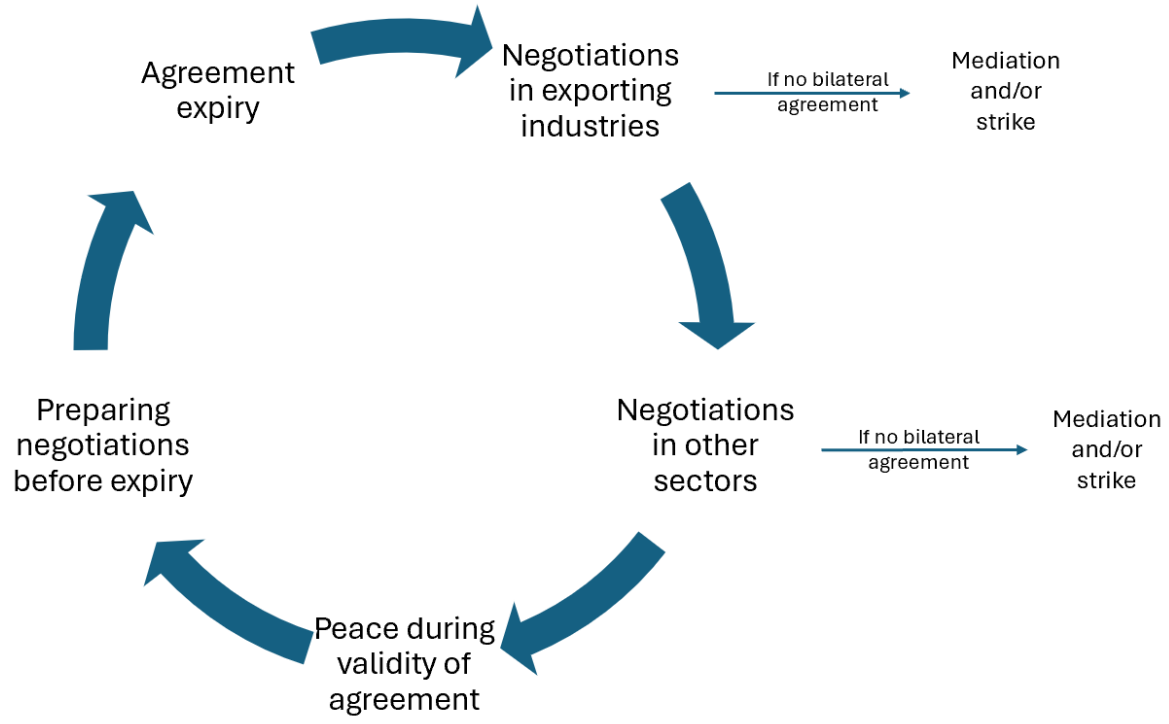
1.3.2. The bargaining cycle and where mediation fits in

Conflicts of interests in Nordic countries generally occur when renegotiating a collective agreement, usually every second or third year. Figure 1.3 displays the main stages of the cycle of renewing collective agreements, from preparation to settlement, and where mediation fits in. Conflicts of interest can also arise when a trade union seeks to bring an as-yet-uncovered employer into a collective agreement, though such disputes only rarely reach mediation.

The first stage (preparation) generally starts some months before existing agreements expire and involves strong wage co-ordination internally and across sectors. Both unions and employers' organisations evaluate economic conditions and define their bargaining objectives. Co-ordination takes place within organisations and peak level organisations co-ordinate across sectors:[17] in pattern bargaining, the export-oriented sectors prepare to lead the wage negotiations. In some countries, they rely on shared statistics and analyses. For example, in Sweden, the National Mediation Office provides analyses of international wage developments and different measurements of international competitiveness.

In a second stage, formal bargaining starts, with exchanges of claims and negotiation rounds in exporting manufacturing industries (where there is pattern bargaining): either a preliminary settlement/framework is agreed upon which triggers bargaining in other sectors, or there is no agreement in which case there is a risk of industrial action. In the same way, negotiations in other sectors may either conclude with a settlement or again, risk a dispute. If negotiations fail and given that peace obligations apply during collective agreements validity (see above), unions and/or employers can legally resort to strikes, lockouts[18] or other collective actions only after expiry of the agreements.

Figure 1.3. The cycle of renewing collective agreements



This is the moment where mediation steps in. In all Nordic countries mediation is mandatory once industrial action has been notified (in Sweden, only once the National Mediation Office decides to appoint a mediator) but can happen before formal notification in some Nordic countries. During the cycle, mediators can propose compromise settlements, re-bundle terms across issues and ensure some consistency/co-ordination with pattern bargaining. In Denmark, mediators can combine multiple agreements into a single proposal and put it to a general vote (see Chapter 2).

Compared to the selected OECD mediation systems described in Section 1.2, the Nordic mediation offices stand out as well-established public institutions operating in a context defined by constructive labour relations and strong commitments to social partners' autonomy. In that sense, these public agencies act as a buffer between the State and the social partners, helping to prevent government intervention in collective bargaining (even if in four of the five Nordic countries there is a backstop in case of conflicts, in particular in sectors where public safety is at stake, are protracted and no solution is reached).

In addition, the Nordic mediation offices also stand out in contributing to a predictable and efficient wage formation process. While mediation does not set wages directly, it affects wage dynamics through its influence on bargaining behaviour and co-ordination when wages are negotiated: by enforcing so-called pattern bargaining where a sector sets the targets first (usually the manufacturing sector exposed to international trade) and other sectors follow. Mediation reinforces this by keeping settlement proposals in line with the norm set by the leading sector, so that parties can anticipate the likely outcome and adjust their strategies accordingly (a mechanism explored in Chapter 3).

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Notes

[1] Some definitions of individual disputes tend also to associate an individual dispute to the source of rights over which a dispute may arise: this includes mainly the individual employment contract and labour legislation setting specific standards of employment.

[2] In Canada for instance there is a prevalence of mediation-arbitration by the same third party. In the dispute resolution process, a mutually agreed-on arbitrator, with the (tacit) consent of the parties, mediates and arbitrates, and the processes are intertwined.

[3] The countries were selected as illustrating a variety of dispute resolution models across the OECD.

[4] But also regional or local administration as for instance in Spain where there are several autonomous regional systems in addition to the State system, SIMA Foundation (*Servicio Interconfederal de Mediación y Arbitraje*).

[5] The competent public entity involved in conciliation, mediation and prevention processes for collective conflicts in Portugal is the Directorate General for Employment and Industrial Relations (DGERT), which is a public service under the Ministry of Labour, Solidarity and Social Security.

[6] Mediation is a central mechanism for resolving conflicts of interest in New Zealand, under the Employment Relations Act. It is delivered by employment mediation services within the Ministry of Business, Innovation and Employment (MBIE) and strongly encouraged before escalation.

[7] In Ireland, a neutral facilitator – an Industrial Relations Officer (IRO) is appointed by the Workplace Relations Commission (WRC) to help unions and employers reach a mutually acceptable settlement after direct negotiations have failed. The IRO chairs joint discussions and/or separate meetings, steers negotiations, encourages compromise, and explores settlement options while remaining impartial. The aim is to assist parties to bridge differences without resorting to industrial action or adjudication. If mediation fails, disputes may progress to the Labour Court if the parties choose to pursue a referral.

[8] ACAS is the main public agency responsible for helping employers and workers resolve disputes, including collective disputes. It offers different third-party services, including facilitation, conciliation and mediation related to the development and escalation of conflicts; it also offers arbitration services. It is an independent public body funded by government but operationally neutral.

[9] The Federal Mediation and Conciliation Service (FMCS) is an independent federal agency established in 1947 to mediate collective labour disputes and prevent work stoppages and to ensure that collective bargaining negotiations proceed productively.

[10] Mediation or third-party support remains an exceptional instance to ease collective conflict in Germany. This holds particularly true for escalation prevention. The reason for this sealed off and closed behaviour is mainly due to the deeply rooted culture of bilateral negotiation (unions and employers not used to having a third-party intervention) as well as the rather short history of mediation as a recognised professional activity in Germany, see Chapter 7 in Euwema et al. (2019[4]).

[11] Labour Court recommendations in collective disputes are generally not legally binding, unless the parties have agreed in advance to be bound.

[12] ACAS in the United Kingdom offers its services on a completely voluntary basis; employees can go on strike, without previous attempts to find agreement through conciliation or mediation.

[13] Co-ordination is defined as the "degree to which minor players deliberately follow what major players decide" (Kenworthy, 2001[10]; Visser, 2016[11]).

[14] Except for Iceland, as noted before. It is also interesting to note that co-ordination happens in other OECD countries – e.g. Austria, Germany and the Netherlands, see OECD (2019[7]).

[15] A lockout is an industrial action initiated by the employers, whereby they temporarily close the workplace or deny work to employees to put pressure on trade unions during a collective dispute (typically over wages or working conditions). Lockouts are legal and explicitly recognised as a legitimate collective action in the Nordic countries; they also exist in other countries, such as Germany, but are heavily regulated; in other countries they are totally prohibited (e.g. France).

[16] For instance, in Sweden, a blockade against overtime work or the use of temporary agency workers.

[17] In multi-employer bargaining, wage co-ordination can happen between bargaining units at different levels (for instance when sectoral or firm-level agreements follow the guidelines fixed by peak-level organisations or by a social pact) or between units at the same level (for instance when some sectors or companies follow the standards set in another sector/company).

[18] As mentioned before, industrial actions also include lockout in the Nordic countries; those play an important role in pattern bargaining in reinforcing co-ordination on their side: typically during the bargaining rounds, as a response to a risk of upward drift − especially in sheltered sectors or where unions are strong and politically influential –, employers' confederations may threaten or use lockouts on a large, sector-wide scale.

2 How do Nordic mediation offices compare?

2.1. Introduction

The five Nordic countries – Denmark, Finland, Iceland, Norway and Sweden – each have a public institution whose central purpose is to assist employers and trade unions in resolving collective bargaining disputes before they escalate into industrial action. Taken together, these five mediation offices form part of a broader industrial relations architecture that has delivered comparatively low levels of collective labour conflict and sustained wage co-ordination over many decades. Yet despite their common heritage and shared functions, these institutions differ substantially in their legal foundations, governance arrangements, the profile of their mediators, the procedural powers available to them, and their role in the wage formation system.

This chapter documents and compares these differences. Its purpose is to provide a granular, evidence-based account of how each office is designed and how it operates in practice – the institutional foundation needed before any evaluation of performance can be conducted. The comparison draws on a dedicated policy questionnaire sent to all five mediation offices, a shorter questionnaire addressed to social partner organisations in each country, and semi-structured interviews with mediators and social partners in all five countries in 2025-2026. Box 2.1 below provides further details on the methodology.

A striking feature that emerges even before the institutional details are examined is that, although the five mediation offices operate under separate national legal frameworks, they do not work in isolation from one another. They maintain regular contact and convene every two years in a dedicated forum to exchange experience, discuss procedural challenges and innovations, and reflect collectively on how the Nordic systems are performing. This peer network, while informal, reflects the broader Nordic tradition of institutional learning across borders. Stokke (2009[1]) observed that close Nordic ties have facilitated the exchange and selective adaptation of mediation practices; the current forum appears to sustain this dynamic, albeit primarily as a mechanism for learning rather than institutional change. Institutional reform lies largely beyond the remit of mediators, who seek to preserve their independence, including during periods of policy discussion.

The chapter is organised into two main sections. Section 2.2 describes the governance, actors, and resources of the five mediation offices, covering their legal frameworks and institutional origins, their governance and appointment procedures, the existence of sectoral or private mediation arrangements, the profile and powers of their mediators, and their staff and caseloads. Section 2.3 documents the main steps of the mediation process, from the procedural obligations that arise before formal mediation begins through the conduct of mediation itself to the balloting and approval mechanisms that determine whether a mediated proposal takes effect.

Box 2.1. Methodology: policy questionnaires and semi-structured interviews

The evidence base for this chapter and report, more generally, rests on three complementary sources:

- First, in mid-2025, a detailed policy questionnaire was sent to all five mediation offices. The questionnaire covered: the legal framework and institutional origins of the office; governance and appointment procedures; staffing structure and caseloads; the main procedural steps governing notification, mandatory mediation, postponement of industrial action, the mediation process itself, and approval; and recent case examples illustrating how the process operates in practice. All five offices responded, providing a structured dataset that forms the backbone of the comparative tables and process descriptions throughout the chapter.
- Second, shortly after, a shorter questionnaire was sent to peak-level and industry federations of employers' organisations and trade unions in each country, selected to ensure coverage of different sectors of the economy, to gather stakeholder assessments of how well the mediation offices function, what they consider the system's main strengths and weaknesses, and whether they see a case for reform.
- Third, semi-structured interviews with the mediation office leadership, main trade union confederations, employer associations, representative of both the public and the private sector were undertaken between the end of 2025 and early 2026. Interview findings are used in the report without individual attribution to specific speakers or organisations. Where stakeholder views diverged materially, the chapter notes the divergence.

In addition, the Swedish Mediation Office made available a set of mediators' reports (*medlarrapporter*) covering completed assignments from 2016 to 2025 (only Sweden collects such reports, in the other countries mediation is entirely confidential). Submitted to the office by appointed mediators at the conclusion of each case, these reports document the background to the dispute, the mediation process, the main issues in contention, the outcome, and the time invested by each mediator. The cases span a range of sectors, agreement types and procedural configurations, including both voluntary mediations and those triggered by a notice of industrial action, single-agreement and multi-agreement disputes, and one cross-border case involving co-ordinated mediation across three countries. The chapter draws on these reports as the basis for case study boxes and as a source of process data that published statistics do not capture.

2.2. Governance, actors and resources

The institutional framework and the powers that mediators wield define the boundaries within which mediation operates. The legal mandate defines what the mediator may and may not do; the governance and appointment arrangements determine both the substantive independence of the institution and how that independence is perceived by the parties; and the staffing structure determines whether the office can handle peak-period caseloads without delay. This section examines these dimensions in turn. It begins with the legal and governance environment, then turns to the people who fill these offices and the formal powers at their disposal.

2.2.1. Institutional environment

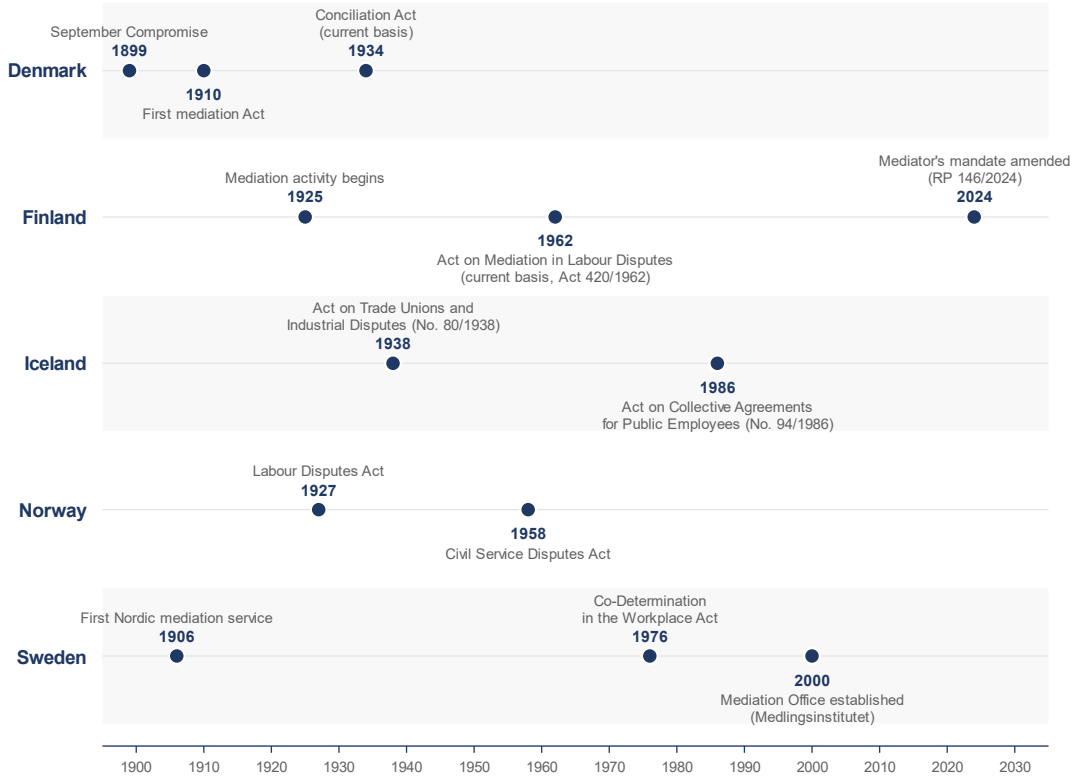
Legal frameworks and institutional origins

All five mediation institutions are anchored in dedicated national legislation, but those laws were enacted at different moments and in response to various national crises (Figure 2.1). Sweden established the first Nordic mediation service in 1906, following a period of intense industrial conflict; the current framework dates to the Co-Determination in the Workplace Act (1976), which was substantially amended in 2000 to give the newly created National Mediation Office (*Medlingsinstitutet*) an explicit mandate to promote sound wage formation. Denmark's institution traces its origins to the September Compromise of 1899, which ended a general lockout and established the foundational norms of the Danish industrial relations system; a national mediation institution was formally created by Act in 1910 and its current legal basis is the Act on Mediation in Labour Disputes in 1934.

Norway's Labour Disputes Act dates to 1927, complemented by the Civil Service Disputes Act of 1958, both of which have been amended on multiple occasions. Finland's Act on Mediation in Labour Disputes has been in force since 1962 (Act 420/1962, with amendments), though mediation activity in the country has existed since 1925. Iceland's system rests on the Act on Trade Unions and Industrial Disputes (No. 80/1938) and the Act on Collective Agreements for Public Employees (No. 94/1986).

Figure 2.1. Founding and major reform dates of Nordic mediation institutions

Key milestones, 1899-2024



Despite these differences in timing and origin, the five legal frameworks share a common structural foundation. All five distinguish *conflicts of interest* – disagreements over new terms and conditions, typically arising when collective bargaining agreements expire – from *conflicts of rights*, which concern the interpretation or application of existing agreements or legislation. All five restrict industrial action during the lifetime of a valid collective agreement, creating a peace obligation. And all five make mediation mandatory once industrial action has been notified (in Sweden, technically, mediation becomes mandatory upon a decision by the national mediation office),[1] ensuring that a neutral third party can facilitate a negotiated settlement before a stoppage begins. Beyond this shared architecture, however, the laws diverge significantly in the procedural instruments they place at the mediator's disposal, the mediator's role in wage formation, and the obligations they impose on disputing parties – differences that are documented in detail throughout this chapter.

Governance and appointment

All five mediation offices are public institutions, but their governance structures, the formality of social partners' involvement in appointment processes, and their relationship with government vary considerably (Table 2.1):

- Denmark's *Forligsinstitutionen* employs three State Conciliators, one deputy conciliator and a number of mediators (currently five). The mediators can negotiate on behalf of the conciliators. Both the conciliators and the mediators are on a part-time basis. They are appointed for three-year terms and may be reappointed. The appointment process is formally that candidates are proposed to the Minister of Employment by the Labour Court, a judicial body whose membership includes employer and union representatives. In practice, the main employer confederation (DA) and the main union confederation (FH) agree on suitable candidates before any formal proposal is made. These consultations are not part of the statutory appointment procedure, but they mean that candidates normally enjoy the confidence of both sides. Once appointed, conciliators act independently in each mediation. The three conciliators elect a chair among themselves for one-year terms and divide private and public sector bargaining between them; the current chair simultaneously serves as Director of Public Prosecutions – a pattern consistent with a long tradition of appointing senior figures from the judiciary or civil service to these positions.
- Finland's National Conciliator (*Valtakunnansovittelija*) is appointed by the government for four-year renewable terms and, as of 1 January 2026, is supported by eight associate mediators on three-year terms. These mediators share equal rights and between them cover all disputes across the country; one is specifically assigned to the autonomous Åland region. The National Conciliator's office is attached to the Ministry of Economic Affairs and Employment but enjoys operational autonomy. National Conciliators have typically been senior figures from the labour market environment.
- Iceland's State Conciliation and Mediation Officer (SCMO) is appointed by the Minister of Social Affairs and Housing for five-year terms, on the recommendation of a tripartite advisory committee composed of government and social partner officials. The office is small – three full-time professional staff (the SCMO, a deputy, and an assistant).[2] Icelandic law sets out formal eligibility criteria for the position: the appointee must be an Icelandic citizen, financially solvent, impartial, and without a criminal record.
- Norway's National Mediator (*Riksmekler*) is appointed by the King in Council for a three-year term and leads a national institution that includes seven district mediators and 12 special mediators, all appointed for renewable three-year terms (district mediators) and two-year terms (special mediators), including a permanent deputy National Mediator (one of the special mediators). The National Mediator's office receives administrative support and funding from the Ministry of Labour and Social Inclusion but is intended to act independently of political direction in any individual dispute.

- Sweden's *Medlingsinstitutet* is a government agency under the Ministry of Employment, led by a Director-General appointed for six-year terms, with a possibility for shorter renewal periods. Sweden's institutional design is distinctive in one fundamental respect: the Director-General does not personally mediate any dispute, and neither does any member of the permanent office staff. Mediation is conducted exclusively by a panel of external practitioners – typically former negotiators from unions or employer associations, or experienced labour relations specialists – who are commissioned on a case-by-case basis by the Director-General for the duration of each assignment. This separation of the strategic and institutional leadership function from the hands-on mediation role is unique among the five countries and reflects the Swedish system's strong emphasis on party autonomy: social partners opposed the creation of a single permanent national mediator in the 2000 reform, insisting that the parties themselves should retain influence over the choice of mediator in each dispute (Stokke, 2009[1]). In addition, in Sweden, parties can set up their own private mediation system (see below).

Table 2.1. Governance structure and appointment of mediation offices across the five Nordic countries

Country	Founding Act (current framework)	Appointing authority	Appointment term	Ministerial attachment
Denmark – *Forligsinstitutionen*	Act 1910 and Act on Mediation in Labour Disputes (1934, amended).	Minister of Employment, on nomination of the Labour Court (which includes employer and union representatives as lay judges)	Appointed for three-year term and may be reappointed. The chairman is annually appointed from among them.	Ministry of Employment – formal, but operationally independent
Finland – National Conciliation Office (*Valtakunnansovittelija*)	Act on Mediation in Labour Disputes 420/1962, with amendments	Government, for 4-year (National Conciliator) or 3-year (associate mediators) terms	Renewable terms; 8 associate mediators incl. one for Åland	Ministry of Economic Affairs and Employment – attached but autonomous
Iceland – State Conciliation and Mediation Officer (*Ríkissáttasemjari*)	Act on Trade Unions and Industrial Disputes No. 80/1938; Act on Collective Agreements for Public Employees No. 94/1986	Minister of Social Affairs and Housing, on recommendation of a tripartite advisory committee	5-year terms	Ministry of Social Affairs and Housing – formal, but operationally independent
Norway – National Mediator's Office (*Riksmekleren*)	Labour Disputes Act 1927; Civil Service Disputes Act 1958	King in Council (national mediator); government (district and special mediators)	3-year terms (national); 3-year renewable (regional); 2-year renewable (special)	Ministry of Labour and Social Inclusion – administrative support; operationally independent
Sweden – National Mediation Office (*Medlingsinstitutet*)	Co-Determination in the Workplace Act 1976, with major amendments in 2000	Government (Director-General)	6-year terms (Director-General), renewable	Ministry of Employment – government agency, but operationally independent

Private mediation in Sweden

Beyond the public mediation system, Sweden has developed complementary private sectoral arrangements that operate alongside – or in place of – state mediation.[3] Under the Co-Determination Act, social partners may register a negotiation procedure agreement with *Medlingsinstitutet* specifying how disputes in their sector will be handled, including the appointment of their own mediators or neutral chairs. Where such an agreement is registered, the state mediation office plays a subsidiary role and may only intervene on request. By 2025, 11 such agreements were registered, covering approximately 1 million employees; the flagship is the Industry Agreement (*Industriavtalet*) in manufacturing, signed in 1997 and subsequently renewed, which provides for independent neutral chairs (*opartiska ordförande or OpO*) and

has served as the model for agreements in other sectors (Ibsen, 2016[2]).[4] A distinctive feature of the Industry Agreement is that it effectively builds mediation into every bargaining round, rather than as an exceptional intervention triggered by the breakdown of negotiations.

OpOs work in teams of two and are jointly appointed by employer organisations and trade unions to assist negotiations over sector-wide collective agreements. There are currently six impartial chairs in total – three with backgrounds on the employer side and three from the employee side – who function as a collegium with major decisions taken collectively. *OpOs* are independent of government and do not act as arbitrators or decision-makers. Once they have entered, their role is to lead the negotiations according to a structured timetable, with the explicit aim of bringing all agreements – which span several collective agreements covering both blue-collar and white-collar groups across the various parts of the industry sector – to conclusion by the date on which the earlier agreements expire. *OpOs* play a particularly important role during the final phase of bargaining, when they co-ordinate negotiations, enforce deadlines, and present non-binding proposals aimed at facilitating agreement. While their recommendations carry no legal force, they are influential due to their credibility and the high degree of co-ordination embedded in the system.

The Industry Agreement sets a standard three-month period for negotiating new collective agreements, during the first two months of which the parties bargain directly between themselves. At the start of the third and final month – that is, when one month remains before the existing agreements expire – the impartial chairpersons are required to enter the negotiations automatically. This occurs without any need for a formal request from either party and regardless of whether a risk of industrial conflict exists. The Industry Agreement covers around 55 collective agreements altogether. General working conditions and pay are handled through two separate processes. For each agreement, a pair of *OpOs* oversees the negotiations on general working conditions; if no agreement on general conditions is reached within three weeks of the *OpOs'* entry, those conditions remain unchanged. Pay and overall labour costs are negotiated in a separate, centralised process in which all employer organisations and all unions are each represented by two delegates, led by the *OpO* chair and one other impartial chair.

Co-ordination between sectors operates through the confederations rather than through any formal enforcement mechanism. Once the industrial sector parties reach agreement, the relevant unions bring the outcome to their confederations, which then accept it as the norm for subsequent rounds. The same process occurs on the employer side through a co-ordinating body. No party can be formally compelled to follow the industrial norm, but deviation would simultaneously mean going against one's own confederation – an informal discipline that has proved robust in practice.

The practical effect of this design is a striking record of industrial peace in the manufacturing sector. Notices of industrial action are very rare in areas covered by the Industry Agreement: over the past decade only one such notice was issued, in 2016, and did not concern any of the major agreements in the sector. Even in that case, the parties – with the assistance of the impartial chairpersons – resolved the dispute before any action was taken. No strikes or other forms of industrial actions have been carried out in a bargaining round in the industry sector over the past decade, and recorded industrial action in areas covered by the Industry Agreement has not occurred since 2011. Just like the public mediation system, *OpOs* contribute to wage norm-setting for the broader economy and help sustain a stable, collective bargaining framework consistent with the Swedish model of labour market governance.

Mandate and functions

The core statutory purpose of all five offices is the same: to facilitate the resolution of collective interest disputes and to help prevent industrial action. But the breadth of the mandate varies considerably, and the differences in extended functions reflect deeper differences in each country's approach to wage formation governance (Table 2.2):

- Sweden's *Medlingsinstitutet* has the widest formal remit. When the Mediation Office was established in 2000, the authority was tasked with not only mediating disputes but explicitly with promoting an efficient wage formation process – meaning the office has a statutory responsibility to encourage settlements that are compatible with sound wage developments, typically defined as conformity with the norm set by the internationally exposed manufacturing sector. In practical terms, this means that Swedish mediators are instructed to strive for agreements consistent with this norm, and the office regularly consults with social partners on economic conditions, convenes seminars, issues reports, and acts as a reference point for wage formation co-ordination throughout the bargaining round. In addition, the remit specifies that the agency shall maintain a comprehensive overview of conditions in the labour market and follow developments in Sweden and internationally, particularly in Europe, with regard to wages, collective bargaining and labour market legislation. Sweden's office is also the only one of the five to produce official wage statistics as a statutory function, giving it an analytical role that goes well beyond dispute resolution. The office also compiles and reports labour market data and information, including analysis of gender wage differences.[5]
- In Finland, the 2024 reform, in force since January 2025 – see Box 2.2 – requires the National Conciliator to safeguard the overall interests of the national economy by ensuring that wage formation operates effectively – in practice understood by the social partners as following the general level of wage adjustments typical of the export sector[6] but has no analytical or advisory role. The lack of analytical capacity within the office is a subject of debate in Finland with some actors, in particular on the trade union side, who would like to develop it and others, in particular on the employer side, who consider that this would place an additional burden on the office, which should instead remain exclusively focussed on mediation.
- In contrast to Finland and Sweden, the Norwegian and Danish offices focus solely on mediation and do not formally play a role in ensuring wage co-ordination. However, due to the organisation of the systems and the power of the mediators, they are nevertheless deeply embedded in the wider wage co-ordination system (see below and Chapter 3 for more information).
- Iceland's SCMO has formal additional responsibilities beyond dispute resolution: Icelandic law directs the mediator to monitor economic and labour market conditions and to maintain the official register of collective bargaining agreements. In practice, the monitoring function has been limited by the office's small size, and the register of collective agreements is the statutory duty that is exercised more consistently. In addition, the Icelandic mediation office also offers regular courses for social partners on negotiation techniques and the functioning of the labour market, aimed at building capability and fostering trust.

Table 2.2. Mandates of the five mediation offices

	Denmark	Finland	Iceland	Norway	Sweden
Collective interest dispute mediation	S	S	S	S	S
Promotion of co-ordinated wage formation	P (possibility via ballot chaining laid down in paragraph 12 in the Act on Mediation in Labour Disputes)	S (explicit statutory mandate, 2025)	–	P (via *frontfag* sequencing and Holden process)	S (explicit statutory mandate, 2000)
Official wage statistics	–	–	–	–	S
Register of collective agreements	–	–	S	P	P
Monitoring of labour market and economy	–	–	S	P	S
Written mediator report at end of assignment	–	–	–	–	S
Facilitation of negotiation schedules	P	–	S (legal duty, seldom enforced)	–	S (statutory duty from 2000)
Annual public reporting on industrial relations	–	P	P	P	S

Note: S = Statutory duty; P = Established practice without statutory basis; – = no such function.

Box 2.2. Finland's 2024 labour market reforms and their implications for mediation

The coalition government that took office in June 2023 launched a broad package of labour market reforms. In the area of industrial action, legislation entering into force in May 2024 restricted political strikes to a maximum of 24 hours and limited sympathy strikes to actions proportionate to the primary dispute. Financial penalties for trade unions and individual workers participating in strikes subsequently ruled unlawful by a court were increased.

The part of the reform most directly relevant to mediation concerns wage formation. After the end of central-level bargaining in 2016, Finland's bargaining system has operated with the technology and export industries setting a de facto norm for economy-wide wage increases. The government sought to anchor this practice in statute. Its initial parliamentary proposal would have explicitly barred the National Conciliator from putting forward a settlement exceeding the export-sector wage outcome. Yet, the law as enacted (Government Proposal RP 146/2024) uses a softer formulation, directing the mediator to act so that "wage formation works in the best possible way and that the functioning of the labour market is not endangered," though the accompanying explanatory notes clarify that mediators should guide parties toward solutions consistent with Finland's cost competitiveness. In practice, this codifies an expectation that had been developing informally: the Conciliator's proposals should stay *within* the export norm, which has itself broadened over time to cover not only general wage increases but allowances, working time changes, and other monetary elements – making it a comprehensive total labour cost constraint (Calmfors, 2025[3]). In addition, an operational challenge is the absence of a shared analytical platform for establishing the norm. Unlike Denmark, Norway and Sweden, where different bodies produce jointly agreed economic estimates before each round, this does not happen in Finland.

Social partners' views on the reform are sharply divided. Employer organisations broadly support the codification of the export norm, arguing it provides a predictable framework, protects cost competitiveness, and shields mediators from pressure to exceed what the economy can sustain. Trade unions – particularly in public services and female-dominated sectors – argue that the norm closes off legitimate catch-up for sectors with structural wage disadvantages, and that its rigid application prevents the kind of flexible, sector-sensitive settlements that mediation has historically been able to deliver.

2.2.2. The actors and resources

The five offices differ considerably in size, reflecting both the scale of the national labour market they serve and the breadth of their mandates. Sweden's *Medlingsinstitutet* is the largest in terms of permanent staff, with around 15 full-time professionals – economists, statisticians, and administrative personnel – alongside its separate ad hoc mediator panel. Iceland's office operates with three full-time staff. The other three offices fall between these extremes: Norway's *Riksmekleren* co-ordinates around 20 mediators in total but maintains a compact central secretariat; Denmark's *Forligsinstitutionen* keeps a small administrative core with the capacity to activate a panel of assistant conciliators;[7] and Finland's office is staffed by the National Conciliator and eight part-time associate mediators.

Who are the mediators?

The profile of the individuals who carry out mediation reflects each country's broader understanding of what the role requires and which qualities matter most. Some countries favour legal expertise and distance from the social partners; others prefer practitioners with deep labour market experience; and Sweden has built a system in which both the permanent institution and the ad hoc mediation panel exist as complementary elements with distinct functions (Table 2.3):

- Denmark is unique among Nordic countries in having the chief mediators/conciliators working part time. They have consistently come from the judiciary or senior civil service, signalling the premium Denmark places on impartiality, procedural authority, and institutional gravitas. The three conciliators and the deputy conciliator divide the labour market between them by sector or bargaining area, developing specialised expertise in their designated domains, and can activate a pool of five assistant conciliators (the Act permits up to 21 assistant conciliators to be appointed, though only five have been in place for many years) to handle peak periods in major bargaining rounds.
- Finland's National Conciliator (a full-time position) and the part-time mediators have backgrounds in the labour market, often coming from positions close to the social partners. The Act on Mediation in Labour Disputes does not specify formal qualifications, and appointments reflect a judgement about practical experience and acceptability to both sides rather than a codified competency framework.[8] The National Conciliator is supported by a group of part-time mediators with diverse profiles (social partners, judiciary and civil service). These part-time mediators continue to hold their regular positions and step into mediation on top of their normal duties.
- Iceland's small office relies heavily on the personal authority of the SCMO. In the past mediation relied more heavily on a single mediator supported by ad hoc mediators, but the current leadership moved toward a small permanent team to build institutional know-how and continuity.
- Norway's National Mediator and regional mediators have typically held legal or senior administrative backgrounds and have not been directly affiliated with either union or employer organisations – a prerequisite for the impartiality the role demands. The National Mediator personally leads or oversees the most significant national mediations and co-ordinates the work of the district and special mediators. The presence of a permanent network of district mediators,

covering all five regions of the country, gives Norway the broadest geographic reach of the five systems, allowing local and sector-specific disputes to be handled by mediators with contextual knowledge.

- Sweden's arrangement is structurally distinct from the other four. The Director-General of *Medlingsinstitutet* leads the institution and is responsible for its strategic direction, its wage statistics and analytical functions, and the appointment of mediators for each dispute. Critically, however, the Director-General does not personally mediate, and neither does any other permanent member of the office's staff. The mediation function is entirely in the hands of externally commissioned practitioners drawn from a panel maintained by the office. These ad hoc mediators are typically former union or employer negotiators, or senior figures who have previously served in high-level industrial relations roles. The separation of institutional leadership from hands-on mediation is not incidental to Sweden's design: it was an explicit response to social partner resistance in 2000 to the idea of a single powerful permanent national mediator, and it preserves a degree of party influence over the choice of who conducts a particular mediation. The Director-General's authority over the process is exercised through commissioning, briefing, and receiving written reports from mediators, rather than through direct participation in negotiations.

Across all five offices, the personal standing of the mediators is the key feature: the personal credibility and relational skills of the mediators are indicated as very important, possibly more than the formal powers available. Trust – with both social partners simultaneously – is described in virtually every country as the irreducible prerequisite for effective mediation. Two implications follow. First, because effectiveness turns on credibility rather than on formal authority, the selection of mediators and the arrangements that protect their perceived impartiality – whether through professional distance, as in Denmark and Norway, or through recognised standing among the parties, as in Finland, Iceland and Sweden – become a central institutional design choice, arguably more consequential than the specific powers each office holds. Second, this personal standing is also what makes the less formal functions of mediation possible – from steering parties towards the norm without recourse to formal powers to allowing negotiators to concede without losing face – functions examined in Chapter 3 and in the concluding observations.

Table 2.3. Profile, appointment and resources of mediation offices across the five Nordic countries

	Denmark	Finland	Iceland	Norway	Sweden
Title of leading position	Chief Conciliator (annually appointed among conciliators)	National Conciliator	State Conciliation and Mediation Officer	National Mediator (*Riksmekler*)	Director-General
Appointed by	Minister of Employment, on nomination of the Labour Court	Government	Minister of Social Affairs and Housing, on recommendation of a tripartite advisory committee	King in Council	Government
Term length	Appointed for a 3-year period. Possibility of reappointment	4 years (renewable)	5 years	3 years (renewable)	6 years (renewable)
Typical professional background	Senior judiciary or civil service (current chair: Director of Public Prosecution)	Senior labour market figure; no codified formal requirements	Senior lawyer or official; national citizenship required by law	Legal or senior administrative; no social partner affiliation	Senior administrative; DG does not mediate
Leading position full-time / part-time	Part-time (all 3 conciliators and the deputy)	Full-time	Full-time	Full-time	Full-time (permanent office)
Leads mediation personally?	Yes	Yes	Yes	Yes	No – neither the DG nor any permanent staff member mediates; all mediation conducted by externally commissioned ad hoc practitioners
Number of national-level mediators	3 conciliators, the deputy and currently 5 assistant conciliators	1 National Conciliator + 8 part-time associate mediators including one for Åland	1 SCMO + 2 deputies (in the past 1 SCMO + ad hoc assistants as needed)	1 National Mediator + 1 permanent deputy (one of the special mediators)	Ad hoc panel maintained by the office; size varies by year
Regional / district mediators	None	None (associate mediators cover the entire country, incl. one for Åland)	None	7 district mediators + 12 special mediators (part time)	Small number of regional mediators for local-level cases
Approximate permanent staff (FTE)	Small secretariat (~3-5); conciliators are part-time	Small office; National Conciliator + 8 associate mediators	3 full-time (SCMO, deputy, assistant)	Small secretariat; 19 mediators in the wider network	~20 (15 lawyers, economists, statisticians, admin); mediators external
Formal qualification requirements	None codified; impartiality required	None codified in the Act	National citizenship; financial solvency; impartiality; no criminal record	Impartiality required in accordance with the Courts of Justice Act	None codified for ad hoc mediators; DG appointment is a government decision

Note: FTE = full-time equivalent.

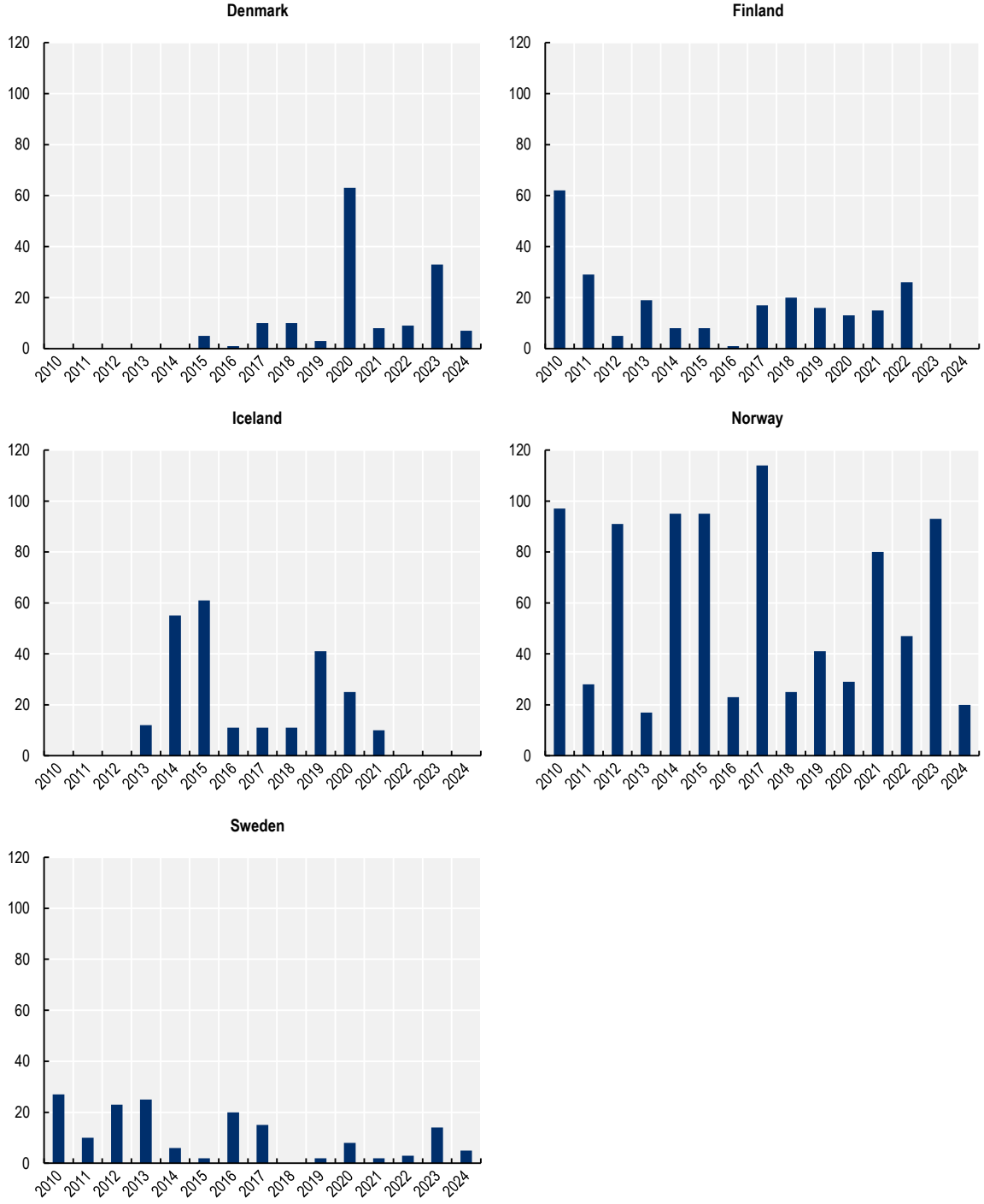
Caseloads

Mediation caseloads follow the rhythms of collective bargaining cycles and therefore vary considerably across years. Figure 2.2 shows the number of cases across the five countries between 2010 and 2024. The numbers shown should be interpreted with caution because, as discussed in Box 2.3 below, mediation is not a uniform intervention (the figure is best read as showing within-country variation over time rather than as a strict cross-country comparison). In addition, variation across countries and time depends on the structure of bargaining cycles, the degree of union fragmentation, broader economic conditions and the extent to which disputes are resolved bilaterally before reaching the mediator. Moreover, in Sweden the statistics only include

national mediation cases and not the private mediation cases (negotiations in the industry sector always end up in private mediation) or the regional ones. All in all, the number of cases alone should not be taken as a sufficient proxy for institutional workload or for the complexity of the disputes handled.

Figure 2.2. The number of mediation cases varies significantly across countries and years

Number of formal mediation cases registered by each national office in a given year, 2010-2024



Source: OECD policy questionnaires and annual reports of the five mediation offices.

Notwithstanding these important caveats, the following patterns can be identified:

- In Denmark, with the exception of years where the big negotiations in the private sector take place, the number of cases is relatively low.
- After a peak in 2010, during the Global Financial Crisis, Finland's caseload appears comparatively stable across the period, averaging around 18 cases a year. The relatively flat profile masks a qualitative shift: cases have become more protracted and contested in recent years, particularly following the post-2016 shift to industry-level bargaining and the tensions introduced by the 2024 legislative reforms.
- In Iceland, the number of cases is relatively high compared to the size of its labour market, with particularly elevated numbers in 2014-15 and again in 2019-2020. This reflects the country's highly fragmented union structure (e.g. there are over 80 collective agreements negotiated in the public sector alone) and a tradition of frequent recourse to the SCMO even before formal bilateral talks are exhausted. The second spike, in 2019-2020, coincides with a particularly intense bargaining period in which multiple sectors in both the private and public sectors were renegotiating contracts simultaneously – a confluence that, given Iceland's highly fragmented union structure and its more than 80 public-sector agreements alone, translated directly into an unusually high volume of formal mediation cases in a compressed timeframe. The lower caseload in 2021, the latest year available, may partly reflect the gradual informal adoption of sequencing practices following the "Living Standards Agreement" framework.[9]
- Norway shows large swings from year to year, with caseloads rising sharply in years when most large agreements are up for renewal – and falling substantially in intermediate years when only wage supplements are negotiated. In peak years Norway reaches around 100 cases, though the majority do not result in actual industrial action. The pattern visible in the chart confirms that mediation in Norway functions as a near-universal gateway rather than an exceptional intervention but with many cases relatively easy to handle.
- Sweden's caseload is also relatively limited, consistent with the high degree of self-regulation achieved by social partners. Although *Medlingsinstitutet* is responsible for the majority of the labour market not covered by registered negotiation agreements, most agreements there are concluded bilaterally, and the office appoints mediators in a relatively small number of disputes each year.

Box 2.3. A typology of mediation modes in Nordic countries

Mediation is not a standardised process. Even within each Nordic country, the type and intensity of mediator involvement can vary considerably depending on the dispute's characteristics, the state of the relationship between the parties, and the stage at which the mediator becomes involved. Among the Nordic countries, three main modes can be identified:

- The first mode is **full mediator-proposal mediation**. In this mode, bilateral negotiations have broken down, a strike notice has been issued, the mediator takes an active role through discussions, negotiations and joint sessions, and the process concludes with the mediator tendering a formal settlement proposal that the parties put to a ballot. This is the mode that most closely resembles the stylised description of mediation in the legal and academic literature, and it is the mode in which the specific procedural powers of the mediator – including postponement and proposal rights – are most directly exercised.

- The second mode is **facilitation-only mediation**, where the mediator's role is to structure and support direct negotiations rather than to author a resolution (hence, more akin to *conciliation* than *mediation* per se). The mediator creates the conditions for agreement – setting agendas, managing the process, providing a neutral venue and credible assurance of impartiality – but the parties reach their own agreement without a formal mediator proposal.
- The third mode is **preventive mediation** without a prior industrial action notice, where parties voluntarily approach the office before a conflict has formally begun – sometimes to create a sense of urgency internally, sometimes to take advantage of the mediator's facilitation skills in anticipation of impasse.

Core powers of mediators

The legal toolkit available to the chief mediator – or, in Sweden's case, to the Director-General – differs substantially across the five countries, with practical consequences for how much the office can shape both the process and the outcome of a dispute (Table 2.4):

- Denmark's State Conciliators have the most extensive statutory toolkit of the five. They can order parties to attend mediation; they can direct parties to address specific issues or return to bilateral talks on unresolved matters; they can issue two successive postponements of up to 14 days that means up to twenty-eight days in total (and in practice both successive postponements are used in major rounds on the private labour market); they can table a formal settlement proposal if none of the confederations (e.g. FH and DA) object; and they can concatenate multiple agreements into a single aggregated vote – the linking mechanism discussed in Box 2.7. This combination of process-direction powers, delay authority, and the concatenation mechanism makes Denmark's conciliators by some measures the most powerful labour mediators in the Nordic region.[10]
- Finland's National Conciliator can compel mediation after a strike notification and can recommend postponement of industrial action to the Ministry of Economic Affairs and Employment, which makes the formal decision. The available delay period is up to 14 days with a possibility of an additional seven days in public sector industrial disputes.
- Iceland's SCMO has the narrowest formal toolkit of the five. There is no statutory power to postpone industrial action: once the notice period expires in an Icelandic dispute, unions may proceed with a stoppage even if the SCMO is still actively mediating. OECD (2017[4]) and Holden (2019[5]) both flagged this gap as a structural weakness compared with other Nordic systems. The right to table a formal mediation proposal exists in law but, as the Efling case demonstrated (see Box 2.8), is practically contingent on union co-operation to administer the vote.
- In Norway, the Labour Disputes Act gives the National Mediator the same authority as a court to compel evidence and witness testimony if necessary to clarify the facts in dispute. In practice this power is almost never invoked – co-operation is typically voluntary – but its existence signals the procedural weight of the office (and it disciplines parties to co-operate). Beyond this, Norway's National Mediator plays a key role in sequencing the entire bargaining round: by convention, mediations in other sectors do not proceed until the *frontfag* (internationally exposed manufacturing) settlement is reached, and the National Mediator respects and reinforces this sequencing, providing a structural anchor for wage co-ordination. This role is also facilitated by periodic government-appointed expert commissions on wage formation and economic policy, most notably the Holden Commissions – see Box 2.4. In addition, if mediation fails, there is compulsory arbitration before the National Wages Board (*Rikslønnsnemnda*) in the event of danger to life and health or vital social interests. The mere availability of this backstop strengthens the mediator's hand and encourages the parties to reach their own agreement.

- Sweden's Director-General holds statutory authority to appoint ad hoc mediators for any dispute with or without the parties' consent (in the absence of a registered private negotiation agreement), and to instruct those mediators to strive for outcomes compatible with sound wage formation – the exposed-sector manufacturing norm. Ad hoc mediators can request to the National Mediation Office to postpone a strike. The explicit legal mandate to promote wage co-ordination is unique among the five offices and gives the Swedish system a distinctive character. It bears emphasis, however, that this mandate is exercised institutionally rather than personally: the Director-General shapes the terms of reference for each mediation through the briefing and commissioning process, then receives written reports at the end, but is not present in the negotiation room.

Table 2.4. Core legal powers of mediators

Power	Denmark	Finland	Iceland	Norway	Sweden
Compelling attendance at mediation	Yes	Yes	Yes (formally; compulsion rare in practice)	Yes	Yes (or pay a fine)
Postponing industrial action	Yes – up to 14 days; a second 14-day postponement available if vital social functions at risk (max. 28 days)	Yes – up to 14 days (Ministry decides on mediator's recommendation); +7 days for public services	No	No – but the National Mediator may prohibit industrial action until mediation has been concluded, which can have a similar practical effect	Yes – up to 14 days once per assignment; used only 4 times in the office's history
Tabling a formal proposal without party consent	Formally yes – the conciliator may table a comprehensive settlement proposal (*mæglingsforslag*).	Yes	Formally yes; in practice only used with tacit party consent (post-Efling: no)	Yes (but not binding)	Yes
Requiring a membership ballot on a proposal	Yes – the conciliator may require a ballot on a mediation proposal (Section 12); otherwise the voting method laid down in the collective agreement applies	No – left to parties	Formally yes (Art. 28); in practice requires union co-operation to administer	No – parties decide whether to ballot	No – left to social partners
Linking/concatenating multiple agreements in one vote	Yes – unique statutory mechanism (*sammenkædning*)	No	Partially – law permits joint ballot when multiple unions are parties to same dispute; not mediator-initiated by default	No (only in co-ordinated settlements by party agreement)	No
Promoting wage moderation / norm	No, but linking is functionally equivalent to promote the wage norm.	Yes, since the 2024 reform	No	No (but *frontfag* sequencing and Holden process serve this function informally)	Yes – explicit statutory mandate since 2000

Box 2.4. The Holden Commissions: Norway's analytical compass for wage co-ordination, and Holden's reach into Iceland

The Holden Commissions are a series of tripartite government committees chaired by economist Steinar Holden, convened at critical moments in Norwegian labour market history: Holden I (2000), Holden II (2003), Holden III (2013), and Holden IV (2023). They were established following episodes of wage overruns in the late 1990s that threatened Norway's cost competitiveness. Each commission brought together economists, union confederations, employer associations, and government to produce a shared diagnosis of macroeconomic conditions and to reaffirm or adjust the principles of the *frontfag* model. Their reports contributed to a shared understanding of the principles underpinning wage formation and co-ordination. Holden IV (2023) addressed emerging tensions from labour shortages, wage compression in the public sector, and a growing share of workers outside collective agreements – issues that increasingly surface in the disputes the National Mediator must handle.

The commissions are not mediation bodies, but they shape the normative environment in which mediation operates. When disputes reach the National Mediator, both parties enter with a commonly accepted analytical baseline. Norwegian interviewees consistently described the commissions as providing the mediator with a "compass": a framework that makes it easier to steer proposals toward outcomes all parties can accept as reasonable. The commissions exemplify Norway's approach to evidence-based, consensus-oriented labour market governance.

Holden's analytical work is not confined to Norway. In 2013, Iceland's social partners and government created the SALEK group – a broad alliance covering approximately 70% of the Icelandic labour market – with the explicit aim of importing Nordic co-ordination practices into Iceland's highly fragmented bargaining system. The group commissioned Steinar Holden to prepare a report on what such a reform would require. The core issue Holden identified was Iceland's persistent boom-bust wage cycle: repeated rounds of bargaining in which unions, acting without co-ordination, leapfrogged one another's settlements, driving wage growth above what the economy could sustain and triggering inflationary episodes. His prescription was a three-step reform: build a common analytical understanding among the social partners about macroeconomic constraints (in Denmark, *Statistikudvalget* does it, in Sweden it is the *Konjunkturinstitutet*); establish a wage-leading sector (analogous to Norway's *frontfag*) whose settlement would set the norm; and equip the SCMO with tools to ensure subsequent settlements respected that norm. Political turbulence in Iceland in 2017 stalled the SALEK initiative before it could be implemented. Elements of sequencing have nonetheless since emerged informally, with the "Living Standards Agreement" from 2019 onward providing a private-sector anchor that other unions have emulated and *Kjaratölfræðinefnd,* a joint union–employer committee, supported by a state economist, that analyses economic data and publishes only when it reaches consensus. The Icelandic episode illustrates that the analytical precondition for effective co-ordinating mediation – a shared macroeconomic baseline accepted by all parties – cannot be assumed and may require sustained institutional effort to establish. It also shows the limits of importing specific institutional instruments without simultaneously building the broader co-ordination architecture in which they are embedded.

Sources: Holden (2019[5]), "A new model for wage formation in Iceland"; Kjellberg (2023[6]), "The Nordic Model of Industrial Relations: comparing Denmark, Finland, Norway and Sweden"; Nergaard et al. (2016[7]), "Koordinering av lønnsdannelsen innen de nordiske frontfagsmodellene"; OECD (2017[4]), *OECD Economic Surveys: Iceland 2017*, https://doi.org/10.1787/eco_surveys-isl-2017-en; Calmfors (2025[3]), "Pattern Bargaining as a Means to Coordinate Wages in the Nordic Countries".

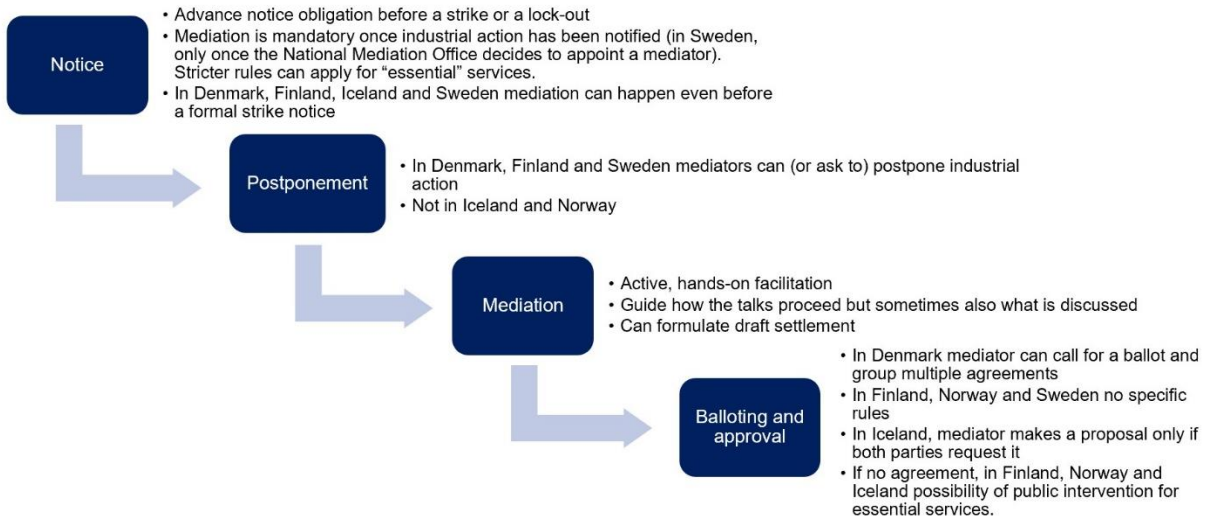
2.3. The four main steps of mediation

Despite significant differences in institutional design, the five Nordic mediation systems share a common procedural architecture organised around four sequential phases. Figure 2.3 summarises the main steps that characterise the mediation process in Nordic countries:

- The process normally begins with a **notice obligation**. Before any strike or lockout may legally commence, the party intending to take industrial action must notify both the counterpart and the mediation office within a defined advance period. This notification serves two purposes: it creates a window of industrial peace during which a settlement can still be reached, and it alerts the mediation office in time to prepare for possible intervention. All five countries impose this obligation, though the required notice period ranges from seven days in Iceland to three weeks or more in parts of the public sector in Denmark, Finland and Norway (Table 2.5). In Denmark, Finland, Iceland, and Sweden, mediation may be initiated even before a formal strike notice has been issued, giving mediation offices an early preventive role that goes beyond the minimum required by law.
- Where talks have broken down and industrial action has been notified, three of the five countries allow a **postponement** of the planned stoppage to create additional time for mediation (but some argue that postponement removes the necessary deadline and urgency that force parties into agreement mode). In Denmark, Finland, and Sweden, mediators can require or recommend that a strike or lockout be delayed – for up to 14 days in Sweden and Finland, up to 28 days in Denmark. In Norway the end of the mediation period represents a hard deadline that often forces parties to stay overnight to reach an agreement (and the National Mediator may prohibit industrial action until mediation has been concluded, which can have a similar practical effect). In Iceland, once the notice period expires, industrial action may begin regardless of whether mediation is still under way, a structural gap that distinguishes its system from those of its Nordic peers.
- The **mediation** phase involves active third-party facilitation. In all five countries, participation is mandatory once the process has been triggered: parties cannot withdraw unilaterally once summoned by the mediator. The mediator typically opens with a joint session to identify the main areas of disagreement, then alternates between separate-room shuttle diplomacy and joint meetings, potentially deploying external technical specialists for complex disputes. The mediator may guide both how the talks proceed and what is discussed, with the authority to direct parties toward specific issues or to send them back to bilateral talks on unresolved matters. In Denmark, Finland,[11] Norway and Sweden, mediators form part of the co-ordination mechanism established by social partners and, in practice, do not table proposals that exceed the wage norm set by the exposed manufacturing sector. The legal basis for this practice differs across countries and is set out below. The mediator may formulate a draft settlement proposal, though the conditions under which this is done and its legal force differ across countries.
- **Balloting and approval** arrangements determine whether a mediated settlement takes effect. Here the five systems diverge most sharply. In Denmark, an agreement on a renewed collective agreement is normally put to a vote according to the rules of the collective agreement. But the conciliator also has the right to link the reconciliation of several agreements and put them to a vote as a joint mediation proposal. In the case of major negotiations in the private labour market, it is traditional for the conciliator to submit an overall mediation proposal, which includes both the settlements reached and provisions that extend the agreements in which no settlement was reached. The mediation proposal is put to a vote as a whole, and the overall result applies to everyone, regardless of whether individual areas vote differently from the overall result. In Finland, Norway and Sweden, ratification is governed by the parties' own internal procedures – membership ballot or delegate assembly – with no mediator role once a proposal is on the table. In Iceland, the mediator formally holds a joint ballot power, but following the 2023 Efling case this mechanism operates in practice only with the explicit consent of both parties. When mediation fails or a ballot is rejected, industrial action begins and

resolution depends on bargaining pressure. In Denmark, Finland, Iceland and Norway, the possibility of a statutory intervention acts as a further backstop for disputes that threaten essential services.

Figure 2.3. The four main steps of mediation in Nordic countries



Note: Specific chart flows for each country are available in Annex 2.A.

In what follows, these four main steps of the mediation process from first contact to final resolution are discussed in more details, comparing the five countries. A summary of the process in each country, together with country-specific flow charts, is available in Annex 2.A.

2.3.1. Notice obligations

Notification requirements

All five Nordic countries impose an obligation to give advance notice before a strike or lockout may commence. The purpose of the notice period is twofold: it alerts the other party and the mediation office in time to initiate negotiations or mediation before the conflict begins, and it creates a brief window of industrial peace during which a settlement may still be reached. The length of the required notice period and the consequences of failing to observe it differ across countries, as Table 2.5 shows.

In Denmark, the notice period is determined by the parties' own collective agreements rather than by statute. It is typically 14 days under the main agreement between DA and FH. Some negotiation schedules call for longer lead times, however. Finland requires 14 days' notice of a planned work stoppage, sent both to the National Conciliation Office and to the opposing party; the notice must specify the reasons for the action, its planned start date, and its scope. Iceland differentiates by sector: one week in the private sector, 15 days for public-sector employees. However, in Iceland, collective bargaining disputes are normally referred to the SCMO before strike action is prepared. The parties are therefore already engaged in mediation under the auspices of the SCMO before a strike ballot and subsequent strike notice are issued. Consequently, the mediation office's preventive role does not merely arise after the strike notice; it is an integral part of the bargaining process preceding any lawful industrial action. Norway also sets a default 14-day period, requiring the notice to identify the dispute, list affected companies and employee counts, state the planned start date, and describe the status of negotiations. Sweden requires at least seven working days' written notice, which must state the reason for the action and its extent (affected companies and employees).

The legal consequences of failing to observe the minimum notice period differ importantly across the five countries. In Denmark and Norway, a strike or lockout launched without proper notice is deemed unlawful: the party concerned may face injunctions, financial liability, and reputational damage. In Sweden and Finland, by contrast, the failure to give proper notice does not invalidate the industrial action itself; instead, the party may be fined by the state and potentially owes damages to the counterpart for the procedural breach. In Iceland, a strike or lockout launched without proper notice is deemed unlawful but there are no explicit sanctions attached to violation of the minimum notice period. This difference in sanctions matters because it shapes the credibility of the notification obligation as a tool for creating advance warning and a window for mediation.

Table 2.5. Notification requirements before industrial action

	Denmark	Finland	Iceland	Norway	Sweden
Notice period private sector	Per collective agreement; typically 14 days due to main agreement between DA and FH	14 days	7 days	14 days (unless collective agreement specifies otherwise)	7 working days
Notice period public sector	4 weeks but varies by agreement	14 days	15 days	21 days for state employees	7 working days
Legal consequence of failure to notify	Industrial action is unlawful; injunctions and liability apply	Action is not invalidated; party may be fined by the state	No explicit sanctions for violating minimum period	Industrial action is unlawful; injunctions and liability apply	Action is not invalidated; party may be fined by the state

Triggers for mandatory mediation

Once a strike or lockout has been notified, mediation becomes compulsory (in Sweden, technically, mediation becomes mandatory upon a decision by the national mediation office) – the parties must engage with the mediator and cannot unilaterally withdraw from the process.[12] But the precise trigger for mandatory mediation, and the possibility of mediator involvement at an earlier stage, differ across countries in ways that have significant practical implications (Table 2.6).

Denmark is the most distinctive case. In the main private-sector bargaining round, where a large part of the collective agreements concerning the private sector are negotiated, there is a long tradition for co-ordination between DA and FH. The co-ordination of the expiry time of the collective agreements to the same date automatically provides this framework, and in the lead bargaining area (usually manufacturing), the parties commonly agree on a target completion date. As a result, *Forligsinstitutionen* is often informed before any strike notice has been issued. This pre-emptive engagement is not legally required but has been an accepted feature of Danish industrial relations for decades and gives Danish mediators an unusually early opportunity to ensure successful and timely negotiation outcomes.

Sweden's 2000 reform gave *Medlingsinstitutet* explicit statutory authority to appoint mediators during ongoing negotiations if talks appear to be faltering, even without a formal conflict notice, provided that the sector in question has not opted out through a registered negotiation procedure agreement between the bargaining parties. This proactive capacity was a deliberate design choice intended to allow early intervention before positions have hardened.

In Finland and Norway, mandatory mediation follows notification rather than preceding it. Iceland's arrangement is intermediate: either party may request mediation during stalled negotiations before a strike notice is issued, and once one party makes such a request the obligation to participate applies to both.

In practice, the distinction between voluntary and mandatory early engagement is somewhat blurred in all five countries. Mediators in all five described reaching out informally to the parties before disputes formally required their involvement, monitoring progress in negotiations and positioning themselves to intervene

quickly if talks deteriorated. The legal framework establishes the floor of mandatory participation; the actual practice often starts earlier. This early, pre-legal involvement is feasible and, in fact, often requested by parties only because the mediators are trusted and seen as neutral by both sides: parties accept the mediator's presence before any obligation arises precisely because they do not regard it as interference.

Table 2.6. Triggers for mandatory mediation

	Denmark	Finland	Iceland	Norway	Sweden
Primary trigger for mandatory mediation	Once a strike notice is issued; but in practice, conciliator often involved before notice via agreed negotiation schedules	Once industrial action is notified; National Conciliator can compel parties to engage (Section 10)	Once industrial action is notified; SCMO must schedule mandatory sessions (Section 24). Either party may also request mediation during stalled talks, triggering obligation for both.	Once negotiations stall or break down; planned stoppage put on hold while mediation takes place (Labour Disputes Act, Section 19)	Seven working days after notice of industrial action is filed; from 2000, *Medlingsinstitutet* may also appoint mediators during ongoing talks if conflict risk is evident (even without notice)
Can mediation begin before strike notice?	Yes – and in the public area usually no notice is given before the negotiation	Yes - voluntary conciliation with the consent of both parties	Yes – either party may request; triggers obligation	Limited; formal jurisdiction follows notification	Yes – office may appoint mediators proactively from 2000 reform
Obligation on parties once called	Must comply with summons	Must participate; attendance obligatory	Must attend (compulsory attendance formally available; rarely invoked)	Must attend; quasi-judicial powers allow evidence compulsion	Must attend on pain of fine (Swedish Co-Determination Act, Section 47b)

2.3.2. Postponement of industrial action

Among the most practically significant differences in mediator powers is the ability to delay the onset of a strike or lockout beyond the notice period (Table 2.7):

- Denmark's postponement power is the most extensive in duration. The Act on Mediation in Labour Disputes allows the conciliators to demand a first postponement of up to 14 days as a condition of continuing mediation, with no specific conditions on its use. A second postponement of up to 14 days is available if the dispute poses a threat to essential services or would have far-reaching social consequences (the two other conciliators must be consulted on the decision on the second postponement). In practice, both successive postponements are often used in major bargaining rounds, giving a total potential delay of up to 28 days. An additional Danish rule specifies that industrial action can in any case first begin on the fifth day after a postponement has been issued or after the conciliator has declared the mediation to have failed; this rule is unique to Denmark.
- Finland can postpone industrial action for up to 14 days on the National Conciliator's recommendation, with the Ministry of Economic Affairs and Employment making the formal decision. In the case of a labour dispute over the terms of employment of public officials, the prohibition of industrial action may be extended, for special reasons, by an additional period of up to seven days. Finnish mediators apply the power selectively and strategically: they may, for instance, postpone one union's action while allowing another's to proceed, rather than issuing a blanket postponement that all parties can anticipate and factor into their strategies.
- In Iceland, the SCMO has no statutory power to postpone industrial action. Once the notice period expires, unions may proceed with a stoppage regardless of whether the SCMO is still actively mediating. This absence is seen by some actors in Iceland as a structural weakness that distinguishes Iceland from its Nordic peers. Introducing a postponement power was one of the key

recommendations of the Holden report for Iceland (Holden, 2019[5]), but it has not been legislated – see Box 2.4.

- In Norway, the National Mediator has no statutory power to postpone industrial action beyond the notice period (but the National Mediator may prohibit industrial action until mediation has been concluded). In fact, the end of the mediation period constitutes a hard deadline that often forces parties to stay overnight until a solution is reached (but the National Mediator may prohibit industrial action until mediation has been concluded, which can have a similar practical effect).
- Sweden may postpone a notified action by up to 14 days once per mediation assignment, at the request of the ad hoc mediators and on the decision of the National Mediation Office. This power has been used only four times in the entire history of the current office since 2000, reflecting both the fact that parties normally postpone action voluntarily upon request by the mediators and the general view that postponement should be reserved for situations where it would genuinely advance the prospect of settlement rather than merely defer the inevitable.

Table 2.7. The power to postpone industrial action

	Denmark	Finland	Iceland	Norway	Sweden
Legal basis	The Act on Mediation in Labour Disputes	Act on Mediation in Labour Disputes, Section 8 (Ministry decides on mediator's recommendation)	None – no statutory basis	None – no statutory basis (but the National Mediator may prohibit industrial action until mediation has been concluded)	Co-Determination Act, Section 49 (at mediators' request, the Office decides)
Maximum postponement – private sector	14 days (first postponement); a second 14-day postponement possible if dispute endangers vital social functions (max 28 days in total)	14 days	-	-	14 days (once per assignment only)
Maximum postponement – public sector	As above	14 days + 7 additional days in disputes concerning the terms of employment of public officials for special reasons	-	-	14 days
Conditions for invocation	First postponement: no specific conditions required. Second: dispute must endanger vital social functions or have far-reaching social consequences.	Based on prospects of successful mediation and possible damage from the conflict	-	-	Mediators must request; assessed on prospects for successful mediation
Frequency of use	The first postponement takes place regularly, while the second postponement is mainly used in the co-ordinated negotiations in the private sector.	Selective; mediators may postpone one union's action but not another's to avoid strategic exploitation	-	-	Very rare – used only 4 times in the office's history since 2000

Note: – not applicable.

2.3.3. Mediation

Conduct of the process

Once the process of mediation begins, a broadly similar procedural architecture unfolds across the five countries. The process typically opens with an initial joint meeting at which the parties present their positions and the mediator identifies the main areas of disagreement. In Sweden, mediators normally summon the parties bilaterally to hear them present their positions. This is followed by a period of discussions and negotiations, during which the mediator explores room for movement and test ideas – alternating with joint sessions as progress allows. In complex disputes, the mediator may divide the agreement into thematic modules, or hold one-on-one discussions with the chief negotiators of each side. In some countries the mediator can bring in technical specialists. Overall, the balance between facilitation and direction partly depends on the issues at stake: cost-related questions can be anchored to the wage norm, whereas regulatory and technical matters draw more on mediators' detailed knowledge of collective agreements, giving mediators with extensive bargaining experience an advantage on the latter.

The details of how this general architecture plays out in practice differ by country and, often, by mediator:

- In Denmark, the initial joint meeting plays an important role as a diagnostic exercise: identifying whether the parties understand precisely what they disagree about, since the core issues are not always fully identified.
- In Finland, the process characteristically begins with written submissions from both sides before the opening joint session. That session often involves large delegations presenting formal positions; as talks progress, each side typically designates a smaller core group for the substantive negotiations. Pre-bargaining seminars in export industries – involving unions, employer associations, the central bank, and sometimes the National Conciliator – can shape expectations before mediation formally begins, though mediation itself remains largely triggered by conflict rather than being systematically preventive.
- In Iceland, the current SCMO begins by requesting all prior meeting notes, offers, and written communications exchanged by the parties, reviews the history of the dispute, and then selects a format for the mediation: joint meetings, separate rooms with shuttle diplomacy, one-on-one sessions with key negotiators, or a combination. In particularly complex disputes, such as the comprehensive overhaul of the doctors' pay system in 2024, the mediator may invite external technical specialists and break the negotiation into specialised thematic modules.
- In Norway, before mediation begins, parties submit confidential position papers that signal priorities and any margins for movement. The process always starts with a large joint meeting where the rules – especially confidentiality – are reaffirmed. After this, the mediator alternates between joint sessions and shuttle diplomacy. As the deadline approaches, the discussions typically intensify and often continue late into the night.
- In Sweden, mediation in collective disputes is conducted by two to three ad hoc mediators who typically start with a focussed "agenda-tidying" phase, prioritising clarity on parameters such as overall wage cost increases and other key reasons for the dispute before substantive negotiations proceed. Secondary or technical issues are deferred, narrowing discussions to factors most relevant for pattern alignment and agreement viability. Following this preparatory stage, mediators formulate proposals within the manufacturing norm, for consideration by the parties. The process remains relatively informal, relying primarily on oral exchanges in bilateral meetings rather than formal written submissions, reflecting the case-by-case nature of public mediation.

Mediator direction of the process

The power to direct the substance and pace of talks – as distinct from merely facilitating them – varies significantly across the five countries and corresponds roughly to the broader toolkit each office commands (Table 2.8):

- Denmark's State Conciliators have the most interventionist process-direction powers. The law gives the conciliator authority to order the parties to focus on specific issues, to keep the parties in the actual building or to pause formal mediation and send the parties back to bilateral talks on matters that require more detailed technical work, and to resume formal mediation under the conciliator's own chairmanship. The Danish Labour Court may also be used to hear witnesses but this power is almost never invoked in practice.
- In Finland, mediators used to operate in a facilitative register, structuring discussions, creating space for movement, testing proposals, and building bridges between positions but they are also tasked with ensuring adherence to the wage norm, a principle followed for decades by the mediators but reinforced by the law since the 2024 reform.
- In Iceland, the role of the SCMO is primarily facilitative, particularly following the Efling case discussed in Box 2.8. This involves structuring discussions and identifying areas of agreement.
- Norway's National Mediator holds quasi-judicial powers: the Labour Disputes Act grants the same authority as a court to compel evidence and witness testimony if needed to clarify the facts in dispute. Again, this is a rarely used backstop rather than a routine tool, but its existence reinforces the procedural weight of the office. In practice, Norwegian interviewees described the mediation style as more directive than Finland's or Iceland's, with the National Mediator actively steering the sequencing of issues and signalling which positions are within the range of what the *frontfag* norm will sustain.
- Sweden's ad hoc mediators are instructed to strive for outcomes compatible with sound wage formation – the exposed-sector manufacturing norm – and may submit proposed solutions to the parties. Crucially, they may not force any solution on the parties, but the instruction to stay within the wage norm gives the mediation a directional character that goes beyond pure facilitation. When a mediation assignment concludes, each ad hoc mediator is required to submit a written report to the *Medlingsinstitutet* documenting the process, the main issues in dispute, and how the assignment ended. This reporting requirement – unique among the five countries – creates a systematic institutional record that supports learning across assignments and gives the office a longitudinal view of bargaining patterns and mediator approaches. The 2025 Almega case (Box 2.5) provides a concrete illustration of this model in action.

Box 2.5. Multi-agreement mediation in Sweden's services sector: the Almega case (2025)

In April 2025, the Sweden's Mediation Office handled the simultaneous expiry of four collective agreements across Almega – the employers' confederation for the services sector – covering several hundred thousand employees. Two structural issues cut across all four agreements: the introduction of a working hours reduction mechanism and new rules on overtime pay for part-time workers.

The social partners had attempted to resolve these cross-cutting issues in advance through a joint co-ordinating forum but talks collapsed on 8 April without agreement. Strike notices covering approximately 3 500 employees across six companies were served the following day.

Three mediators were appointed on 10 April and conducted four days of intensive negotiations, working simultaneously in cross-sector groups on common elements and in branch-specific groups on issues

unique to each agreement. On 17 April, six final proposals were submitted simultaneously and accepted by both parties within hours. All strike notices were withdrawn.

The six agreements share a common financial framework of 6.4% over two years – consistent with the manufacturing sector norm – and introduce working hours reduction provisions across all four branches for the first time.

The case illustrates two features of the Swedish model. First, the ad hoc mediator structure can manage considerable co-ordination complexity across simultaneous agreements when the same team is assigned to all branches. Second, where a cross-sector forum had pursued uniform solutions and failed, mediation succeeded by accepting differentiated outcomes at branch level while preserving a common financial framework. Disaggregating the problem, rather than forcing a single cross-sector solution, was key to resolution.

Table 2.8. Mediator powers during the mediation process

	Denmark	Finland	Iceland	Norway	Sweden
Can mediator direct parties to address specific issues?	Yes – can order parties to focus on particular matters; can send them back to bilateral talks on unresolved items	Limited – facilitatory role; mediator does not direct substance	Limited – mediator structures discussions; no power to compel substantive focus	Limited – facilitatory; but quasi-judicial powers can compel evidence	Limited – ad hoc mediators facilitate; no directive power over substance
Can mediator compel evidence and witness testimony?	Yes – Labour Court may be used to hear witnesses on mediator's behalf but the option is almost never used.	No	No	Yes – National Mediator has the same powers as a court to compel (rarely invoked in practice)	No
Statutory mandate to keep proposals within the wage norm?	No (but linking mechanism achieves this effect de facto)	Indirectly – since 2024 reform – since the 2024 reform the conciliator must ensure that wage formation operates effectively; however, the Act makes no explicit reference to a wage norm	No	No (but *frontfag* sequencing and Holden process serve this function)	Yes – mediators are instructed to strive for agreements compatible with sound wage formation (the manufacturing norm)

The mediation processes described above are designed primarily for disputes anchored within a single national jurisdiction, between parties who share a common understanding of collective bargaining as the legitimate framework for resolving employment terms. In practice, however, mediators occasionally face situations that test these assumptions – most notably when a dispute involves a company operating across multiple Nordic jurisdictions simultaneously, or when an employer entering the labour market brings little familiarity with, or attachment to, the Nordic industrial relations tradition. Such situations can create tensions that the existing procedural architecture was not designed to handle. Box 2.6 presents two recent cases that illustrate these dynamics: one in which cross-border co-ordination among Nordic offices produced a constructive resolution under considerable time pressure, and another in which the absence of a shared commitment to the collective bargaining process meant that the tools available to the mediator had no effective purchase. These cases show that the effectiveness of mediation offices rests not only on their institutional design but on the broader environment of mutual acceptance and good faith bargaining within which they operate.

Box 2.6. Two cases that test the boundaries of national mediation systems: SAS (2022) and Tesla in Sweden (2023-2026)

The five Nordic mediation systems are designed primarily for disputes anchored within a single national jurisdiction, between clearly identified parties, over agreements governed by a single national law. When those assumptions are violated, the systems face challenges that illuminate both their strengths and their structural limits. Two recent cases – one broadly successful, the other instructive for different reasons – illustrate these dynamics.

The 2022 SAS dispute involved a strike by the pilots' union against Scandinavian Airlines, a carrier with operations in Sweden, Denmark, and Norway, and collective agreements governed by the laws of all three countries simultaneously. The dispute covered four agreements across the three jurisdictions, each subject to different notification requirements, different postponement powers, and different ratification mechanisms. Sweden's *Medlingsinstitutet* led the discussions in co-ordination with the Danish and Norwegian mediators in an improvised joint mediation effort based in Stockholm. The Swedish mediators requested the parties to postpone industrial action in order to widen the window for talks. After negotiations nonetheless collapsed and a strike began on 3 July 2022, resumed negotiations produced agreements on 19 July. Swedish interviewees described the key success factors as long-standing relationships with the parties on all sides, rapid communication between the three offices, and a shared commitment among all actors to finding a solution within the Nordic system rather than turning to judicial or political intervention. The SAS case demonstrated that cross-border co-operation among the Nordic offices can work under pressure, even where no formal joint mediation framework exists, provided the offices communicate quickly, the parties are willing to engage, and the systems are sufficiently similar for co-ordination to be feasible.

The Tesla dispute in Sweden presents a different kind of limit. Between October 2023 and August 2026, the IF Metall union launched industrial action seeking to bring Tesla's Swedish operations under a collective agreement. Tesla – a company with no tradition of engagement with European social partner systems – refused to accept any collective agreement, taking the position that Swedish law did not compel it to conclude one. The dispute escalated through a series of sympathy actions supported by other unions, including postal workers, dock workers, and others who refused to handle Tesla deliveries or perform services for the company. The dispute ended in August 2026 after Tesla reportedly offered buyout arrangements to the remaining striking union members. The strike was subsequently called off without the conclusion of a collective bargaining agreement. The episode attracted considerable international attention and raised questions about whether unions from other Nordic countries might extend sympathy strikes across the border.

The Tesla case is instructive not because it represents a failure of the mediation system but precisely because it reveals the precondition on which that system rests. Sweden's *Medlingsinstitutet*, like all Nordic mediation offices, is designed to facilitate agreement between parties who accept collective bargaining as the legitimate channel for setting terms of employment. When one party categorically refuses to engage in that process, mediation has no entry point: no mediator can compel an agreement where an employer denies the legitimacy of collective bargaining altogether. The episode thus underscores that the effectiveness of mediation offices is partly a function of the broader institutional environment in which they operate – specifically, the extent to which collective bargaining coverage and employer acceptance of the bargaining framework remain robust. Any erosion of coverage and willingness to engage collectively, including from non-traditional employers, eventually affects the legitimacy and reach of the mediation system itself.

Reporting

Uniquely among the five countries, Swedish mediators are required to submit a written report to the Mediation Office at the conclusion of each assignment, documenting the process, the main issues in dispute, and how the assignment ended. The reports are publicly available. This reporting obligation creates an institutional memory and supports systematic learning across assignments. This is in stark contrast with the other Nordic countries where a rule of absolute confidentiality of the mediation process dominates and no report is drafted. This openness reflects a broader Swedish administrative tradition of transparency; the impartial chairpersons in private mediation similarly hold open deliberations.

2.3.4. Approval or industrial action

The procedural design of mediation does not end with a settlement reached between the parties or the mediator's proposal. How that settlement or proposal is approved or rejected – who votes, under what rules, and with what consequences – shapes the probability that a mediated settlement will take effect and thus influences the mediator's willingness to put forward a proposal in the first place. The five countries occupy very different positions on a spectrum from extensive statutory procedural mechanisms governing ratification (Denmark) to complete party autonomy (Sweden and Finland).

Balloting

Sweden and Finland leave ratification entirely to the social partners' internal governance (Table 2.9). Neither country's legislation specifies how collective agreements resulting from mediation must be ratified. In Sweden, agreements are typically approved by delegate assemblies (*avtalsdelegationer*) composed of representatives selected by the respective unions and employer associations, rather than by direct membership ballot; this means that ratification in Sweden is generally swift and rejection relatively rare compared with countries that rely on membership votes, where mobilised minorities can sometimes defeat a settlement. In Finland, unions follow their own bylaws, which vary by organisation; some conduct membership ballots, others use delegate councils.

Norway occupies an intermediate position. The Labour Disputes Act does not give the National Mediator the right to require a ballot, but it does specify procedural rules – secret ballot, defined deadlines – that must be followed if the parties choose to hold one. In practice, most large Norwegian unions have a strong tradition of balloting their members on the mediator's final offer, and this expectation is embedded in basic agreements and union bylaws across much of the labour market. Whether to ballot is ultimately the union's decision, but the tradition is sufficiently established that non-balloting would be the exception. The absence of a compulsory ballot right means the National Mediator cannot engineer a situation where a proposal is put to the membership against the union leadership's will – but it also means that individual union leaders carry more institutional responsibility for the outcome.

Denmark and Iceland both have statutory regulations through which the mediator can, at least formally, put a proposal to the membership. Denmark's mechanism is the most extensive and, as described in Box 2.7, the most consequential: the State Conciliator has the right to require a ballot and the right to aggregate multiple agreements into a single linked vote. The quorum rules described in Box 2.7 further protect against rejection by motivated minorities with low overall turnout. Both employers and trade unions support the balloting mechanism, even while acknowledging that the 1998 rejection[13] demonstrated its risks when member sentiment is strongly opposed. In individual negotiations where the conciliator does not table a proposal, the vote instead follows the rules laid down in the relevant collective agreement.

Box 2.7. Denmark's "linking" or "chaining" mechanism (*Sammenkædning*)

Denmark's linking rule (*sammenkædning*) allows the State Conciliator to bundle multiple separate collective agreements – across sectors and bargaining areas – into a single package put to one aggregated ballot. The mechanism traces its origins to the 1934 Act and was strengthened over subsequent decades (Ibsen, 2016[2]).

In the case of individual negotiations where the conciliator does not submit a mediation proposal, the vote on a collective agreement takes place in accordance with the rules agreed in the agreement.

In the private-sector bargaining round, 500–600 agreements across different sectors expire at the same time (on 1 March). Here there is a long tradition that the conciliator tenders a mediation proposal (co-ordinated with DA, FH and the main organisations), and declares that all agreements in the round are linked. The mediation proposal includes both the settlements reached and agreements where no settlement was reached. The yes/no vote by approximately 600 000 private-sector workers determines whether the entire package stands or falls. A majority supporting the package means industrial peace across the whole private sector for the duration of the agreements. A majority against means all agreements collapse simultaneously and strikes become possible across the board. Interviewees described the mechanism as the single most important stabilising feature of the private-sector model, with 99.1% of agreements reached in the most recent round.

If turnout is below 40% of eligible union members, rejection requires both a majority of votes cast and at least 25% of all eligible voters voting no.

The linkage mechanism solves a classic collective action problem: without it, small bargaining units could hold out for above-average terms, knowing a targeted strike imposes concentrated costs at relatively low cost to strikers. Once linked, a small group's no-vote is pooled with larger units' votes, making it more difficult to determine the final outcome. Due et al. (1993[8]) describe this as "centralised decentralisation."

The ILO criticised the mechanism in 1994 after journalists' unions complained their agreements were linked to deals in which they had no real say. Danish conciliators now ensure all linked areas have gone through genuine bilateral talks before inclusion – Nergaard et al. (2016[7]) drawing on Due and Madsen (2007[9]).

Iceland's law grants the SCMO a formally significant balloting power: Article 28 of the Icelandic Disputes Act allows the mediator to submit one or more compromise proposals covering multiple unions and to order that a joint ballot be held among all affected unions. This mechanism is procedurally analogous to Denmark's linking rule. In practice, however, the 2023 Efling case revealed that the power is contingent on union co-operation to administer the vote – specifically, to provide membership lists without which the ballot cannot be organised. The courts found no legal mechanism compelling the union to supply those lists, and the formal proposal mechanism has since been used far more cautiously.

The broader significance of the balloting design is that it shapes the incentives of all actors throughout the mediation process. Where the mediator can mandate a ballot and aggregate votes (Denmark), both union leaders and negotiators know that a broadly acceptable settlement is likely to survive ratification even if some groups oppose it, making the mediator's proposal a credible resolution mechanism.[14] Where ratification is left entirely to party governance (Sweden, Finland), the mediator's proposal is effective only if union leadership is willing to support it – which in practice they usually are, but without the structural guarantee that a ballot mechanism provides. The consequences for how boldly mediators can propose, and how much they can deviate from the parties' stated positions, are material (Ibsen, 2016[2]).

Box 2.8. The Efling case in Iceland (2023): when formal powers meet their limits

The 2023 Efling dispute has become the defining reference point in Icelandic discussions of mediation reform and illustrates, in unusually sharp relief, a tension that exists to varying degrees across all five Nordic systems: the gap between the formal authority that the law confers on a mediator and the practical authority that depends on the parties' consent and the institution's legitimacy (Koukiadaki, 2020[10]; Ibsen, 2021[11]).

Efling is one of Iceland's largest private-sector unions, representing predominantly lower-paid workers in service industries. In 2023, a wage dispute escalated to the point where the then State Conciliation and Mediation Officer issued – or attempted to issue – a formal mediation proposal (*miðlunartillaga*). Under Icelandic law, a formal proposal of this kind triggers an obligation on the parties to hold a membership ballot and, in the intervening period, acts as a mechanism for postponing the continuation of industrial action until the vote is held.

The union declined to provide its membership list to the mediator, a step that is technically necessary to organise and administer the ballot. Without that list, the vote could not be held and the proposal could not take effect. Efling also continued the strike. The matter was brought before the courts. The courts ruled that there was no legal mechanism compelling the union to supply its membership list for the purpose of administering a mediator's ballot. The formal proposal mechanism was, in effect, blocked. The mediator subsequently resigned.

The immediate significance of this case was procedural: it revealed a gap in the Icelandic legislative framework, which had never envisaged a situation in which the technical prerequisites for exercising the mediator's formal proposal power could be withheld. But its deeper significance was institutional. The formal proposal mechanism had, for decades, operated on the basis of an informal convention: the SCMO would table a proposal only when both parties were close enough to agreement that a proposal could realistically pass a vote, and only after both sides had given tacit consent to the process. The mechanism worked not because it was legally enforceable but because it was built on shared expectations and mutual legitimacy. When the mediator acted outside that convention, the union had both the legal space and the practical means to refuse, and the formal architecture could not substitute for the informal consent it had always depended on.

The case had two main institutional effects. First, since 2023, proposals are put forward only when both parties ask for them. Second, the Efling case intensified an ongoing debate about whether Icelandic law needs to be reformed to give the SCMO stronger and more reliably enforceable powers. The debate remains unresolved: employers support stronger powers; union confederations, citing the Efling experience and democratic concerns, strongly oppose any expansion of coercive authority.

Table 2.9. Balloting and approval of mediated proposals

	Denmark	Finland	Iceland	Norway	Sweden
Can a membership ballot be required?	Yes – statutory right under the Act on Mediation in Labour Disputes, Section 12	No – left to parties' internal governance	Formally yes (Icelandic Disputes Act, Article 28); in practice requires union co-operation to administer the vote	No – parties decide whether to ballot; law prescribes rules if a ballot is held	No – ratification is entirely a matter for the social partners
Can mediator aggregate multiple agreements for a single vote?	Yes – the linking (*sammenkædning*) mechanism is the conciliator's most distinctive tool	No	Partially – law permits a joint ballot when multiple unions are party to the same dispute; but cannot be imposed unilaterally by the SCMO	No (joint voting only in co-ordinated settlements by party agreement)	No
Majority threshold for acceptance	Majority of votes cast; see quorum rules	Per union bylaws	Per union bylaws (typically, majority of members voting)	Per union bylaws or basic agreements	Per party's internal governance (often delegate assembly, not member ballot)
Quorum / turnout rules	If turnout is below 40% of eligible members, rejection additionally requires that "no" votes constitute at least 25% of all eligible voters; otherwise proposal is deemed accepted	None specified in law	None codified in statute	None specified in law	Not applicable (delegate assembly, not membership ballot in most cases)
Consequence of a "no" vote	All linked agreements collapse; industrial action becomes possible across the private sector simultaneously	Dispute continues; further mediation or industrial action follows	Dispute continues; strike or continued mediation follows	Dispute continues; if rejected, industrial action may follow or further negotiations are conducted	Union leadership renegotiates under its internal procedures
Typical ratification body	Membership ballot across all linked agreements.	Union membership ballot or delegate conference (union rules vary)	Membership ballot administered by unions	Membership ballot (strong tradition among major unions, though not legally compelled)	Delegate assembly (avtalsdelegation) in most major unions; direct membership ballot rare

When mediation fails: industrial action, arbitration, and government intervention

When a settlement is not reached or a settlement or mediation proposal is voted down, industrial action begins and the parties are left to settle through bargaining pressure. In most cases across all five countries, this is how resolution eventually comes: the strike or lockout creates costs for both sides that ultimately compel a negotiated agreement, sometimes after a few days, sometimes after several weeks. In Norway, if after approximately a month of industrial action the parties have not resumed productive talks, the National Mediator is expected to call them back to the table. This second attempt at mediation after a stoppage has begun is built into the Norwegian procedural logic as a standard backstop. In practice, mediation can be resumed at any point during a stoppage – on the mediator's initiative or at the joint request of the parties – with the law requiring the mediator to stay in contact with a view to ending the conflict.

Beyond resumed mediation, four of the five countries have mechanisms for state intervention when a dispute proves genuinely intractable or when the consequences of continued action threaten public welfare:

- Norway has the most developed and regularly used such mechanism: compulsory arbitration before the National Wages Board (*Rikslønnsnemnda*). When the government determines that a labour conflict endangers life, health, safety, or essential societal functions – a threshold sometimes interpreted as broadly as to include oil and gas extraction as well as health services – the Minister of Labour can announce intervention, a special law is submitted to the *Storting* (parliament) within a matter of days, the stoppage is prohibited, and the dispute is referred to the Wages Board. The Board, composed of three independent experts and representatives of both the main confederations and the disputing parties, issues a binding award that carries the same legal force as a negotiated collective agreement. Between 2013 and 2023 alone, 14 such interventions took place, concentrated heavily in healthcare and other public services (Alsos et al., 2024[12]). The stated practice of the Board is to give decisive weight to the *frontfag* norm already established in the round – meaning compulsory arbitration does not typically reward militant holdouts with above-norm settlements but tends to confirm what the pattern would have implied (Nergaard, Alsos and Seip, 2016[7]). Even so, the mechanism attracts recurring criticism: the ILO's Committee on Freedom of Association has repeatedly questioned whether Norway's use of compulsory arbitration is compatible with international standards on the right to strike, particularly in cases where the public interest threshold is stretched to cover commercial rather than strictly essential functions.
- Finland has a comparable but much less frequently used instrument. A special mediation board can be convened in particularly intractable disputes, composed of nine members drawn from independent experts and representatives of both sides. The board has been activated only twice in recent decades – in 2007 and in 2022, both in the context of the municipal sector. In 2022, a record-level strike year in the public sector, the board's involvement was preceded by deep tensions over the application of the wage norm, and its outcome did not resolve the underlying distributional conflicts. The 2024 reform stipulated that the National Conciliator or a part-time conciliator should be the chair of the mediation board.
- In Denmark and Iceland, when a dispute in essential services threatens public safety or severely disrupts the economy, the parliament may pass emergency legislation ending the strike or lockout and either imposing terms directly or eventually referring the matter to arbitration. In Iceland, this has occurred in a number of high-profile cases in recent decades, typically in situations involving groups such as customs officers and police who have no legal right to strike and whose disputes are resolved through agreed arbitration clauses in their contracts. In Denmark, this has occurred, including the general strike in 1998. The availability of parliamentary intervention is seen by some actors as an informal constraint on both mediator and parties – the awareness that Parliament may ultimately intervene can motivate more urgent settlement efforts, but also introduces political uncertainty into what should, ideally, be a technical process managed by labour market institutions.

Sweden has no equivalent formal backstop beyond mediation: the state does not intervene in wage disputes, and there is no compulsory arbitration mechanism for collective interest conflicts. In Sweden, when disputes drag on, they must be resolved entirely through bargaining pressure without any governmental safety net (Kjellberg, 2023[13]).

2.4. Concluding remarks

The comparative analysis presented in this chapter shows that Nordic mediation offices share a common heritage and a broadly similar mission but differ considerably in their specific design and in the tools they deploy. Five cross-cutting conclusions emerge.

First, the Nordic countries rely on mediation mechanisms as an integral part of the collective bargaining process before industrial action can proceed. However, the legal requirements and institutional arrangements differ across countries. In Sweden, for example, mediation is generally facilitated by the National Mediation Office, but prior mediation is not a formal prerequisite for industrial action in all cases.

Second, the procedural instruments available to mediators differ substantially across the five countries. These include postponement powers ranging from none in Iceland to up to 28 days in Denmark; mediator-initiated balloting in Denmark and, formally, in Iceland; a statutory wage co-ordination mandate unique to Sweden; and the quasi-judicial compulsion powers of Norway's National Mediator. Together, these elements generate distinct incentive structures. These differences reflect deliberate institutional choices shaped by each country's industrial relations history, the balance of power between social partners, and specific episodes of conflict or co-ordination failure. Assessments of reform options should therefore begin from this institutional context rather than from an idealised composite model.

Third, formal powers and informal legitimacy need to be developed in parallel, with the latter typically requiring more time to establish. The Efling case in Iceland clearly illustrates that formal authority which exceeds social legitimacy is of limited practical effectiveness: the legal framework cannot fully substitute for the consent on which mediation depends. Denmark's experience suggests the converse. Where conventions are well established and broadly accepted by both sides, even an extensive set of mediator powers tends to be exercised with restraint and may rarely need to be invoked. For countries considering reforms to strengthen mediation frameworks, this has a clear implication: legislative change may be needed but is unlikely to be sufficient. Equal attention needs to be given to building the relational authority and institutional standing of mediation bodies.

Fourth, mediation offices cannot be evaluated or reformed in isolation from the wider co-ordination architecture in which they operate. Sweden's statutory mandate to promote the wage norm, Norway's *frontfag* model supported by the tripartite Technical Calculation Committee and the Holden Commission process, and Denmark's *Statistikudvalget* (the permanent bipartite committee in charge of data) and linking mechanism are all components of institutional ecosystems that extend beyond individual mediation processes. Iceland's experience with the SALEK initiative is instructive in this respect. The analytical precondition for effective co-ordinating mediation – a shared macroeconomic baseline accepted by all parties – cannot be assumed and is difficult to establish in a piecemeal manner. Instruments introduced without the broader institutional context that gives them coherence are unlikely to deliver the co-ordination outcomes observed in more established Nordic systems.

Finally, the robustness of mediation systems depends on conditions that can no longer be taken for granted. The Tesla dispute in Sweden illustrates that Nordic mediation frameworks are designed for a context in which both employers and unions accept collective bargaining as a legitimate process – a condition that may weaken as labour markets become more internationalised and as employers from outside the traditional Nordic industrial relations context enter national markets. At the same time, interviewees in all five Nordic countries indicated that the personal credibility and relational skills of individual mediators are often more important to effective outcomes than the formal powers available to the office. In practice, institutional effectiveness depends heavily on the people and conventions that sustain it. Maintaining the quality and standing of these actors, as well as the collective bargaining coverage that underpins their role, is therefore as important as any legislative reform of mediation frameworks.

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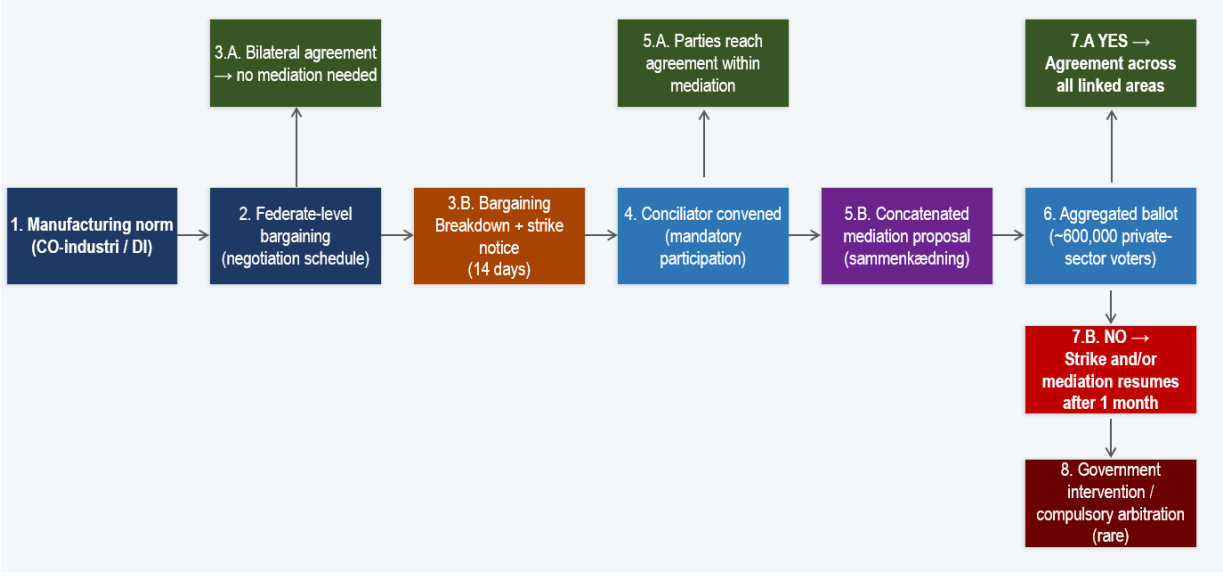
Annex 2.A. Mediation process in the five Nordic countries

Denmark

The flowchart below describes the process in the private sector where around 600 collective agreements expire at the same time and new ones are negotiated at the same time. This happens at an interval of 2, 3 or 4 years. A practice has been established between the parties and with the involvement of the Conciliation Institution.

Public sector agreements often do not involve the Conciliation Institution and are usually settled without recourse to the linking mechanism.

Annex Figure 2.A.1. The process of bargaining and mediation in Denmark



Note: Dark navy boxes denote the manufacturing norm and federate-level bargaining context; amber indicates bargaining breakdown; blue represents the conciliator's formal involvement, the concatenated mediation proposal, and the aggregated ballot; green shows agreement outcomes (bilateral or within mediation, and a successful ballot result); red indicates a cross-sector strike; dark red denotes government intervention or compulsory arbitration; purple highlights the concatenation mechanism (*sammenkædning*) as Denmark's distinctive institutional instrument.
Source: Based on Ibsen (2016[2]), "The Role of Mediation Institutions in Sweden and Denmark after Centralized Bargaining", https://doi.org/10.1111/bjir.12142.

The Danish process regarding the private labour market begins well before any formal dispute arises. Under a long-established tradition, in the private sector, the main employer and union confederations (DA and FH) agree on a negotiation schedule at the outset of each bargaining round, setting out when talks will take place and when the *Forligsinstitutionen* is expected to be involved. This pre-structuring means the State Conciliator is already aware of the round's dynamics before any breakdown occurs.

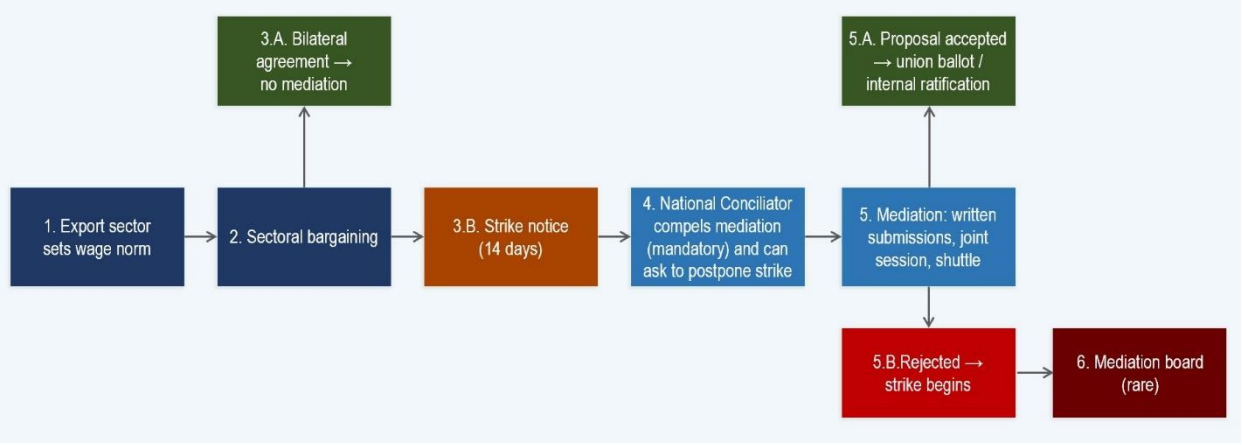
Bargaining proceeds at the federate and sectoral levels simultaneously. If parties reach their own deal within the negotiation schedule, that agreement is ratified by the DA executive committee. If talks break down, the conciliator is involved. Participation is mandatory: parties cannot withdraw once summoned. The conciliator may postpone notified industrial action by up to 14 days, with a second postponement of up to 14 days available if vital social functions are at stake.

The distinctive feature of the Danish process is what follows a mediation impasse: the linking mechanism (*sammenkædning*). Usually a collective agreement is put to a vote according to the rules of the collective agreement. But the conciliator has the statutory possibility – not an automatic consequence of a breakdown in mediation – to bundle all outstanding and agreed areas into a single concatenated proposal. In practice the proposal reflects the manufacturing norm agreed by the social partners, although the Act itself does not prescribe this. DA and FH confederations co-ordinate closely to ensure no area receives terms above that norm before concatenation is announced. The largest private-sector workforce – roughly 600 000 eligible voters – then casts one collective ballot. If a majority votes yes, industrial peace is secured across all linked areas simultaneously. If the vote fails, a cross-sector strike begins. A strict quorum rule applies: if turnout falls below 40%, a "no" requires at least 25% of all eligible voters to vote against in order to be effective, making rejection structurally difficult without broad membership mobilisation. These statutory voting rules apply where the conciliator has tabled a comprehensive (linked) settlement proposal. For areas covered by the linked proposal where no new collective agreement has been reached, those covered obtain the rights set out in the comprehensive settlement proposal.

Public-sector negotiations (around 400 collective agreements) tend to follow a different route: they are settled without recourse to the linking mechanism and, in most cases, without a formal notice of industrial conflict having been issued. The *Forligsinstitutionen* also handles a number of individual negotiations, which conclude with an agreement put to a vote in accordance with the rules laid down in the relevant collective agreement rather than under the statutory balloting rules described above.

Finland

Annex Figure 2.A.2. The process of bargaining and mediation in Finland



Note: Dark navy boxes denote the export sector wage norm context and pre-bargaining seminars; amber indicates the strike notice trigger; blue represents the National Conciliator compelling mediation, the postponement step, and the mediation sessions; green shows bilateral agreement or an accepted proposal leading to ratification; red indicates the onset of a strike; dark red denotes the rare use of government intervention.

Finland's process opens with a less institutionalised co-ordination stage than Norway or Denmark. In export-oriented industries, pre-bargaining seminars involving unions, employer associations, and

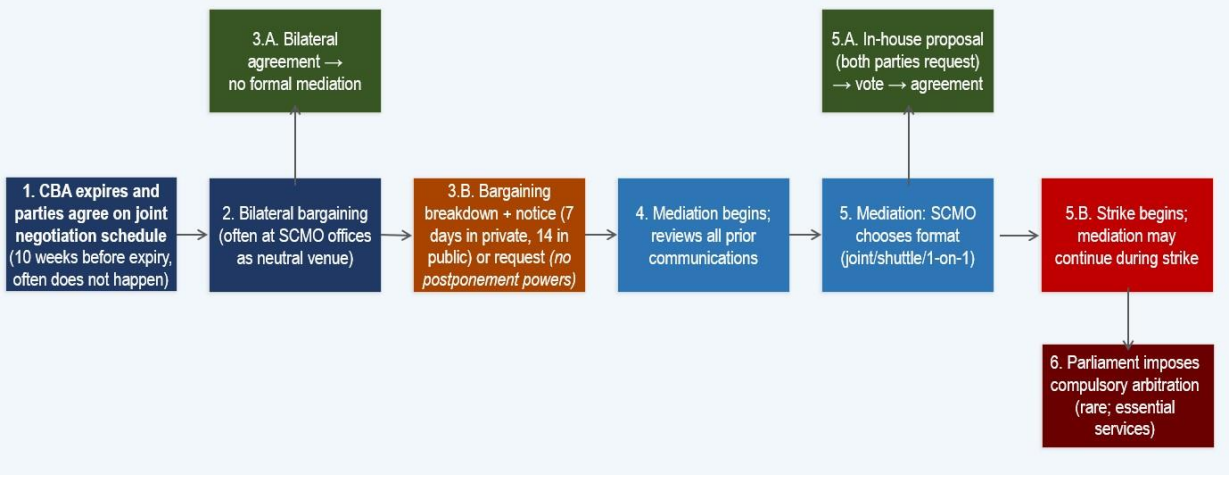
sometimes the central bank help align expectations about the economic outlook before formal negotiations begin. The export sector sets the de facto frame; other sectors observe and broadly follow, but the mechanism is one of informal convergence rather than formal sequencing.

Sectoral bargaining then proceeds bilaterally. Where parties reach agreement, no mediation is required and the result is ratified through the union's internal procedures (either a delegate conference or a membership ballot, depending on the union). Where talks break down, a strike notice triggers the mandatory mediation process and the National Conciliator can compel parties to engage (Act on Mediation in Labour Disputes, Section 10). Notice of industrial action must be given 14 days in advance.

Once mediation is under way, postponement of industrial action may be recommended by the National Conciliator and decided by the Ministry of Economic Affairs and Employment for up to 14 days (plus 7 additional days in disputes concerning the terms of employment of public officials). A distinctive feature of Finnish postponement practice is its selective use: the conciliator may delay one union's action while allowing another's to proceed, specifically to avoid creating a predictable pattern that parties can exploit strategically. Mediation proceeds through written submissions, a joint opening session, and shuttle diplomacy. If the conciliator issues a formal settlement proposal, parties have a short period to respond. If mediation fails, a special mediation board can be convened in particularly intractable disputes, composed of nine members drawn from independent experts and representatives of both sides (used only twice in recent decades – in 2007 and in 2022).

Iceland

Annex Figure 2.A.3. The process of bargaining and mediation in Iceland



Note: Dark navy boxes denote collective agreement expiry and the bilateral bargaining phase; amber indicates the formal mediation trigger (strike notice or party request); blue represents the SCMO convening mediation and conducting the process; green shows bilateral agreement or an in-house proposal leading to a vote and settlement; red indicates the start of a strike, which in Iceland may continue alongside mediation; dark red denotes the exceptional use of parliamentary intervention and compulsory arbitration.

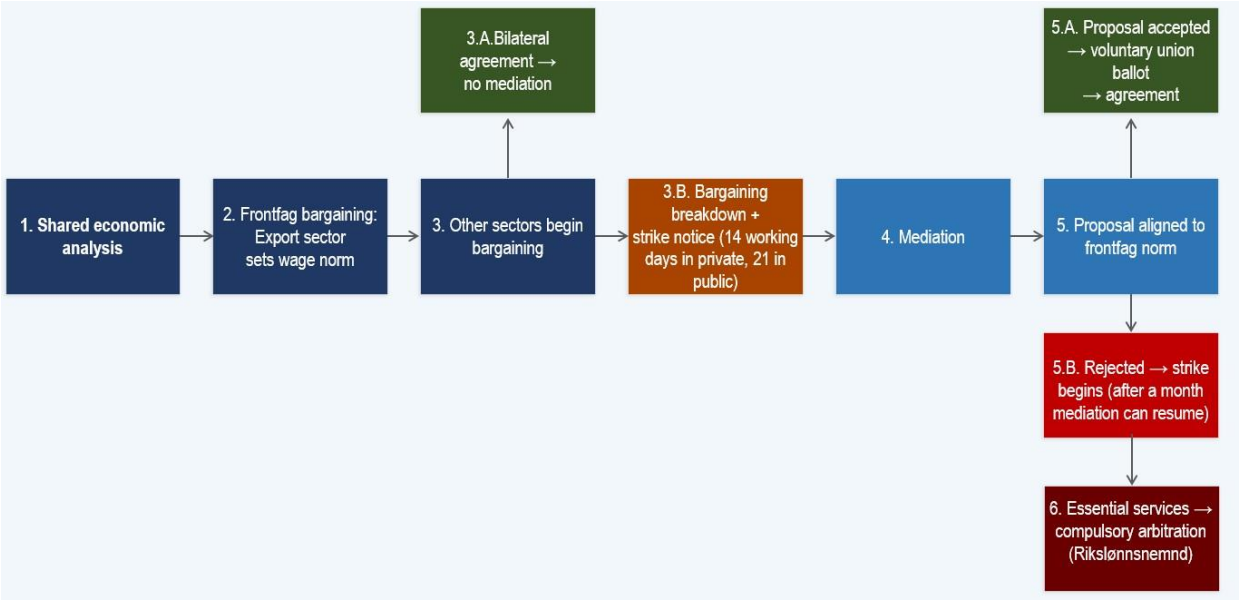
Iceland's process begins when a collective agreement expires, at which point bilateral bargaining formally opens. In practice, parties frequently meet at the Mediation Office's premises even before any formal dispute has arisen, using it as a neutral venue for early-stage discussions – a de facto preventive role the office plays without statutory backing. Notice periods differ by sector: one week in the private sector, 15 days for public employees. Failure to observe the notice period carries no legal sanction.

If talks stall, formal mediation is triggered either by a strike notice or by a request from either party, which immediately creates an obligation for both sides to participate. The State Conciliation and Mediation Officer (SCMO) begins by collecting all meeting notes, proposals, and communications exchanged by the parties, reviews the history of the dispute, and then selects a format – joint sessions, shuttle diplomacy, one-on-one meetings with lead negotiators, or a combination. For technically complex disputes the SCMO may bring in external specialists.

Two features make Iceland's process structurally different from the other four. First, the SCMO has no legal power to postpone industrial action: once the notice period expires, a strike may begin regardless of whether mediation is still under way, and mediation can continue in parallel with the stoppage. This absence of a cooling-off mechanism is regarded by some actors as a structural gap (OECD, 2017[4]; Holden, 2019[5]). Second, the formal proposal mechanism – which allows the SCMO to issue a settlement proposal subject to a membership ballot – has become practically inoperative following the 2023 Efling case, in which a union refused to provide its membership list for a ballot and the courts found no legal means to compel it. The current SCMO now uses "in-house proposals" prepared only when both parties explicitly request them, effectively requiring bilateral consent before any proposal is tabled. If mediation fails, a strike begins. In essential services where industrial action would endanger public safety, Parliament may impose compulsory arbitration – a tool used occasionally but treated as a last resort.

Norway

Annex Figure 2.A.4. The process of bargaining and mediation in Norway



Note: Dark navy boxes denote the Holden/TBU analytical framework, *frontfag* bargaining, and the norm-setting phase; amber indicates breakdown and automatic National Mediator involvement; blue represents the mediation sessions chaired personally by the *Riksmekler* and the conciliator's formal proposal; green shows bilateral agreement or a proposal accepted through voluntary union ballot; red indicates a rejected proposal and the onset of a strike; dark red denotes compulsory arbitration before the National Wages Board (*Rikslønnsnemnd*) for essential services.

Norway's process is distinctive in beginning not with a single employer-union pair but with a system-wide co-ordination exercise. Before any sector opens formal negotiations, the Technical Calculation Committee (TBU) – a tripartite body of economists – publishes jointly agreed estimates of wage growth and the economic room for increases. The Holden Commissions (convened periodically, most recently in 2023)

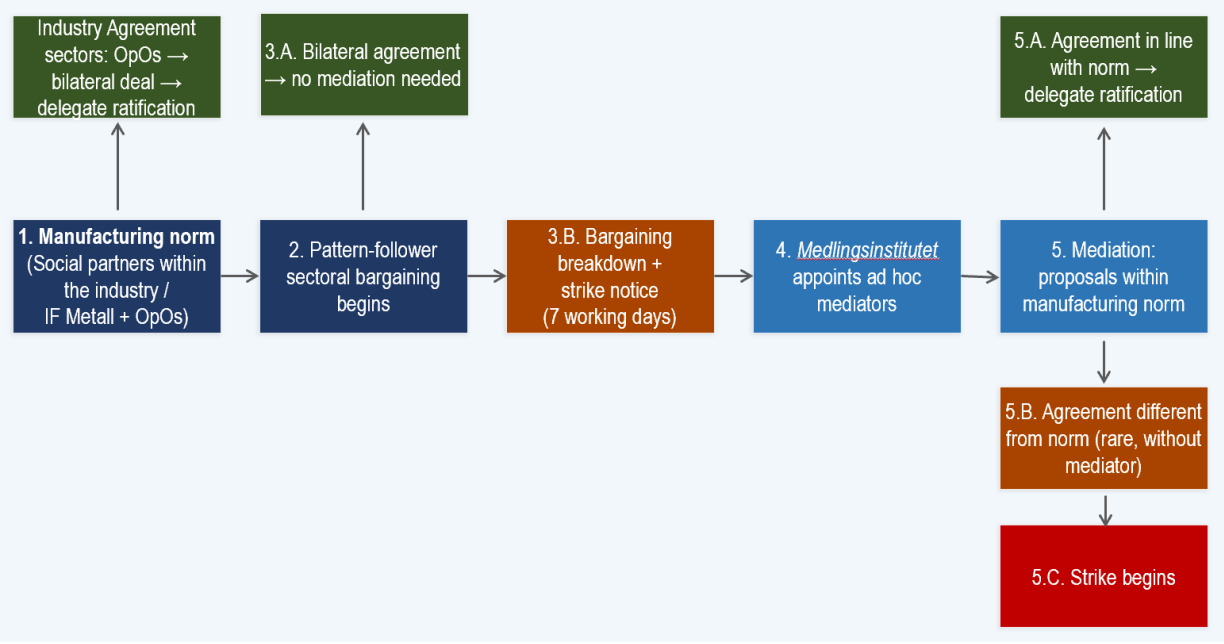
provide a complementary analytical framework, reaffirming the principles of the *frontfag* model and the macroeconomic conditions within which bargaining takes place. This shared analytical foundation shapes the expectations of all parties before talks begin.

Frontfag bargaining between *Norsk Industri* (The Federation of Norwegian Industries) and *Fellesforbundet* (the metalworkers' union) then opens the round in manufacturing. The settlement reached sets the norm for the economy. Other sectors wait for this outcome before proceeding to their own negotiations, a sequencing the National Mediator (*Riksmekler*) enforces informally by holding back scheduling in other areas until the manufacturing deal is known.

If sectoral talks produce a bilateral agreement, no mediation is needed. If talks break down, notice for a strike or lockout is given and the National Mediator is automatically involved under the Labour Disputes Act. The *Riksmekler* chairs major mediations personally and proposes settlements calibrated to the *frontfag* norm. Unions typically hold a voluntary membership ballot on the mediator's final offer; if accepted, the agreement is concluded. Rejection leads to a strike. Mediation can then resume at any point upon demand of the parties. Otherwise, after a month, the law requires the mediator to contact the parties for the purpose of solving the strike. For disputes in essential services where a work stoppage would endanger life, health, or critical infrastructure, the government may refer the case to compulsory arbitration before the National Wages Board (*Rikslønnsnemnda*), though its use has been a subject of periodic debate.

Sweden

Annex Figure 2.A.5. The process of bargaining and mediation in Sweden



Note: Dark navy boxes denote the manufacturing norm established through the Industry Agreement and the OpO-mediated process; green at the top of the chain shows the self-regulating path available to Industry Agreement sectors, leading directly to bilateral agreement and delegate ratification without public mediation; amber indicates impasse and the filing of a strike notice; blue represents *Medlingsinstitutet* appointing ad hoc mediators and the mediation process; green on the upper outcome branch shows agreement in line with the norm and delegate ratification; amber on the lower branch indicates the rare case of a bilateral agreement outside the norm reached without mediator facilitation; red indicates the onset of a strike.

Source: Based on Ibsen (2016[2]), "The Role of Mediation Institutions in Sweden and Denmark after Centralized Bargaining", https://doi.org/10.1111/bjir.12142.

Sweden's process has a dual track that distinguishes it from the other four countries. Sectors covered by registered private negotiation agreements – most importantly the Industry Agreement (*Industriavtalet*) covering manufacturing – manage their own process through independent neutral chairs (*opartiska ordförande, OpOs*). OpOs enter at the start of the third and final month, monitor progress against the emerging manufacturing norm, and may propose settlements. If parties in these self-regulating sectors agree, ratification occurs through delegate assemblies; no public mediation is needed. Approximately 1 million employees were covered by such arrangements in 2024.

Where no registered agreement exists – accounting for the majority of the labour market – the standard public mediation track applies. Once a strike notice has been filed (seven working days), or upon request by the parties *Medlingsinstitutet* may appoint an ad hoc team of external mediators. These practitioners are not permanent office staff; the Director-General neither mediates personally nor delegates mediation to permanent colleagues. The ad hoc mediators conduct an agenda-tidying process focussed on the core issues of the dispute, then propose a settlement within the manufacturing norm. At the conclusion of each assignment, mediators file a written report to the office. The office may order postponement of industrial action by up to 14 days once per assignment, though this has happened only four times since the office was created in 2000.

If the parties accept the mediator's proposal, the agreement is ratified by delegate assembly – not by membership ballot, which makes rejection uncommon. If the mediator's proposal is declined bilaterally by the parties outside mediation (5b, a rare outcome), settlement at above-norm terms is possible but must be reached without the mediator's assistance. If talks collapse entirely, industrial action begins.

Notes

[1] Occasionally, there are notices of industrial action from smaller trade unions (not affiliated to established union confederations) where the dispute does not concern the signing of a collective agreement. Such notices do not lead to mediation.

[2] In the past, the SCMO was alone but relied on ad hoc assistant mediators for particularly demanding periods.

[3] Finland has a comparable legal provision introduced in 1970, but it has very rarely been invoked in practice (Stokke, 2002[14]).

[4] The Agreement was part of a broader reform of Swedish labour relations in the late 1990s that also included the creation of an independent central bank and the establishment of the public National Mediation Office; together these changes reoriented wage formation toward real rather than nominal growth after a period in which nominal wages had risen sharply but real wages had barely advanced.

[5] Sweden's broad institutional mandate is also illustrated by its role in transposing Directive (EU) 2022/41 on adequate minimum wages. Because Sweden has no statutory minimum wage and its collective bargaining system was judged already to meet the Directive's substantive requirements, no changes to labour law were deemed necessary. The sole implementing measure was an extension of *Medlingsinstitutet*'s existing tasks: the office was formally assigned responsibility for reporting data and information on wage levels and collective agreement coverage to the European Commission every two years, as required by Article 10 of the Directive.

[6] Historically the wage negotiated in the exporting manufacturing industries has always been used as a reference during mediation but was not compulsory, since 2025 it is a legal obligation.

[7] Although the law states that up to 21 mediators can be appointed, Denmark has had only five for many years.

[8] There is a strong informal tradition of balancing backgrounds: over time, the role alternates between individuals with roots in the union movement and those with roots in employer organisations. This rotating practice is intended to preserve systemic neutrality and share ownership of the institution.

[9] The "Living Standards Agreement" framework (*Lífskjarasamningurinn*) refers to a series of broad private-sector framework agreements concluded between the Confederation of Icelandic Employers (SA) and the main blue-collar union confederations – principally the Federation of General and Special Workers (SGS) and Efling – that have served as de facto wage anchors from ~~2019~~ onward. The first agreement (2019-2022) combined flat kronar increases, GDP-growth-linked supplements, and inflation "red line" clauses. The most recent iteration (2024-2028), referred to by the parties as the "Stability Agreement" (*Stöðuleikasamningurinn*), explicitly targets lower inflation and reduced interest rates. These deals do not constitute a formal pattern-bargaining system: there is no institutionally binding leading sector and no statutory mediation mandate to enforce the resulting norm. They nonetheless function informally as a reference point that public-sector employers and smaller private-sector unions have tended to accept or emulate, contributing to somewhat greater sequencing and predictability in recent rounds.

[10] These powers are exercised within a system based on established practice, social partner autonomy and close interaction with the parties, so their practical significance depends on the wider institutional context.

[11] In Finland, this is the common understanding of social partners. On paper, the Act on Mediation in Labour Disputes and Conditions for Certain Forms of Industrial Action does not explicitly prohibit mediators from proposing settlements above a particular wage norm. Instead, the act (Section 11(2)) requires the conciliator, when performing conciliation duties, to safeguard the overall interests of the national economy by ensuring that wage formation operates effectively and that the functioning of the labour market is not jeopardised.

[12] Yet, as noted by Tiitinen and Ruponen (1999[15]), the procedure is compulsory but not the settlement.

[13] In Denmark's 1998 bargaining round, a majority of the members rejected a mediator-backed, union-endorsed collective agreement in a ballot – the first such rejection in over 40 years – triggering a major strike and subsequent government intervention.

[14] Still, the legitimacy of a mediated proposal depends to a considerable extent on the parties having been closely involved in the process and on the proposal reflecting a basis on which a settlement can realistically be reached.

3 Does mediation work? Social peace, wage co-ordination and future challenges

3.1. Introduction

Chapter 2 has documented the institutional design of the five Nordic mediation offices and how they conduct the mediation process. This chapter assesses what they achieve. Two distinct contributions are examined: the maintenance of industrial peace and the support of wage co-ordination to safeguard the competitiveness of the economy.

Previous work on mediation in the Nordic countries, notably Stokke (2009[1]) and Ibsen (2016[2]), has produced rigorous qualitative and comparative assessments of the role of mediation institutions, but no study has yet succeeded in isolating the independent contribution of mediation from the broader institutional environment in which it operates. Evaluation is not straightforward since, as discussed in Chapter 1, mediation offices are only one element in complex industrial relations systems, and attributing outcomes to any single component requires care. A further complication is that the five countries are not a homogeneous group. As the preceding chapters have shown, they differ significantly in how their mediation offices are designed, how their wage co-ordination architectures function, and in the degree to which those architectures are currently under pressure. Evaluating “Nordic mediation” as if it were a single model obscures as much as it reveals. What this chapter attempts instead is a differentiated assessment: identifying where the evidence is strong, where it is mixed, and what the variation within the Nordic group itself teaches about the conditions under which mediation is likely to perform well or poorly.

Section 3.2 looks at strike intensity in Nordic countries and examines how social partners assess the mediation offices, drawing on stakeholders’ questionnaires and mission interviews. Section 3.3 analyses the wage co-ordination function: its macroeconomic rationale, how different offices enforce or accommodate departures from the norm, and the distributional tensions co-ordination generates. Section 3.4 distils key lessons from the comparative evidence and identifies the main challenges these systems face. Section 3.5 concludes by highlighting the main insights for other OECD countries.

3.2. Ensuring industrial peace

3.2.1. Strikes and lockouts

The primary objective of mediation is to give social partners the chance to reach an agreement before a dispute escalates to the point of industrial action, such as a strike or lockout. Therefore, it can be seen as an additional layer in the set of institutions and rules that aim to resolve conflict positively.

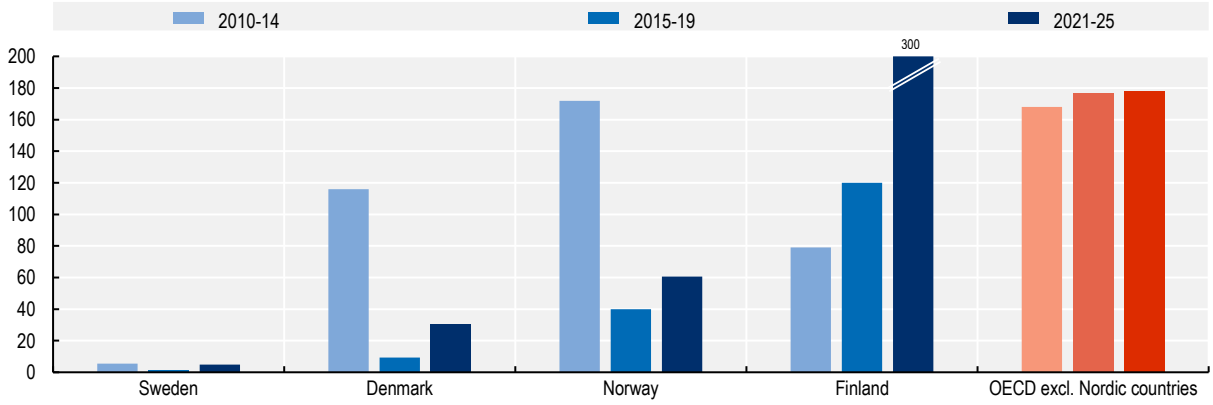
Nordic countries are sometimes seen from the outside as a peaceful environment where trade unions and employers have little disagreement. In fact, historically, the extent of labour disputes has been high in both Southern European countries (e.g. Italy and Spain) and Nordic countries (Finland and partly Denmark), as well as in the United Kingdom while it was low in countries such as Austria or Switzerland (Nergaard, 2025[3]). As of today, while the degree of trust and co-operation in Nordic countries is high, strikes do happen and can be very long in certain instances.[1]

While caution is needed when interpreting cross-country industrial disputes data,[2] available indicators of days not worked due to industrial action show that Nordic countries experience periods of strikes and lockouts. When looking at the number of days lost relative to the number of union members to account for the fact that the more workers are organised, the more they can potentially take part in industrial action, Nordic countries tend to display far fewer days lost than other OECD countries.[3] However, some differences across the Nordic countries emerge:[4]

- Sweden consistently records very low strike intensity, in line with a highly institutionalised and self-regulating industrial relations system.
- Denmark experienced an eight-week strike in the public sector (including nurses, day care workers and home carers) in 2008, which was essentially about gender pay inequality. A second episode occurred in 2013, when teachers were locked out by municipalities co-ordinated through KL (Local Government Denmark) for 25 days due to disputes over working hours. In 2021, nurses went on a 10-week strike about equal pay in relation to the COVID-19 pandemic. Outside of these three exceptions, Denmark also records relatively low strike intensity.[5]
- Norway also shows moderate but contained fluctuations, with disputes typically resolved without prolonged disruption. The main exception is the 2010 municipal/public sector strike which lasted for about two weeks.
- Finland represents the only deviation from this pattern. Strike activity has increased over time, reaching comparatively high levels in recent years (around 300 days per 1 000 union members in 2021-25, about 1.7 times the OECD average). In 2022, the country experienced the largest healthcare strike in its modern history, followed by strikes involving teachers and municipal workers. An agreement was reached with the teachers' union and the municipal sector via a mediation board, which agreed on a significant pay rise. This led to substantial resentment among the other sectors and fuelled the 2024 reform that now aims to ensure that mediators (and eventually the mediation board) follow more closely the export-sector wage norm – see Box 2.2 in Chapter 2.

Figure 3.1. Nordic countries exhibit limited levels of strike activity, with some exceptions

Working days lost due to strikes per 1 000 union members, averages of 2010-14, 2015-19 and 2021-25



Note: International comparability of data on strikes is affected by differences in definitions and measurement. Since 2013 strikes in the local and country administration and similar institutions are also included. Mexico: The statistics concern strikes at establishments and enterprises covered by federal jurisdiction. As a result, strikes at enterprises under local jurisdiction are not included. The latest year available refers to 2024 for Chile, Finland, France, Germany, Israel, Japan, Korea, Latvia, the Netherlands, Norway, Poland, Portugal, Switzerland, and Türkiye. Union membership refers to the number of employees who are members of a trade union (net union membership). The chart departs from the standard indicator of working days lost per 1 000 salaried employees in order to account for differences in trade union membership across countries. OECD (excl. Nordic) is the unweighted average across 24 OECD countries, excluding the four Nordic countries shown. Data are not available for Iceland.

Source: OECD calculations based on ILOSTAT and national statistical offices for working days not worked and the OECD/AIAS ICTWSS database (v2.1, provisional data) for net union membership.

3.2.2. The perspective of the social partners

Survey responses and interviews with social partners across the five countries (see Box 2.1 in Chapter 2 on the methodology used to prepare this report) provide a complementary assessment of the effectiveness of mediation systems.

In Denmark, Norway and Sweden, social partners report high levels of satisfaction with mediation institutions. These are generally viewed as professional, impartial and supportive of orderly bargaining processes. In Denmark, the conciliation system is widely regarded as a shared institutional asset, underpinned by stable relationships among social partners. Norwegian stakeholders similarly describe the National Mediator as a central component of the system, while noting some emerging tensions regarding the use of compulsory arbitration. In Sweden, social partners emphasise the importance of self-regulation, with public mediation playing a more limited role in sectors where autonomous co-ordination mechanisms are less developed.

In Finland and Iceland, assessments are more mixed. In Finland, stakeholders recognise the technical capacity of the mediation office but point to increasing pressure stemming from a more adversarial industrial relations climate, disagreements over wage-setting benchmarks, and recent legislative changes affecting the mediator's mandate in Finland. These developments have contributed to diverging perceptions among employers and unions regarding the role and impartiality of the institution.

In Iceland, according to social partners, different mediators have had markedly different styles – some analytical and structured, others more legalistic or personality-driven – and report that this variation creates some differences in the process from round to round. Currently, views differ as to whether the mediation office requires stronger formal powers, reflecting broader uncertainties about the future direction of the industrial relations system. Recent high-profile disputes have also contributed to a more cautious use of

existing mediation tools. Despite these tensions, overall public trust in the institution remains relatively robust compared to other public bodies.[6]

Across all five countries, the personal credibility and perceived neutrality of the mediator are consistently identified as critical factors for successful outcomes, sometimes outweighing formal institutional powers. In addition, mediation is most effective when both parties are prepared to engage constructively.

A concern raised in particular by some stakeholders in Finland, Iceland and Norway but also present in Denmark is the risk that mediation is becoming an automatic procedural step rather than a genuine last resort. In all four countries, participants described situations in which one or both parties arrive at the mediation office without having conducted serious bilateral negotiations: points of agreement and disagreement have not been clearly mapped, the parties' own room for manoeuvre has not been tested, and the fundamental work of narrowing a dispute has not begun. Rather than using bilateral bargaining to exhaust the space for direct agreement before seeking third-party assistance, some actors have found it easier to refer the case to the mediator at an early stage – partly to create a sense of urgency with their own constituencies, partly to transfer responsibility for the final outcome to a neutral third party (the "scapegoat" function). Several interviewees noted that this dynamic, while understandable from an individual actor's perspective, consumes mediator resources, erodes the distinction between mediation as exception and mediation as routine, and gradually shifts the centre of gravity in collective bargaining away from the parties themselves toward the institution that was designed to serve only when they had genuinely exhausted their own capacity to agree.

These overall positive qualitative findings are consistent with broader evidence on the quality of labour relations in Nordic countries, which tend to rank highly in international comparisons of co-operation between employers and workers (OECD, 2019[4]).[7] Levels of trust in trade unions are also comparatively high. Beyond mediation, other factors are at play: low conflict in Norway and Sweden, for instance, is a result of strong union density, high bargaining coverage, confederal co-ordination, and social norms. In addition, this relationship is conditional: mediation alone cannot ensure industrial peace where underlying institutional arrangements or trust between actors are weakened (Chapter 1).

In conclusion, while the Nordic model is typically associated with relatively low levels of industrial conflict, this outcome depends on the stability, coherence and perceived legitimacy of the broader industrial relations framework within which mediation operates. In turn, the consistently high levels of trust and co-operation observed in these systems appear to support favourable economic outcomes. In particular, they facilitate the functioning of co-ordinated wage-setting arrangements, helping to align wage developments with macroeconomic conditions (Garnero, 2021[5]). This is consistent with Blanchard and Philippon (2006[6]) who highlight the association between conflictual labour relations and weaker labour market performance.

3.3. Wage co-ordination: mediation as guardian of the norm

Wage co-ordination plays a central role in the macroeconomic performance of the Nordic countries, as discussed in Chapter 1. It rests primarily on the structure of collective bargaining – high coverage, strong and representative social partners, and pattern-bargaining traditions in which internationally exposed manufacturing sectors negotiate first and set wage norms that other sectors broadly follow.

Within this broader architecture, mediation institutions also play a role, distinct from but closely intertwined with these institutional features, via four main channels. First, mediators in Denmark, Finland (since 2025), Norway and Sweden do not propose above-norm settlements, which alters the bargaining incentives of the parties by foreclosing the option of obtaining higher outcomes simply through delay: anticipating that the mediator will not bridge the gap above the norm, a party can reason backward and adjust its conduct in bilateral talks accordingly – a mechanism examined in detail below. Second, mediator-authored

proposals provide a face-saving function, allowing negotiators to present norm-consistent outcomes to their constituencies without bearing the full political cost of restraint. Third, procedural tools – mandatory participation, postponement powers and structured timetables – create predictable focal points that influence the timing and sequencing of bargaining rounds. Fourth, in some countries (most notably Sweden) mediation offices produce official wage statistics and analytical material that anchor expectations and reduce factual disagreements between the parties. These mechanisms operate alongside, and depend upon, the broader institutional environment; their independent contribution remains difficult to isolate empirically, as noted in the introduction to this chapter.

3.3.1. The macroeconomic case

The economic rationale for wage co-ordination is well established. Internationally exposed industries cannot sustain wage increases above their productivity growth without losing competitiveness. If those industries negotiate first and others follow, aggregate wage growth is consistent with the economy's external constraint. If instead each sector bargains independently, leapfrogging dynamics tend to produce wage growth that exceeds productivity, eroding competitiveness, and triggering inflationary episodes (Holden, 2019[7]).[8] On the other side, wage co-ordination increasingly functions also as a floor. In sectors where unions are weaker – services, retail, hotels and restaurants – workers may lack the bargaining power to obtain wage increases that keep pace with inflation or with productivity gains elsewhere in the economy and the wage norm acts as a floor. The episode of sharp imported inflation in the early 2020s illustrates this dual character: while pattern bargaining helped to contain wage-price spirals in exposed sectors, it also provided the reference point through which workers in weaker sectors secured real wage adjustments they would not have obtained through independent negotiations.

What makes the Nordic co-ordination model analytically distinctive is that it aims to achieve three macroeconomic goals simultaneously that are often in tension with one another:

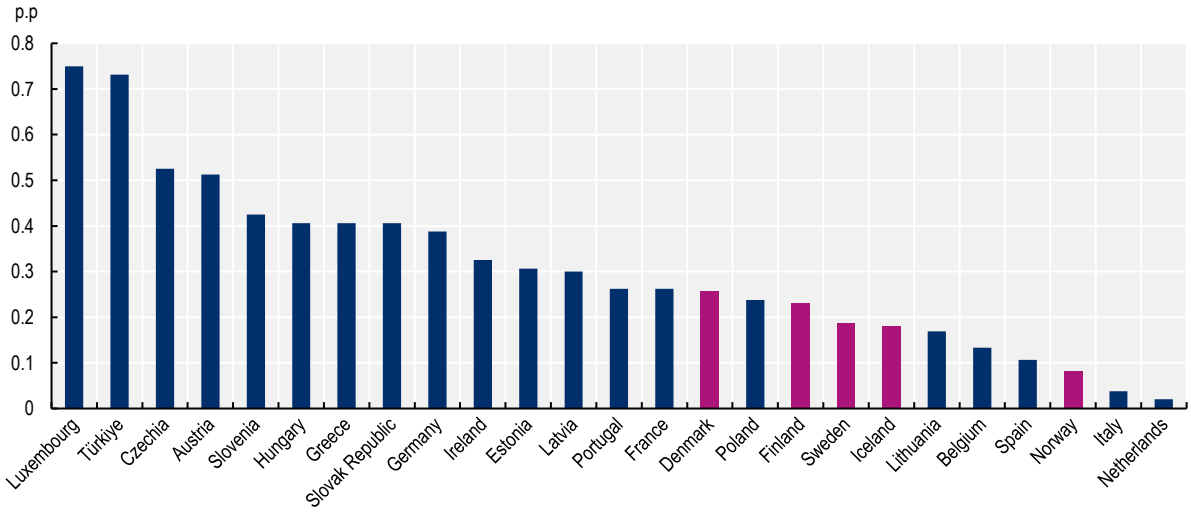
- Containing aggregate wage growth within the productivity frontier of the exposed sector;
- Allowing real wages to rise when productivity growth permits, thereby sustaining household purchasing power and private domestic consumption; and
- Providing a platform for wage equality measures – flat-rate kronor supplements, low-wage top-ups, and catch-up clauses – that can be layered on top of the norm.

As Andersen et al. (2015[8]) document across the four mainland Nordic economies, the combination of all three properties is historically unusual in OECD countries and it is in contrast with the experience in other countries which pursued export competitiveness only through sustained nominal wage restraint, severely compressing domestic demand and producing stagnating real wages. The Nordic economies appear to have largely avoided this trade-off: their co-ordination architecture, of which mediation offices form one element, has been associated with wage growth anchored to productivity rather than simply suppressed (Ibsen, 2016[2]; Andersen et al., 2015[8]).

Figure 3.2 provides cross-country evidence consistent with this argument. It shows hourly labour costs in the broader business sector (NACE B-N) relative to the manufacturing sector (NACE C) across OECD countries.[9] The data show a smaller intersectoral labour cost dispersion than most other European OECD countries. In other words, the gap between wage increases in hotels, retail, or construction earn relative to manufacturing workers is narrower in the Nordic countries than elsewhere in the OECD. The results are unchanged when looking at hourly wages only – see Annex Figure 3.A.2. While this pattern reflects labour market structure and union organisation as well as wage formation governance, it is consistent with the predictions of a model in which export-oriented manufacturing sets a mark that is followed by the rest of the economy (Ibsen, 2016[2]; Calmfors, 2025[9]).

Figure 3.2. Nordic countries display a significantly smaller intersectoral labour cost dispersion than most other OECD countries

Difference in the hourly labour costs in the business sector (B-N) relative to the manufacturing sector (C), percentage points (p.p.) difference in absolute terms, 2010-25 average



Source: Calculations based on Eurostat, Labour cost index by NACE Rev. 2 activity – nominal value, annual data (accessed on 30 March 2026).

Mediation offices are one element in this architecture, but the outcome reflects the broader ecosystem: confederal organisation, accepted sequencing norms, and – in Denmark, Norway and Sweden – the analytical work that provides jointly accepted economic reference points before each round begins. Where that shared platform exists, the mediator's proposals can be anchored to a baseline that both sides regard as credible, and the mediator can play the role that Holden (2019[7]) explicitly identifies as among the most important informal functions: providing both sides with a face-saving mechanism to accept the norm outcome without publicly conceding to the other's position. Where the shared platform is weak or contested – as in Iceland, and increasingly in Finland – this function is unavailable, and factual questions about wage trends may become a source of dispute.

Yet, the historical record suggests that the relationship does not run only in one direction: in several countries, mediation institutions appear to have contributed over time to building and reinforcing the broader co-ordination framework rather than simply being downstream of it. In the Nordic countries, co-ordinated bargaining systems did not emerge solely from pre-existing social trust, with mediation institutions subsequently developed to support them. In several instances, the sequence was reversed: state mediation was introduced in response to acute industrial conflict and, over time, contributed to building the institutional foundations for co-ordination. In Denmark, the establishment of a national mediation institution in 1910 and its reform in 1934 – introducing mechanisms such as concatenation – responded to persistent collective action failures and created incentives for higher-level co-ordination. In Sweden, the 2000 reform establishing the Mediation Office with a mandate to promote well-functioning wage formation similarly preceded the full consolidation of the manufacturing norm.

3.3.2. Protecting the norm – and where departures occur

In Denmark, Norway and Sweden, the mediation offices operate within a co-ordinated wage-setting framework established by the social partners and contribute to protect it. Mediators do not propose settlements above the manufacturing norm, and this practice is consistent across bargaining rounds and

across the different institutional architectures of the three countries. This has a direct bearing on the incentive structure of the entire bargaining game. Parties can reason backward from the end of the process: knowing that mediation will not produce an above-norm proposal, a party initially seeking an above-norm outcome cannot expect to obtain it by failing to agree in bilateral negotiations and waiting for the mediator to bridge the gap. The only route to such an outcome is industrial action – if the party has the structural capacity and willingness to sustain it – with the result determined by bargaining power alone. Conversely, a mediation system that proposed settlements in line with perceived bilateral bargaining power – rather than with the norm – would produce a fundamentally different incentive structure: there would then be an above-norm agreement available simply by prolonging bilateral talks, without the cost and risk of industrial action. The fact that Nordic mediators in Denmark, Finland, Norway and Sweden do not operate this way is therefore not merely a procedural feature; it appears to function as a co-ordinating mechanism that influences when and on what terms parties have an incentive to settle.

Denmark achieves co-ordination structurally: the linking mechanism described in the previous chapter subjects any above-norm bilateral outcome to the discipline of the aggregated ballot, and the DA executive committee's veto over above-norm agreements operates before any ballot is called. The norm is thus enforced by the architecture rather than by the mediator's individual judgment in any particular case (Ibsen, 2016[2]). In Sweden, the ad hoc mediators appointed by *Medlingsinstitutet* have an explicit statutory instruction to strive for agreements compatible with sound wage formation; proposals above the manufacturing norm are not tabled.[10] In Norway, the National Mediator respects and reinforces the *frontfag* sequencing, and proposals in subsequent disputes are calibrated to the norm once it has been established. The National Wages Board, when compulsory arbitration is invoked, applies the same discipline: its stated practice is to give decisive weight to existing settlements and not to award departures (Nergaard, Alsos and Seip, 2016[10]).

Above-norm outcomes are nonetheless possible in all countries where the parties reach them through agreement without the mediator's active proposal.[11] The mediation office cannot prevent such outcomes and will not facilitate them; the parties must achieve them on their own, without the credibility-enhancing support of a mediator-authored proposal. In practice, this route has been used most frequently and most consequentially in low-wage service sectors, as Box 3.1 below documents.

Finland's 2024 reform sought to narrow this flexibility by codifying norm alignment more explicitly in statute – requiring the National Conciliator to act in ways consistent with sound wage formation and Finland's international competitiveness.[12] As discussed in Box 2.2 of Chapter 2, this represents a significant shift in the formal framework, though the practical consequences for mediation outcomes will depend on how the provision is interpreted in specific cases and on the state of trust between the parties in any given round.

Iceland has no norm-enforcement mechanism. The SCMO holds no mandate to guide settlements toward any particular economic reference point, and, given the specificity of the Icelandic economy (the main exporting sectors are tourism, seafood and aluminium, the latter dominated by foreign-owned companies) there is also no agreement on how such a reference point should be calculated. Since 2019, Iceland's broad "Living Standards" and later "Stability" Agreements, broad private-sector framework agreements concluded between the Confederation of Icelandic Employers (SA) and the main blue-collar union confederations, have acted as informal wage anchors – shaping sequencing and expectations across sectors – despite not constituting a formal pattern-bargaining system with any binding lead sector or enforceable norm.

3.3.3. The tension between co-ordination and wage equality

While the system of wage co-ordination enjoys broad support, it also creates some tensions. The manufacturing norm is set by industries that are typically capital-intensive, predominantly male-staffed, and characterised by relatively high average wages. This creates a structural tension that runs through all Nordic countries: a norm calibrated to the most productive exposed sector may systematically constrain

sectors that are labour-intensive, low-wage, and largely sheltered from international competition – characteristics that disproportionately describe sectors employing women. The direction of this effect is, however, not uniform across sectors. Low-productivity service sectors are increasingly drawn up by the norm, and workers in these sectors would likely be unable to negotiate comparably high wage increases in its absence. On the one hand, this upward pull on low-productivity, labour-intensive services where productivity grows more slowly than in manufacturing, leads to an increase in their relative unit labour costs (the so-called Baumol effect[13]). On the other hand, this dynamic helps explain why wage distributions in the Nordic countries remain more compressed than in many other OECD economies. By contrast, construction and parts of the public sector – where unions are well organised and employers face limited competitive pressure – are more plausibly constrained by the norm and could potentially negotiate above it. Managing this tension is one of the most persistent challenges in co-ordinated bargaining systems, and it is managed differently – and with different degrees of success – across Denmark, Finland, Norway and Sweden.

- In Denmark, the linking mechanism incorporates low-wage sectors into the co-ordinated package, ensuring they receive the norm outcome, but prevents them from using independent action to negotiate above-norm settlements. Ibsen (2016[2]) documents that Danish wage decile ratios between the lowest and median earners have been gradually widening over time, suggesting that strong co-ordination does not automatically prevent inequality from drifting upward. The “losers” of Danish pattern bargaining are precisely those low-skilled workers who lack the leverage to negotiate above-norm gains, have low bargaining power in workplace bargaining, and who are structurally constrained by concatenation. A tripartite agreement in 2024 actually allotted above-norm increases to certain public sector occupations on grounds of labour shortages in these occupations (Di Carlo, Ibsen and Molina, 2024[11]).
- In Finland, before the 2024 reform, above-norm outcomes could also be reached in cases of mediation (but in practice mediators followed the wage norm almost without exception). The primary example of this is the municipal worker settlement via the mediation board in 2022, which was mentioned above when discussing the increasing number of strikes in Finland. However, this is now considered less likely following the 2024 reform, which restricts the mediators’ (and eventually the mediation board’s) ability to negotiate beyond the export-sector wage norm. While this is formally a ceiling, unions now also interpret the wage norm as a floor (i.e. they are not willing to settle for anything below knowing that if they go to mediation, the mediator will have to use that norm as a reference).
- In Norway, above-norm outcomes for low-wage areas are theoretically possible but in practice difficult: the National Wages Board reinforces the norm even in essential services where union bargaining power might otherwise support a higher outcome (Stokke, 2009[1]).
- In Sweden, the most documented episodes of above-norm outcomes involve hospitality and retail – two sectors with female-dominated, low-wage workforces and strong union interest in wage solidarity supplements – see Box 3.1. LO Sweden’s official co-ordination strategy explicitly prioritises supplementary *kronar* increases (i.e. flat rate increases instead of percentage increases) for these groups, and on several occasions the resulting bilateral settlements have exceeded the manufacturing norm without mediator facilitation (Ibsen, 2016[2]; Medlingsinstitutet, 2024[12]).

Box 3.1. Above-norm agreements and the limits of wage norm enforcement in Sweden

The 2017 and 2020 bargaining rounds in Sweden's hospitality and retail sectors illustrate how wage co-ordination operates in practice when sector-specific pressures arise. These cases are informative not because co-ordination failed, but because they highlight the institutional boundaries within which it is maintained.

In 2017, during a major bargaining round, negotiations in the hospitality sector between the Hotel and Restaurant Workers' Union (HRF) and the employers' association Visita required mediation following unsuccessful bilateral talks. The union sought a low-wage supplement to address persistently low minimum wages, while employers raised competitiveness concerns. Within the mediation process, the mediators – bound by the requirement to uphold the manufacturing wage norm – did not propose such a supplement. The final agreement, reached by the parties themselves, included a modest above-norm element compensated in other parts of the deal. This outcome reflects the facilitative role of mediation in enabling agreement, without directly shaping provisions that depart from the norm (Medlingsinstitutet, 2017[13]).

A similar dynamic was observed in the retail sector in 2020, where the Swedish Commercial Employees' Union (Handels) and the Swedish Trade Federation (Svensk Handel) agreed on wage increases above the norm for lower-paid workers. These provisions were explicitly framed as catch-up measures. While the agreement was reached bilaterally, it prompted discussion within the LO confederation, particularly regarding the potential for such outcomes to influence expectations in subsequent bargaining rounds (Medlingsinstitutet, 2020[14]).

Three observations emerge. First, these cases illustrate that departures from the wage norm can occur within the Swedish system, provided they are agreed by the parties rather than introduced through mediation. Second, such departures have been used primarily in lower-wage sectors to address distributional concerns not fully resolved by norm-based bargaining. Third, these targeted deviations may contribute to wage compression, in contrast to systems where stricter adherence to co-ordination limits such adjustments.

Sources: Ibsen (2016[2]), "The Role of Mediation Institutions in Sweden and Denmark after Centralized Bargaining", https://doi.org/10.1111/bjir.12142; Medlingsinstitutet (2017[13]; 2020[14]), Avtalsrörelsen och lönebildningen; Andersen et al. (2015[8]), "Changes in wage policy and collective bargaining in the Nordic countries – comparison of Denmark, Finland, Norway and Sweden".

Overall, the Nordic system of wage co-ordination demonstrates that mediation and norm-anchored bargaining can support macroeconomic stability by aligning aggregate wage growth with productivity. At the same time, the cases of higher-than-the-norm agreements and the use of supplementary measures in low-wage sectors show that the system retains a degree of flexibility to address distributional and equality objectives. This flexibility, however, is contingent on a shared understanding that departures from the norm in low-wage sectors do not trigger second-round claims elsewhere. It also strictly linked to the trust between social partners, the credibility of mediation offices, and broader institutional arrangements. Where these conditions are weakened – whether by legislative reform, contested norms, or absence of formal enforcement mechanisms – the balance between macroeconomic discipline and wage equality may become more difficult to maintain. In this sense, Nordic co-ordination works not through rigid compliance, but through a combination of anchored expectations, institutional credibility, and negotiated adaptations, illustrating the conditional nature of its economic and social effectiveness.

3.4. Key lessons and future challenges for Nordic countries

The comparative analysis highlights a set of common features that underpin the effectiveness of mediation systems across the Nordic countries, while also pointing to important differences in how these systems are embedded within national industrial relations frameworks. Although institutional arrangements vary, the evidence suggests that effective mediation depends less on any single instrument than on the interaction between formal mechanisms, informal practices, and the broader environment in which they operate. Five main lessons emerge from this analysis:

- First, mediation offices are most effective within a supportive institutional framework, although historically they have also helped to build it. Their effectiveness depends on the presence of organised and representative social partners, a shared commitment to negotiated outcomes, and acceptance of the institution's legitimacy. Where these conditions are in place, mediation can be applied flexibly and with high success rates. Where they are weaker or contested, outcomes become less predictable. This suggests that strengthening the broader industrial relations framework – through bargaining coverage, co-ordination mechanisms and shared norms – is as important as investing in mediation institutions themselves. The strength of these frameworks is further reinforced by the predictable and repeated-game character of Nordic bargaining: parties interact across multiple rounds, across policy fields, and within dense governance networks that extend well beyond any single negotiation. In this context, defection carries reputational and relational costs that extend far beyond the immediate dispute, creating incentives for restraint that formal rules alone cannot generate.
- Second, a shared analytical platform is a key enabling condition. Institutions such as Norway's Technical Calculation Committee (TBU) and the Holden Commissions illustrate the value of jointly produced and widely accepted economic reference points ahead of bargaining rounds. Functionally equivalent arrangements exist in Denmark (*Statistikudvalget*) and Sweden (where *Medlingsinstitutet* produces official wage statistics and analyses of international competitiveness, the Industrial Economic Council under the Industrial Agreement and the National Institute of Economic Research, *Konjunkturinstitutet*, provide macroeconomic forecasts used by the parties). These differ in form but serve the same core purpose: reducing information asymmetries, providing a common baseline that anchors expectations, and enabling the mediator to orient proposals toward a reference point that both sides regard as credible rather than as imposed (Holden, 2019[7]). This shared baseline also reduces the risk that factual disagreements about economic conditions become a proxy for the substantive dispute itself. Where such shared reference points are absent or contested, mediation is more likely to be diverted into disagreements over data rather than focussed on resolving underlying interests.
- Third, legitimacy is at least as important as formal powers. The mediation procedure is compulsory but not the settlement itself. Therefore, the effectiveness of mediation tools depends on their acceptance by social partners. Differences in formal authority across countries do not, in themselves, determine outcomes; rather, long-standing practices and mutual expectations underpin the functioning of mediation systems. Legitimacy of this kind is built gradually and can be weakened if institutional changes are not supported by the actors involved.
- Fourth, preventive engagement appears to be an important, and often underestimated, component of effective mediation. Practices such as early intervention in negotiations, structured bargaining calendars, and pre-round information exchange can reduce the likelihood of disputes escalating into industrial action. Interviewees in Denmark and Sweden suggested that early, low-intensity engagement can improve outcomes, although its effectiveness depends on the willingness of social partners to engage constructively.
- Fifth, the roles of mediation offices in dispute resolution and wage co-ordination are complementary but distinct. In Denmark, Norway and Sweden, mediation offices operate within broader

co-ordination frameworks that guide wage formation. These offices contribute to maintaining the wage norm but do not determine it independently. Where co-ordination mechanisms are introduced or strengthened without a corresponding social consensus – as illustrated by recent developments in Finland – the wage norm may become contested, limiting the effectiveness of mediation (at least in the short term).

Despite their strength and overall stability, four main challenges emerge from the analysis:

- First, the gradual decentralisation of collective bargaining in some sectors raises questions about the scope of national mediation systems. Developments such as the shift to firm-level bargaining in parts of the Finnish economy may increase the number of disputes at company level. This creates a potential trade-off between expanding the reach of national mediation offices – placing pressure on limited resources – and relying more on alternative dispute resolution mechanisms. The appropriate balance remains an open question and may evolve as decentralisation progresses.
- Second, maintaining the integrity of the wage norm is becoming more complex. In several countries, particularly Iceland, Finland and Norway, public-sector wage setting and segments of the labour market outside collective agreements face structural challenges in aligning with a norm derived from manufacturing. As argued by Calmfors (2025[9]), this may become even more challenging in the face of rapid population ageing which raises labour demand in health, care, and other public services while increased defence spending and welfare needs will require higher employment – and possibly higher relative wages. Strict adherence to manufacturing-led norms can prevent these sectors from attracting labour. A related concern is the Baumol effect introduced above: in low-productivity service industries, where output per worker grows more slowly than in manufacturing, sustained adherence to a common wage norm continuously raises unit labour costs. Over time, this may erode the financial viability of collective bargaining coverage in these sectors, creating incentives for employers to opt out of multi-employer agreements, as observed in parts of the hospitality industry in several OECD countries. Greater scope for local bargaining in the public sector, combined with fiscal decentralisation, could in principle ease this tension; Sweden offers a partial model, while Denmark has at times relied on tripartite agreements.
- Third, changes in the broader institutional environment can affect the conditions under which mediation functions effectively. Legislative reforms, evolving legal frameworks, and shifts in political priorities may influence the perceived neutrality and role of mediation offices. Balancing the need to adapt the mediation system to a changing environment and the stability needed to foster trust and allow actors to anticipate and internalise mediators' behaviour is a challenge, at least in the short term, as the recent reform in Finland highlights.
- Fourth, declining or uneven collective bargaining coverage presents a structural challenge. The emergence of employers and workers outside established bargaining frameworks – particularly in parts of the service economy and new forms of work – reduces the scope of institutions built on the assumption of collective engagement. Disputes involving actors that do not participate in collective bargaining, as illustrated by recent cases in Sweden, highlight the limits of mediation systems in such contexts.

3.5. Broader insights for other OECD countries

The Nordic experience is frequently referenced in international policy discussions as a model for collective dispute resolution and good labour relations. The analysis in this report supports drawing on that experience, while also highlighting the need for a more precise understanding of the institutional conditions that underpin its effectiveness. Rather than constituting a single transferable model, the Nordic mediation

systems reflect specific combinations of institutions, practices and shared expectations. Six observations from the comparative evidence can be of relevance for countries considering reforms in this area.

A first observation concerns the sequencing of institutional development. Policy discussions often focus on the formal powers or procedural tools available to mediation bodies. The evidence from the Nordic countries suggests that this is not, in itself, the primary determinant of effectiveness. More fundamental are the underlying conditions in which mediation operates, including the presence of organised and representative social partners, high levels of bargaining coverage, and broad acceptance of the neutrality and role of mediators. Formal instruments – such as postponement powers, linking mechanisms or wage norm mandates – operate within these conditions and are less likely to function as intended where they are weak or contested. At the same time, the relationship between mediation institutions and the broader industrial relations framework is not one-directional. The institutional histories of Denmark, Norway and Sweden suggest that mediation institutions have themselves been contributing factors to the strength and durability of co-ordinated bargaining. Mediation institutions were built in response to industrial conflict or crisis and then helped to consolidate the more peaceful bargaining relations that followed. By consistently resolving disputes and making defection from the wage norm harder to sustain, mediation bodies have reinforced the trust and predictability on which the wider system depends (Ibsen, 2016[2]). This suggests that reform efforts should begin with an assessment of the broader industrial relations framework and, where necessary, prioritise strengthening these preconditions alongside any institutional changes.

A second observation concerns the modest scale and cost of the institutions themselves. The Nordic mediation offices are small: permanent staff range from around three professionals in Iceland to roughly 15 in Sweden, and most mediators serve part-time or are appointed ad hoc for individual disputes rather than employed full-time, so their running costs are limited both in absolute terms and relative to the economic costs of the industrial conflict they help to avert. This suggests that the fiscal barrier to establishing or strengthening a mediation capacity is low, and that the binding constraint for most countries is unlikely to be budgetary.

A third observation relates to the role of shared analytical frameworks in supporting the work of mediation. Institutions such as Norway's Technical Calculation Committee (TBU) and the Holden Commissions or Denmark's *Statistikudvalget* and Sweden's Industrial Economic Council and *Konjunkturinstitutet* illustrate the value of jointly produced and widely accepted economic reference points ahead of bargaining rounds. These reduce mistrust, uncertainty and help anchor negotiations in a common understanding of economic conditions. While such arrangements are often embedded within broader wage co-ordination systems that are specific to some of the Nordic countries, their core function may be more widely applicable. In particular, countries where information asymmetries or disagreements over economic data contribute to bargaining conflict may benefit from developing shared analytical platforms as a relatively tractable institutional investment. This need not imply a mediator with a mandate to determine the economically correct wage outcome; transforming mediators into quasi-arbitrators with quasi-judicial authority over economic questions would undermine the consensual character of mediation. The appropriate role for shared analytical frameworks is to provide commonly accepted facts, not to bind parties to a particular conclusion.

A fourth observation concerns the importance of the informal part of mediation. While formal powers and procedures are necessary components of mediation systems, the Nordic evidence indicates that effectiveness depends to a significant extent on the ability of mediators to facilitate agreements that are acceptable to both parties. Two related but distinct informal functions are at work here. The first consists in providing a neutral framework where outcomes can be presented to constituencies without being perceived as unilateral concessions. A second is a mechanism that can be seen as the "scapegoat" function of mediation: with a wage norm in place, negotiators accepting a settlement in line with that norm can in fact present the mediator's proposal as the binding constraint, deflecting therefore internal criticisms from constituencies who would have expected a more ambitious outcome. This function is particularly

relevant in pattern-following sectors, where unions need to explain to their members why they settled at or below the manufacturing benchmark. A related function is one of public signalling: by making visible which party is blocking a settlement, mediation can generate reputational pressure that encourages movement toward agreement. Such functions depend on the credibility, independence and trust associated with mediators and cannot be established through formal provisions alone. Maintaining this form of institutional legitimacy is therefore a central consideration in the design and evaluation of mediation systems.

A fifth observation concerns the potential for mediation processes to become routinised. Evidence from several Nordic countries indicates that where access to mediation is readily available, there is a risk that it may be used as a standard procedural step rather than as a mechanism of last resort. Over time, this may reduce mediation effectiveness if parties rely on mediation instead of direct negotiation. Ensuring that mediation remains a meaningful stage in the bargaining process may therefore require maintaining expectations – through institutional design and established practices – that parties engage substantively in bilateral negotiations before recourse to third-party intervention. The design of mediation proposals may also matter in this regard. If mediators consistently offer comprehensive settlements beyond the core outstanding issues, parties in repeated bargaining relationships may come to anticipate this and withhold agreement on secondary issues precisely in order to bring them into mediation. Keeping mediation proposals focussed and minimalist – addressing the central points of disagreement rather than the full range of open items – can help preserve the incentive for parties to resolve peripheral matters themselves, reinforcing the norm that direct negotiation is the primary forum for reaching agreement.

A sixth observation concerns the role of mediation proposals as a potential instrument for wage co-ordination, even in the absence of a fully developed pattern-bargaining framework. In the Nordic countries, proposals aligned with a productivity-based norm – rather than relative bargaining strength – have contributed to macroeconomic discipline and perceived procedural fairness. While wage co-ordination is increasingly debated in light of evolving labour market dynamics, elements of this approach may be transferable. Countries seeking to strengthen co-ordination could consider whether mediation frameworks explicitly reference economy-wide indicators, such as productivity developments, inflation, or aggregate wage trends, as guiding parameters. This does not require a formal pattern-setting sector; a generalised benchmark may enhance both the credibility and acceptance of mediated outcomes. In this sense the norm functions as a form of indexation to productivity and competitiveness rather than to past price inflation. Interviewees in Denmark and Sweden also suggested that early and structured mediator involvement, prior to the crystallisation of bargaining positions or the onset of formal disputes, may help reduce the frequency and duration of conflicts. Strengthening such preventive capacity – through indicative bargaining timelines, voluntary pre-notification mechanisms, or proactive mediator engagement – may be feasible across a range of industrial relations settings without requiring wholesale institutional reform.

Taken together, these observations suggest that the Nordic experience offers more than a context-specific model. It highlights a set of institutional logics – such as settlement proposals whose content the parties can anticipate in advance, shared analytical reference points, preventive engagement, and the “scapegoat” function of mediators – that may be applicable beyond the Nordic context. Countries seeking to strengthen mediation, even those with less developed collective bargaining systems, could therefore consider several steps that do not presuppose the full Nordic model: investing in jointly produced economic reference points; enabling early, preventive mediator engagement through indicative timelines or voluntary pre-notification; and, where co-ordination is a goal, allowing mediation proposals to reference economy-wide benchmarks. Such elements could in principle be introduced on a sector-by-sector basis by social partners themselves where sufficient trust and organisation already exist. While certain institutional conditions support effective mediation, mediation itself – when perceived as fair, neutral, consistent, and analytically grounded – can contribute to building trust and the institutional foundations on which more stable bargaining systems can emerge.

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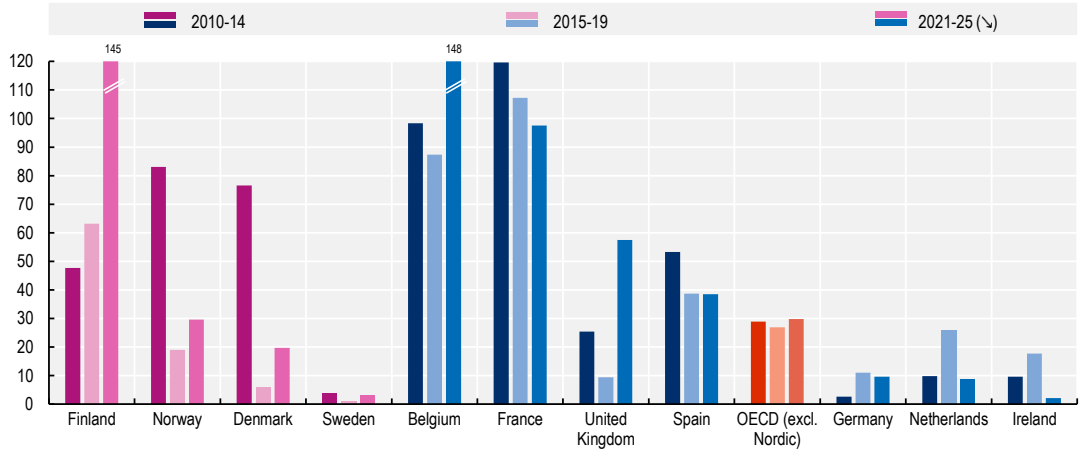
Annex 3.A. Additional figures

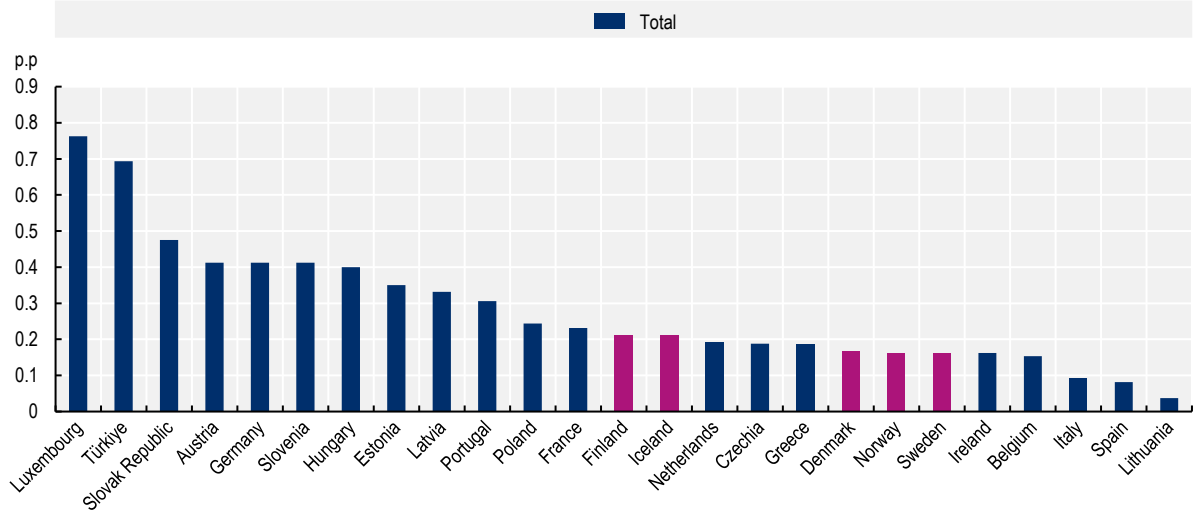
Annex Figure 3.A.1. Working days lost due to strikes per 1 000 employees, averages of 2010-14, 2015-19 and 2021-25



Note: International comparability of data on strikes is affected by differences in definitions and measurement. Since 2013 strikes in the local and country administration and similar institutions are also included. Mexico: The statistics concern strikes at establishments and enterprises covered by federal jurisdiction. As a result, strikes at enterprises under local jurisdiction are not included. The latest year available refers to 2024 for Chile, Finland, France, Germany, Israel, Japan, Korea, Latvia, the Netherlands, Norway, Poland, Portugal, Switzerland, and Türkiye.
Source: OECD calculations based on ILOSTAT and national statistical offices for working days not worked and OECD Annual National Accounts Statistics Database and national statistical offices for total number of employees. All statistics have been accessed on 31 March 2026.

Annex Figure 3.A.2. Difference in the hourly wage growth in the business sector (B-N) relative to the manufacturing sector (C)

p.p. difference in absolute terms, 2010-2025 average



Source: Calculations based on Eurostat, Labour cost index by NACE Rev. 2 activity – nominal value, annual data (accessed on 30 March 2026).

Notes

[1] For instance, the strike at Tesla in Sweden discussed in Box 2.6 in Chapter 2, started in October 2023 and did not end until August 2026.

[2] ILO strike data are difficult to compare across countries because national sources use different definitions, apply different inclusion thresholds (e.g. minimum duration or number of workers), and vary in sectoral, worker, and geographic coverage. They also rely on heterogeneous administrative reporting systems, leading to gaps and inconsistencies in the data.

[3] The standard indicator – days lost per 1 000 employees – gives a qualitatively similar picture: since the mid-2010s, days lost per employee in Denmark, Norway and Sweden have been at or below the OECD average, while Finland's have been well above (see Annex Figure 3.A.1).

[4] Data from other sources (ETUI or national statistics) differ slightly but provide a consistent picture.

[5] Nergaard (2025[3]) reports that three public-sector disputes in 2008, 2013 and 2021 accounted for about two-thirds of working days lost between 2011 and 2022.

[6] Public trust in the SCMO in Iceland, as recorded by the Gallup Trust in institutions survey, has declined since 2000 as for most other institutions (and countries) but remains comparatively solid, close to that of the central bank, just below the judicial system and the national church and above the state prosecutor or the parliament – see https://www.gallup.is/nidurstodur/thjodarpuls/traust-til-stofnana/ (accessed on 31 March 2026).

[7] The degree of co-operation in labour relations, as assessed by senior business executives in the World Economic Forum Executive Opinion Survey (published until 2019), consistently placed Nordic countries among the top performers within the OECD. In the latest available wave (2019), Denmark ranked 2nd, Sweden 7th, Norway 8th, Iceland 10th and Finland 12th among 38 OECD countries. Survey-based evidence from Eurobarometer and comparable sources also indicates relatively high levels of public trust in trade unions across these countries (OECD, 2019[4]).

[8] Iceland's labour market experience illustrates recurrent boom-bust wage dynamics linked to uncoordinated bargaining, where inter-union competition has contributed to wage increases exceeding productivity, with subsequent currency appreciation and competitiveness pressures (OECD, 2017[15]).

[9] The reference sector in each country cannot be captured simply using standard industrial taxonomies. In Finland, for example, the reference sector is the technology industry, whereas in Norway it is the metalworking, technology, textile, shipbuilding and oil, gas and offshore wind industries. The figure, therefore, provides mainly an indicative reference.

[10] The private system of mediation – *opartiska ordförande* or *OpO* – also co-ordinates proposals so that they are in line with sound wage developments (Ibsen, 2016[2]).

[11] In Denmark, above-norm outcomes are possible but in practice foreclosed in the private sector. The Danish Employers' Confederation (DA) must ratify any agreement before it becomes valid, which ensures that settlements exceeding the manufacturing norm do not receive employer-side approval.

[12] International competitiveness is not explicitly mentioned in the statute, but in the explanatory notes to the Government proposal.

[13] The Baumol effect (also known as Baumol's cost disease) describes why labour-intensive services – like education, healthcare, and the performing arts – become more expensive over time, because their productivity grows more slowly. Formulated by economists William Baumol and William Bowen, it shows how rising wages in high-productivity sectors (like manufacturing) force service jobs to also raise pay to keep workers, driving up relative costs.

Labour Mediation in the Nordic Countries

Oiling the Wheels of Collective Bargaining

Collective labour disputes are an inherent feature of market economies, but their frequency and outcomes depend partly on institutional arrangements. The Nordic countries – Denmark, Finland, Iceland, Norway and Sweden – have developed highly institutionalised systems of collective dispute resolution, underpinned by public mediation, strong social dialogue, broad collective bargaining coverage and co-ordinated wage-setting.

This report examines public mediation institutions, comparing their governance, mandates, resources and formal powers. It considers mediation in practice, including measures such as postponing industrial action and submitting proposals to the parties. Drawing on policy questionnaires, interviews with mediators and social partners, and case material, the report assesses their contribution to preventing and settling collective disputes and supporting wage co-ordination.

The analysis highlights the importance of institutional legitimacy and trust alongside formal powers. Early engagement, shared economic information and wage-setting norms established by internationally exposed sectors can support co-ordination across bargaining rounds and contribute to relatively low levels of industrial conflict. At the same time, greater bargaining decentralisation and labour shortages in public services are creating new pressures for established dispute-resolution arrangements.

The report draws lessons from the Nordic experience for OECD countries seeking to strengthen social dialogue, improve collective dispute resolution and support effective, co-ordinated wage-setting.

Nordic Council of Ministers

SWEDISH NATIONAL MEDIATION OFFICE

PRINT ISBN 978-92-64-43063-1
PDF ISBN 978-92-64-34051-0