



**MASTER'S PROGRAMME IN
STRATEGIC HUMAN RESOURCE
MANAGEMENT & LABOUR RELATIONS**

WAGE-FORMATION, FROM CENTRAL AGREEMENT TO LOCAL ABILITY TO ACT

An interview study of the discourse(s) of wage-formation between social partners and Employers on the Swedish labour market

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Abstract

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Purpose: The purpose of this research is to identify institutions and market forces through discourses concerning central and local wage-formation. This study's objective is to contribute to the research field of wage-formation with insights, descriptions and plausible explanations into what discourses and discrepancies in discourses surrounding the Mark is present.

Theory: Institutional theory, Varieties of capitalism

Method: Qualitative semi-structured interviews and thematic coding displayed with inspiration from discourse analysis as a method

Result: The found discourses are thematised into: The Mark as political, The Mark as legitimacy, The Mark as ideology and Challenging the Mark. These themes describe ambiguity towards the presence and role of the Mark; The deep rooted tradition of using the Mark as norm (with individual incentives); And local social partners evolving role; from traditional opposition towards being a co-partner for employers in creating a legitimate wage process in the societal context going from collectivism towards individualisation.

Foreword

The journey of composing a master thesis is dependent upon accessibility to relevant respondents possessing explicit knowledge concerning sought phenomenons. This research originally set out to research Swedish engineering consultancy organisations ability to perform strategic wage-formation in the local context. However, as with life in general - things happen and you are forced to adapt your work to contextual factors, such as empirical saturation etcetera. With this in mind, we chose to focus our research towards the notion of the Mark (also known as the wage-formation mark or industry export-mark) in the context of wage-formation on the Swedish engineering consultancy market. Thereby, our focus in this paper is to show how different actors (i.e. employers and/or social partners on peak level) talk, discuss and relate to the mark when speaking of wage-formation. To have written this product as a pair has given a deeper level of understanding of the researched phenomena, as every part included has been extensively and thoroughly discussed in order to reach adequate conclusions.

We would like to thank all involved respondents in giving us access to your time and explicit knowledge within the area of study. We would also like to thank our tutor Ylva Ulfsdotter Eriksson, without your informed support and reality checks this thesis would not have been possible to perform.

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Alexandra Hultberg & Henrik Örtberg

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Table of content

- Introduction 1
 - Research questions 2
- Background of wage-formation..... 2
 - Central wage negotiations 3
 - The mark as instruction..... 4
 - Critique against “the mark” as norm 5
- Local wage-formation..... 5
 - Flexible wage models..... 6
 - Social partners 7
- Theory 9
 - Institutional theory..... 9
 - Coordinated market economies and Liberal market economies..... 10
- Method 11
 - Data collection 12
 - Population 12
 - Interviews..... 13
 - Interview guide..... 13
 - Analytical approach 14
 - Thematisation..... 14
 - Credibility and transferability..... 14
 - Limitations 15
 - Ethical considerations 16
- Results 16
 - 1. The mark as political 17
 - Market stability 17

The Mark's effect for Employers.....	18
2. The mark as legitimacy.....	19
The search for legitimacy.....	20
The role of social partners.....	22
3. The mark as ideology.....	23
Rhetoric's in wage-formation	23
Transcending historic influences	24
4. Challenging the existence of the mark.....	26
Towards individualisation.....	27
Discussion	28
Macro-level.....	29
Meso-level	30
Conclusions	30
Practical implications.....	31
Final reflections	31
References	32
Appendix 1. Interview guide.....	35

Introduction

Wage-formation is crucial for both Swedish economy and corporate development. Labour compensation can be linked to both inflation and corporate competitiveness as well as being the largest fixed cost for companies today (Karlsson, Lindberg, Stern, Lundqvist & Larsson, 2014). Since 1997, wage-formation is departed from The Industry agreement, a joint agreement between the industry employers and social partners (trade unions and employer organisations, henceforth known as SP's). This agreement sets the terms for sustainable wage-formation for most parts of the labour market (Industriradet, 2017).

Besides being a stabilising national-economic factor, using the export-mark (henceforth known as the Mark) as norm creates a consensus between involved SP's. However, the Mark is currently being discussed amongst SP's in different sectors where critics claim the rigidity of the Industry agreement leave little room for business near (local) solutions. Instead the Mark manifests differences in salary levels between occupational groups and genders (Calmfors, 2018; Gunnars, 2017, December 14). According to Calmfors (2018) more consideration needs to be taken to the state of the labour market rather than the industry export when setting the recommended levels of salary increase. The Mark is thus a norm that is beginning to be scrutinised amongst several industrial relation parties (Hermansson, 2019). Stefan Koskinen, head of employer politics at Almega, calls for numberless agreements as an alternative arguing that increased globalisation and the diverse organisational conditions of today makes the industry norm obsolete (Gunnars, 2018, January 24). On the other hand Anders Weihe, head of negotiations at Teknikföretagen, describes not following the norm of the Mark as breach of contract that should lead to fines for employers agreeing to terms above the Mark (Jelmin & Tun Hedfors, 2019, May 3; Lindström, 2019, May 3).

Navigating between using the Mark as norm and business near (local) agreements becomes a paradoxical task for employers creating a spill-over effect on reward schema offerings, making local wage-formation a complex HRM strategy in motivating and retaining employees (Froese, Hitotsuyanagi-Hansel, Peltokorpi & Varma, 2018; Karlsson et. al., 2014; Sethunga & Perera, 2018).

This article investigates discourses of how engineering consultancy employers (henceforth known as Employers) and SP's on peak level relate to-, talk about- and use the Mark in relation to wage-formation. The Swedish engineering consultancy sector is interesting to study due to the frequently occurring agreements containing individual fall back guarantees (stupstock) (Medlingsinstitutet, 2019); as well as EFCA's (2018) identification of current and future challenges of labour scarcity and high salary demand within the market (cf. Lindström, 2017, november 3; Myrén, 2018, may 30). The purpose of this research is to identify institutions and market forces through discourses concerning central and local wage-formation. This study's objective is to contribute to previous research of wage-formation (e.g. Lundh, 2010; Karlsson et. al., 2014; Bengtsson, 2008; Björklund, Edin, Fredriksson, Holmlund & Wadensjö, 2014; Granqvist & Regnér, 2016, 2015, 2009, 2008, 2004; Karlström & Regnér, 2017) with insights, descriptions and plausible explanations into what discourses and discrepancies in discourses surrounding the Mark is present. The study answers the following questions:

Research questions

1. What discourses regarding central and local wage-formation is identified?
2. What discrepancies can be identified in the discourse(s) between Employers and SP's when it comes to wage formation?
3. How does the discourse(s) of wage-formation impact local employers ability to use strategic wage-formation?

This article will begin with background and previous research into wage-formation, described through historical and present developments in the industrial relations on the Swedish labour market. Second, the theoretical framework of institutional theory and varieties of capitalism is outlined; leading into descriptions of used methods, choices- and considerations made for this study. Third, the presentation of empirical data and connection to previous research leads into the theoretical discussion, conclusions, implications and final thoughts.

Background of wage-formation

To understand the complexity of wage-formation, one needs to grasp the duality of employer goals in keeping fixed costs low, while at the same time provide sufficient reward schemas to

keep stakeholders (i.e. shareholders, investors, employees') invested in the business (Björklund, Edin, Fredriksson, Holmlund & Wadensjö, 2014). Avoiding transactional cost (e.g. costs of negotiations, control and follow-up) is an incitement for employers to create ongoing processes, and build relationships with SP's in relation to local wage-formation and salary setting in the organisation (Björklund et. al., 2014; Karlsson et. al., 2014; Lundh, 2010).

The December agreement (established 1906) gave SP's the right to form associations, sign collective agreements and be part of negotiations concerning wage-formation (Lundh, 2010). For employers this agreement gave the benefit of sectorial uniformism - also known as solidaric wage competitiveness - inhibiting trade unions' ability to instigate wage increases amongst employers competing of the same labour force (Lundh, 2010).

The Saltsjöbad agreement (established 1938) was key in creating the collective agreements and its regulations of moderate wage demands and peace on the labour market (Lundh, 2010). The agreement, setting the terms of the Swedish model, was characterised by collaborations and consensus between SP's as well as a strong degree of organisation (on both employee and employer side). As per the Saltsjöbad agreement, wage-formation was to be decided between SP's without governmental influence. Additionally wage-formation should be centralised and sustainable, taking macro-economic stability into account. As an effect, the central negotiations between SP's on peak level gradually increased between the 1940's and 1960's (Lundh, 2010).

Collectively regulated wages was seen as cost-effective amongst employers leading to less conflict concerning wage expectations and jealousy amongst employees (Lundh, 2010). Centralised wage-formation and the Rehn-Meidner model ("equal pay for equal work"), introduced in the late 1940s, also contributed to increased labour mobility, harmonized wage-formation and decreased wage drifts - i.e. solidaric wages. To secure sustainable wage-formation, it became the states responsibility to keep inflation low via taxes limiting the profit margins of companies (Lundh, 2010).

Central wage negotiations

The paradigm of central wage-negotiations (1950s-1980s) helped decrease wage differences between sectors. The industry, due to its competitive exposure became the norm, and the

wage space determined by sectorial productivity development - also known as the EFO model - named after its creators Edgren (TCO), Faxén (SAF), Odhner (LO) (Lund, 2010). During this era, monopolistic wage-formation was part of the practice and trade unions used their membership numbers as strength when negotiating terms towards employers (Björklund et. al., 2014). According to Björklund et. al. (2014) the model of monopolistic wage-formation gave SP's the right to exclusively determine wages making it unrealistic in today's interdependent labour market.

When the service sector began to increase in the mid 1980s, wage differentiation increased and the model of central wage-formation transformed towards decentralised local arrangement and pay for performance (Lundh, 2010). The transformation was partly due to the recession in the 1990s following a period of high inflation, labour discrepancy and economic boom of the 1980s. But it was also because the central agreements of wage-formation began to function as the floor in local practice, increasing wage-spread throughout the different sectors (Lundh, 2010). This development also contributed to changes in the relationship between employer and SP's. The employers, due to fear of increased labour-related conflicts backed away from demanding radical reformational change - whilst the SP's in fear of increased state regulation and intervention agreed to changes in the wage bargaining system (Baccaro & Howell, 2011).

The mark as instruction

Current wage-formation is based on Swedish macro-economic prerequisites for wage development and global competitiveness (Medlingsinstitutet, 2019). The Industry agreement, formed in 1997 (revised in 2011 and 2016) was launched as a new model impacting the structure of collective agreements, conflict resolution and wage-negotiations between SP's within the industry (Industriradet, 2017). The agreement was formed as a response to increased wages in EU and a desire to keep the inflation- and unemployment levels low (Industriradet, 2017). In regards to wage-formation, the Industry agreement states that increase employment costs must be put in relation to global development. The industry prerequisites and the Mark thereby became the benchmark for wage-formation once more, although this time in a local adaptive decentralised wage-formation model (Lundh, 2010). The reason behind the Mark setting the norm for wage-formation for other sectors was due to the export industry income (equal to half of the Swedish BNP) and the fact that one in four

employees were employed within the industry, making the sector influential (Industriradet, 2017).

Critique against “the mark” as norm

Using the Mark as norm creates a consensus between employers and SP’s involved. However, the centrally negotiated percentages aimed at creating stability and inhibit wage drifts makes employers’ compelled to re-distribute budget in line with stated percentage for yearly wage increases (Hermansson, 2019). Also, the rigidity of the Industry agreement leaves little room for individual solutions and that more consideration need to be taken to the state of the labour market or the organisation itself rather than the industry export (Calmfors, 2018; Gunnars, 2018, January 24; Gunnars, 2017, December 14). Calmfors (2018) argues that the norm of the Mark is inflicting shame on actors in other sectors deviating from this norm upheld by the labour market parties and societal pressure.

According to Karlsson et. al. (2014) the Mark creates mental barriers affecting decentralised wage-agreements, hindering a reformation of the current wage-formation model in play. The norm of the Industry agreement is also questioned by Danielsson Öberg and Öberg (2017) stating that the implementation of the Mark as norm has shifted the power balance between SP’s and employer. Employers are using the Mark as a roof for wage increase with the norm as explanation, giving the employer increased power over the development of real-wages. This statement is confirmed by Karlsson et. al.’s (2014) case studies, showing that the majority of the organisations researched used the Mark as alibi treating it as the roof in their yearly wage increases. Critique is also directed towards employers signing, and agreeing to increases above the Mark, since that according to Anders Weihe is viewed as an act of irresponsibility and should be viewed as a “breach of the internal rules”, which should lead to fines for employers involved (Jelmin & Tun Hedfors, 2019, May 3; Lindström, 2019, May 3).

Local wage-formation

Collective- and wage-agreements stipulate the processes and criteria’s for wage setting (Björklund et. al., 2014). Signing a collective agreement creates order and peace for the agreed period, but it also stipulates rules of conduct for the parties involved resulting in lower transaction costs for the company (Karlsson et. al., 2014). However the size of the company

matters - smaller companies might avoid signing collective agreements if they lack the organisational ability to meet their requirements (Karlsson et. al., 2014). Collective agreements gives different models of wage-formation possibilities with varying degrees of centralisation going from general increases (centralised wage-formation) to numberless agreement (localised wage-formation) (Karlsson et. al., 2014; Lundh, 2010; Medlingsinstitutet, 2019). The higher degree of centralisation - the less ability for differentiated pay at local level. One explanation is lack of local consideration inhibiting adaptations on an organisational level (Karlsson et. al., 2014). However, both Granqvist and Regnér (2016) and Medlingsinstitutet (2019) show that there are little to no difference in wage development between the different agreements, and that it is rather promotion or job rotation that is key for individual salary increase.

Flexible wage models

Globalisation, specialised workforces and less hierarchical organisations have lead to increased demand for flexible wage models. As a result, numberless agreements were introduced (Granqvist & Regnér, 2008). This created an option for employers to disregard centrally stipulated wage increase (i.e. the Mark) and instead make local wage-agreements based on the ability of the organisation (e.g. market, competitiveness, investments and profit margins) (Björklund et. al., 2014). In numberless agreements or process-agreement, as they are also called, both wage-formation space and individual distribution is decentralised without interference from SP's on peak level. These agreements describes the process on how the salary review is to be conducted and stipulates that if the SP's and the employer can not agree on local level, the centrally negotiated wage space is to be used. These process-agreements can include an individual fall back guarantee if negotiated with the local SP in the organisation (Granqvist & Regnér, 2016; Lundh, 2010). However, according to Karlsson et. al. (2014), these individual fall back guarantees inhibits differentiated wage-spread limiting the wage space available.

Differentiated pay, determined locally by employers, is the norm for employees' in the Swedish service industry due to increased demands for cost efficiency, flexible employment and rationalisation (Bengtsson, 2008; Granqvist & Regnér, 2008; Larsson, Ulfsdotter Eriksson & Adolfsson, 2017). It is primarily the individual performance that are of importance when the yearly state sanctioned salary reviews are performed, as compensation

for market factors and job-demands was offered when entering the employment contract (Aleite, 2013). It is only when an individual enter a new work position that all of the factors (i.e. market, individual performance and job-demands) are taken into consideration again (Aleite, 2013).

It is therefore important for organisations to create a high degree of perceived fairness for the wage process and communicate their salary-determining politics and procedure towards their employees (Gevrek, Spencer, Hudgins & Chambers, 2017; Lundh, 2010). The risk of not creating a perceived fairness of the process is in the end employee turnover, as perceived fairness amongst employees is almost more important than the raise itself according to Gevrek et. al. (2017).

Social partners

The SP's of industrial relations are operating on different hierarchical levels on the Swedish labour market (e.g. opinion making peak level and business near local level). According to Lundh (2010) SP's on peak level function as cartels by affecting supply and demand where SP's for employees, on the one hand, strive to increase wages with the threat of strike and lockouts. SP's for employers, on the other hand, strive to keep wages down by a non-competitive wage-formation amongst its organisational members. These dichotomous relations increase the incentive for both sides to sign collective agreements, due to the included obligation to keep the industrial peace throughout the collective agreements time of validity (Lundh, 2010).

SP's on peak level have different ideologies concerning wage formation. SP's for employers believe that wage formation should be based on business near and local solutions. This is due to monetary compensations effect on employee motivation and performance impacting the results of the business (Svenskt Näringsliv, 2019). On the employee side ideologies differ. One explanation, according to Björklund et. al. (2014), is that trade unions are historically divided into two traditions where SP associations either believe that wage should be differentiated and based on local process-agreements without individual guarantees stipulated (Medlingsinstitutet, 2019). Or that wage-formation needs to follow the norm set by the industry adding stipulated numbers in both local and central wage-agreements (Medlingsinstitutet, 2019).

On an organisational level both strains of SP's are involved in either processes of wage-negotiation or wage-conversation. Both processes are reciprocal towards the local situation of the business. However, they differ in form - as wage-conversation rely upon the agreement between the employee and the employer evaluating the performance of the employee; while wage-negotiation often rely on centrally stipulated numbers of wage increase that the employers are regulated by if the agreement between the employer and the local SP's are not satisfactory.

According to Baccaro and Howell (2011) and Ingham (2008) industrial relations in collaborative market economies (henceforth known as CME's) in Europe are on a trajectory of infusing liberal market economies (henceforth known as LME's) characteristics in their relationship with SP's. The power balance has shifted in favour of the employer, and weakened collective institutions together with weakened labour legislation are leading to institutional change. Bengtsson (2008) argues that this shift in power balance could lead to increased employee loyalty towards the employer while decreasing solidarity with the collective (i.e. SP's for employees). Baccaro and Howell (2011) states that this movement towards neoliberalism and institutional deregulation is characterised by decentralised collective bargaining and individual wage-negotiation between employer and employee instead of employer and SP. One example is employers and/or SP's being given exemptions from central collective agreements (e.g. numberless agreements). However, Bengtsson (2008) argues that there are indications that Sweden is not heading towards neo-liberalisation showing in his research that employees see SP's as crucial when it comes to wage-negotiation due to the limitations in individual impact on wage increase - legitimising SP's presence in local wage-formation.

Baccaro and Howell (2011) argues that the development in Sweden, going from centralised to decentralised bargaining and the shift towards individualisation has changed the role and power of the SP's (Baccaro & Howell, 2011, Lundh, 2010). Even though still having an impact on wage-formation, SP's are weakened by loss of coverage transforming their role to implementers, legitimisers and monitors of employer activities rather than the opposing negotiator as of past (Baccaro & Howell, 2011). Adding to that, the transition towards flexible wage-formation models in Sweden has weakened the bargaining power of SP's (Bengtsson, 2008).

Theory

This article investigates how Employers and SP's navigate through wage-formation discourses. According to theory, Sweden has been defined as a CME where reciprocity, collaboration and central negotiations of wage-formation are the norm (Hall & Soskice, 2001). Still, Baccaro and Howell (2011, 2017) claim that neoliberal development and decentralised bargaining are signs of Sweden shifting towards a LME. As this study focus on the engineering consultancy sector, its knowledge-intensive fast changing flexibility could also be interpreted as a movement towards liberalisation containing criterions of organisations involved in LME's (e.g. competitive compensation politics) (Hall & Soskice, 2001). It could also be perceived as complicated for organisations to use strategic wage-formation due to regulative, normative and cultural-cognitive institutions (Scott, 2014) present on the market today.

To handle this multileveled complexity of present institutions, this research will use institutional theory (Scott, 2014) and Hall and Soskice (2001) LME/CME theorisation as a way to pinpoint plausible discrepancies in the discourse(s) concerning wage-formation.

Institutional theory

Institutional theory is referring to why things in certain contexts are the way they are. Scott (2014) explains how e.g. founders of organisations often keep to their original ideas (i.e. path-dependency) – even when the society around the organisation is moving in opposite direction creating a situation where diffusion of ideas and/or procedures are counteracted. This path-dependency could, according to this research's interpretation, also be applied upon organisations such as SP's on peak level determining regulations others' are expected to follow. The institutions are in turn reliant upon different agents (i.e. nation states, organisations and/or professions) that carry and uphold the institutions with the help of different carriers (i.e. symbolic-, relational-, artifacts- and/or activities) (Scott, 2014).

Institutional theory, according to Scott (2014), relies on the pillars of regulative, normative and cultural-cognitive institutions that create the basis of why individuals, organisations and societies around the world are following certain traditions, procedures and/or regulations. The regulative pillar is connected to the upholding of rules, that if not upheld correctly will result

in guilt and sanctions from governing parties. The normative pillar is closely connected to what would be perceived as the right thing to do, in any given situation, and will result in shame if one chooses alternative options. The cultural-cognitive pillar is connected to traditions, originating out of strong beliefs of long-lived "ways to do" that are taken for granted and in turn creates insecurity and/or ambiguity if questioned.

Furthermore, DiMaggio and Powell (1991) distinguish degrees of diffusion (i.e. how certain actions and/or mind-sets are spread and win legitimacy between actors) and competitive or institutional isomorphism (i.e. homogenisation amongst organisations facing the same challenges). The difference between competitive- and institutional isomorphism is on the one hand to compete for political power or institutional legitimacy (i.e. competitive isomorphism); and on the other - the resemblance of organisations is due to organisations being forced into alignment to the external context of which they are operating in (i.e. institutional isomorphism) (DiMaggio & Powell, 1991). There are also definitions of what type of pressure that makes organisations align or choose to apply certain actions, processes or mind-sets - resulting in isomorphism. Those pressures are defined as: Coercive (i.e. action taken with the cause of following regulations in order to avoid guilt); Normative (i.e. action taken through choice of e.g. benchmarking others in order to avoid shame of not following the market); and Mimetic (i.e. action taken through experience-based practices as standard solutions in order to avoid uncertainty) (DiMaggio & Powell, 1991).

However, there are strands within institutional theory as socially constructed phenomena that point towards the importance of a linguistic and non-taxonomic approach, through e.g. discourse analysis, in order to look upon the creation and upholding of institutions through the meaning of spoken and/or written word (Phillips & Malhotra, 2017). Criticism has been raised by Phillips and Malhotra (2017) concerning differences in ontological foundations and the presence of politics/power and governance of self-interest included in Scott's (2014) three pillars of institutions.

Coordinated market economies and Liberal market economies

CME's can according to Hall and Soskice (2001) be described as coordination through interactive relationships between market actors. CME's are relying on support from institutions (e.g. regulative systems facilitating collaboration and SP's on peak level) and

other organisation in coordinating actions. As examples, Sweden and Germany are defined by Hall and Soskice (2001) as CME's. LME's on the other hand can, according to Hall and Soskice (2001), be described as competitive in climate, where competitive market arrangements and hierarchy is coordinated at distance with little influence from the state. Great Britain and USA are examples of LME's defined by Hall and Soskice (2001).

Organisations operating within CME's are more likely to monitor behaviours, exchange information and enforce sanctions on actors breaking cooperation (Hall & Soskice, 2001). In these economies organisations develop strategies based on coordination between each other instead of adhering to market forces alone (Hall & Soskice, 2001). SP's in CME's have strong influence, for example negotiating equal wages on the market. SP's in CME's also functions as advocates for employee's to turn to when discriminated or treated unfairly by their employer (Hall & Soskice, 2001). Operating within LME's, organisations are often governed by top management, having a liberal approach towards SP's where SP's have little influence or power. Competitive wage setting against competitors and being vulnerable to market forces are amongst the characteristics of LME's (Hall & Soskice, 2001).

Critique against the field of comparative political economy claims that the argued resilience and regulating role of national institutions isolating CME's and LME's from similar economic pressures needs to be questioned (Baccaro & Howell, 2017). Baccaro and Howell (2017) argues that the explanation that path-dependency and history is inhibiting national political economic transformation in common directories ignores the global pressure of increase liberalisation seen throughout European CME's today (Baccaro & Howell, 2017).

Method

Our research relies upon an explorative abductive approach with an understanding that the reality is created out of contextual factors that shape individual understandings reliant upon individual experiences (Dubois & Gadde, 2002; Sharma, 2010; Winther Jørgensen & Phillips, 2002). It is a qualitative interview study of the existing discourse(s) concerning wage-formation and potential factors affecting the concept of wage. The empirical data consists of qualitative narratives originating from interviews with Employers and SP's, active in the engineering consultancy sector. This paper thereby attempts to visualise existing discourses

concerning wage-formation and influence of the Mark on Employers ability to use strategic wage-formation in local practice.

This research is inspired by and uses an adapted approach of grounded theory (Charmaz, 2014) and critical discourse analysis (Winther Jørgensen & Phillips, 2002) in order to fill the perceived gap in research concerning discourses and the way Employers and SP's talk about wage-formation. The study choose to be inspired by discourse analysis as a model due to the importance of visualising the way we reproduce certain phenomenons through text or talk. This means that the way people talk about specific phenomena are never objective or natural; Instead talk and text is filled with meaning constructed in our daily conversations, which is why it is important to show the construction of these discourses (Bryman, 2011; Phillips & Malhotra, 2017; Winther Jørgensen & Phillips, 2002).

Data collection

Population

Sampling of respondents was established through targeted selection, via company websites, and snowball sampling through previous contacts (Bryman, 2011). The researched sector contains Employers and three levels of SP's on peak level from both employer and employee side that shape opinions, societal- and sometimes political discourses concerning the inner parts of collective agreements and wage-formation agreements in Sweden.

The population representing SP's with knowledge of peak- and local level consists of six individuals (two women and four men) that possess a tenure of between four and 16 years in respective work-roles (i.e. Ombudsman/negotiators, Wage-formation-experts and Collective agreement-specialists). The respondents were chosen due to their organisational roles and explicit knowledge of the mid- (negotiating level) and top level (opinion-making level) of wage-formation, representing their organisations towards several thousands of member organisations and several hundreds of thousands of individual trade union members.

The population representing the Employers consists of nine individuals (five women and four men) originating out of seven individual engineering consultancy organisations in the size of between approximately 14 and 10 000 employees' in Sweden. Individuals chosen as respondents have senior positions (i.e. HR-director/manager, Chief financial officer or Chief

executive officer) within the organisations and possess between five and 20 years of tenure in their working roles connected to wage-formation. The organisations chosen to participate in this study was pinpointed through either having opted out of being connected- (one organisation), or choosing to be connected (six organisations) to a collective agreement active on the Swedish engineering consultancy market.

Interviews

The empirical data originates out of eleven qualitative semi-structured interviews with 15 SP's and Employers, strategically selected due to their expertise of wage-formation in the context of the Swedish engineering consultancy market (Bryman, 2011). The interviews lasted between 45 and 137 minutes and were carried out via six Skype interviews, three face-to-face interviews and two phone interviews. Two of the face-to-face interviews were carried out in company meeting-rooms while the third was carried out in a social area and suite, in the midst and in full view/hearing range of other offices close by. The phone and Skype interviews were carried out in study-rooms made available by the university. To be able to avoid respondent feeling inhibited by a secondary language (i.e. English), the interviews was conducted in Swedish. As a result, quotations used in the results section have been translated from Swedish to English by the authors of the paper.

Interview guide

The interview guide contained four main areas of questions aimed for both Employers and SP's: *Background questions* - questions concerning individual characteristics, such as tenure in position but also the respondents individual interpretation of central concepts - such as the Mark, numberless agreements, individual wage-determination, individual fall back guarantees and variable wage. Thereafter, the interview questions searched for answers in connection to these central concepts in three parts: *Introductory questions* - questions concerning the purpose of- and how their organisation worked with the central concepts. *Perspective of market parties* - questions concerning what the potential up- and downsides were with-, what the response was towards- and who/what parties might be asking for the central concepts. *Organisation specific questions* - questions concerning what the most important message in the organisation's wage-politics was? What challenges, related to wage-formation, were up-

and-coming in the future? What potential future agreements could look like and be focused on.

Analytical approach

This research revolves around macro and meso levels where discussions in the empirical data concern the notion, the function and the practical use of the Mark. This research used inductive coding with the help of Charmaz's (2014) line-by-line initial coding in order to proceed towards focused coding in order to grasp the complex discussions and intertwined narratives originating out of sometimes opposing employer and employee SP's reflecting upon the same phenomenon's.

Thematisation

Each empirically found theme was filled with three or four sub-themes, which meant that "talk" and/or discussions around certain topics compose the central themes of defined discourses. The central themes found in the empirical data is: (1) The Mark as political, which includes talk concerning factors of regulation, control and limitations - in the search for legitimacy and avoidance of guilt according present regulations; (2) The Mark as legitimacy, which includes talk and factors of transparency, appropriateness and fairness - in the search for honour and avoidance of shame in the interdependent relationship between Employers and SP's; (3) The Mark as ideology, which includes talk and factors surrounding history, tradition and "having a standard procedure" to potential challenges - in the search for certainty and avoidance of ambiguity (in relation to outcome); and (4) Challenging the existence of the Mark, which includes talk and factors of the Marks future presence (i.e. market influence), existence and development in relation to societal trends of individualism.

Credibility and transferability

According to Winther Jørgensen and Phillips (2002) the objective truth does not exist in discourse analysis, as the discourses originates out of social constructivism and departs from social agreements influenced by our own preconceptions. All knowledge is thereby subjective since reality and context is created via language and should therefore not be taken for granted.

In line with the reasoning of Winther Jørgensen and Phillips (2002) this research's aim is therefore not to claim the study to represent an objective truth, but instead be interpreted as an example of the situation studied. However, as the process and practice of wage-formation is general in use, we speculate that there ought to be similar occurrences in other sectors active in the fast moving and knowledge intensive Swedish labour market.

Taking this into consideration we argue that the findings of this study is transferable to contexts outside of the investigated sector of engineering consultancy, as the investigated phenomenon is of widespread national character - leading to possible replicability in other sectors of the Swedish labour market. To limit the influence of our own unconscious preconceptions and biases we have throughout the research continuously discussed our interpretations of collected empirical data and use thereof.

Limitations

This research chose to limit its population to the sphere of the engineering consultancy sector in Sweden. The decision to research this specific sector was made due to (1) the sectors high presence of negotiated wage-agreements containing individual fall back guarantees (Medlingsinstitutet, 2019); and (2) the similarity in characteristics amongst specialist white-collar organisations active in the service sector in Sweden (i.e. profit-driven, high pace and knowledge intensive). Thereby, the choice of population creates the opportunity to provide probabilities and tendencies that ought to be transferable towards larger groups on the market scene. This research will thereby solely focus upon engineering consultancy organisations and their affiliated SP's, or lack thereof.

This research needed to handle the accessibility factor towards sought population – i.e. senior management and/or geographically outplaced population (in some cases based abroad). Therefore, this research chose to conduct eight out of eleven interviews with the help of various mediums (i.e. Skype and/or phone - in some cases with camera function enabled). This resulted in not being able to “sense the surroundings and/or body language”, as would be the case in face-to-face interviewing. However, without the help of technology to gain access this research would not have been possible within the economic- and timeframe available.

Due to the fact that we have chosen to only interview SP's on macro (peak) and meso level, the discourses presented are not taking into account the views of local SP's operating within the engineering consultancy organisations nor employees and their notion and perception of the effect of the Mark on wage-formation.

Ethical considerations

This research has considered the criterions of information, consent, confidentiality and use of empirical data towards involved respondents (Bryman, 2011; Swedish research council, 2017). When reaching out to potential population a letter of information regarding the purpose of the study was attached. In addition to this, in connection with the interviews an agreement of participation was given to each respondent making sure the respondent understood the purpose of the study that participation was voluntary, that their anonymity was being kept and that the empiric result was only going to be used in this study.

It is reflected upon, by the authors of this study, that having similar academic merits (i.e. BSc in HRM & Labour relations) could create interpretations that could be affected and shaped by earlier experiences and educational background, as described by Wolcott (1994). The study also needed to be aware of the subjective choices of structuring and stratification of respondents due to organisational belonging, as this research through the results will try to display "how things are" according to narratives originating out of the stratified dimensional perspectives (Winther Jørgensen & Phillips, 2002). The discourse results (i.e. representations of groups) does not exist before being classified and put forward as statements, which pose the risk of others using classifications and results out of context and aim of this study (Winther Jørgensen & Phillips, 2002). This fact has to be kept in mind when conclusions are drawn and statements are presented towards external parties.

Results

The results section is built up by reasoning, talk and discussions surrounding the Mark as something Employers and/or SP's on both local- and peak level relate to when performing or relating to the process of wage-formation. The results section contains four main themes concerning the notion of the Mark, more precisely: The Mark as political; The Mark as legitimacy; The Mark as ideology; and Challenging the Mark.

1. The mark as political

This theme and the notion of politics is constructed by discussions concerning stability and the Mark's effect for Employers, containing talk such as the Mark's tendency to *regulate*, *control* and *limit* actions in a strive to avoid guilt according to national- and local regulations.

Wage-formation, both centrally and locally, is strongly influenced by discussions concerning the Mark. There is a consensus amongst the respondents regarding the perceived purpose of the Mark as creating stability, responsible wage-formation and prevent wage drifts on the Swedish labour market (cf. Lundh, 2010). One SP on peak level expresses the notion of Mark as follows:

We call it the industry mark. In common words "The mark". When it first began the purpose was to create a wage-formation norm, a societal norm for what the economy could handle in terms of wage increases, and in practice this is determined by the export industry [...] (SP_A).

Market stability

In line with Björklund et. al. (2014) and Lundh (2010), respondents see an advantage of having consensus regarding a normative wage-formation in the Mark's ability to create stability in preventing strikes and employers outbidding each other on the market.

Since we have conflict rules that give unions an enormous power to strike [...] if you would not have this norming 'mark', many would have higher demands upon wage increases. And then we would be back to the time before the creation of the industry-agreement, where parties outbid each other [...] and everything becomes a huge mess that scamper (SP_D).

[...] there is a calmer negotiation if there is a starting-point. We are now on the last year of a three year agreement. So in some ways you know where to start, it is quite calm negotiations and not situations where one [party in the local wage-negotiation] says one [1 percent] and the other says seven percent (Employer_5).

However, there are views amongst the respondents of the Mark's stabilising tendencies as an inhibiting force (cf. Calmfors, 2018; Hermansson, 2019) for differentiated wage-formation in the context of wage-spread; "The positive is that it [the Mark] is reductive [in holding back irresponsible wage-formation], and the negative is total 'levelling off' and pacification of the wage-formation" (SP_D). While on the other side, emphasised by respondents on both sides,

there is a lack of better alternatives to use in order to create sustainable stability on the market.

You need to remember that ‘the mark’ is not a law, it is free for any employee- and employer association to try to sign an agreement that is lower or higher than ‘the mark’ stipulates. There are attempts being made from time to time, so you can try to challenge it - but so far everyone has recognised that it is better to follow ‘the mark’ than to start some kind of war towards an unknown territory with unclear goals (SP_B).

The Mark’s stabilising force is thereby something sought by respondents in order to predict and plan future endeavours. However, respondents describe that the strong normative effect of the Mark is not always the best in the strive for local agreements; disagreeing with Anders Weihe, head of negotiations at Teknikföretagen, who states that diverging from the Mark should be viewed as a breach of contract (Jelmin & Tun Hedfors, 2019, May 3; Lindström, 2019, May 3).

The Mark’s effect for Employers

From a service sector perspective, the fixed normative effect of the Mark has the disadvantage of not adapting to local needs and instead becomes a starting point of the market situation concerning wages; “The advantage is that you get comparable wage increases in several sectors. The disadvantage is that you don’t adapt it [the Mark] to local sectorial needs.” (Employer_2). This could be in line with Karlsson et. al.’s (2014) description of the Mark’s tendency of creating mental barriers that inhibit decentralised wage-agreements.

Employers also described the complexity of meeting employee expectations, while at the same time taking cyclical movement and potential recessions into account, making the Employers prefer process-agreements over the strict use of the Mark. “[The Mark] becomes the floor quite easily, everyone expects to get 2,3% and if you get under that you are a loser so to speak. And that becomes governing, even in a recession we expect to end up on that level.” (Employer_1). Respondents describe that there is a tendency for organisations to get fixated to stipulated numbers in agreements; “This is why the service-sector has chosen NOT to have a stipulated number in its agreements, cause you know that organisations stick to the stipulated number.” (SP_C).

However, even with the use of process-agreements (cf. Granqvist & Regnér, 2016; Lundh, 2010) the Mark is indirectly impacting the wage-formation on local level according to the respondents; “We have to relate to the central collective agreement and of course, that indirectly becomes ‘the mark’” (Employer_5). Adding to this complexity, due to the close link between the government’s stipulated goal of inflation and the Mark (cf. Lundh, 2010), it becomes difficult to disregard the Mark in wage-formation when deciding to not sign a collective agreement (cf. Karlsson et. al., 2014).

Even Employers that in the strive to avoid being regulated by collective agreements and to offer more to their employees ends up benchmarking available market factors in order to offer a more competitive compensation solution; “We look at a couple of collective agreements, we look at inflation, we look at K84, we look at our earnings...Then the goal is to always be above the inflation during a period of three years.” (Employer_6). This shows that Employers in the search for legitimacy and fairness towards employees’ choose to benchmark centrally stipulated criteria (cf. Gevrek et. al., 2017; Hall & Soskice, 2001; Karlsson et. al., 2014; Lundh, 2010).

2. The mark as legitimacy

The theme of using the Mark for legitimacy is constructed out of talk, reasoning and discussions of the search for legitimacy and the changing role of SP’s. These topics contain factors of *transparency*, *appropriateness* and *fairness* in the search for honour and avoidance of shame in the interdependent relationship between Employers and SP’s.

As we have seen, the mark creates stability and solidaric wage competitiveness (cf. Lundh, 2010) in wage increases that affect almost all involved on the market. Even though there might be critique against using the Mark as reference, the empirical data shows that there are no better alternatives to use in order to gain the same or better results.

The problem is not the critique against the mark, it is that no one has a better solution. People say ‘this is bad’, but how should you do instead? There is no one that can present a better alternative to the mark. Then it becomes hard to discuss the problems [concerning the mark] according to me (SP_B).

Thereby, Employers and SP’s could be interpreted to use the Mark as a way of gaining legitimacy through transparency, appropriateness and fairness in their wage politics. This as a

result of Employers lack of alternatives when handling parallel wage-agreements (with and without stipulated percentages) originating out of dual union-traditions as described by Björklund et. al. (2014).

The search for legitimacy

One respondent describe that managers sometimes lack in knowledge of wage criterions included in performing local wage processes and choose “the easy way” for avoiding conflict; “[...] they [managers] are involved, not knowing the defined [wage] criterions and end up in ‘oh-well, maybe I’ll give everyone ‘the mark’ – then I am a fair manager and no one will complain’.” (SP_C). This tendency of using the Mark as a cover protects the manager from having to deal with legitimacy and complaints relating to determined levels of wage increase. Thereby, there is a strong presence of perceived fairness and appropriateness in connection to organisational context when relating to companies ending up on or around the Mark.

The respondents describe a tacit presence of the Mark in the wage-formation process due to the normality of having parallel agreements (one with and one without stipulated percentages). This is where the two traditions of trade unions (Björklund et. al., 2014) clash in what is perceived as “the best way”, where one tradition of employee SP on peak level describe: “[...] then it is good to have a ‘mark’ [the Mark] that is not up for debate” (SP_B). While the other tradition of trade union argue for numberless agreements without stipulated percentage, claiming that Employers tend to choose the agreement that is “easy to follow” (i.e. the one with stipulated percentages) as it is perceived as transparent and fair. The tendency of Employers choosing the agreement that is “easy to follow” hampers the move away from using the Mark, making the approach of SP traditions towards using the Mark in wage-formation pivotal when Employers choose “how to” perform local wage-formation.

Furthermore, business-competitive processes of rationalisation and standardisation is also reflected upon as a cause of Employers not moving away from using the Mark as reference. When Employers are not able to create their own versions of the wage process, due to organisational size and/or economic factors, they tend to benchmark towards competitors in order to avoid transactional costs (cf. Björklund et. al., 2014; Karlsson et. al., 2014; Lundh, 2010). This creates a situation of homogeneity amongst Employers where traditions (such as using the Mark) are being upheld when performing local wage-formation;

A lot is hygienic factors [wage-issues], cause we know that we have roughly the same reward-models and benefits as our competitors. That's my obligation as a HR-manager in the frame of external environment monitoring, or else we risk losing people (Employer_3).

To further problematise the Employers strive for legitimacy of its wage process is to add the layer of individual perceptions (cf. Gevrek et. al., 2017; Lundh, 2010). This is to handle the equilibrium between individual employees' understandings (often created through general media) and the reality in the local organisational context throughout the wage-formation process. "[...] two percent is defined by 'the mark', that is what you [as an employee] should get if you are mediocre. But I'm [employee] not mediocre, so I should get more [...]" (SP_C). This complexity is also supported when reasoning around the presence of the Mark through agreements of individual fall back guarantee:

The thing with agreement with individual guarantee [stupstock] is that that level is really viewed as a lowest, lowest, lowest level if it is communicated [within the organisation] - and then everyone expects to get that level, at least! (Employer_2).

As a contrast to the local and sometimes emotional side of wage, one respondent reflects upon a meeting on SP peak level and their discussion of wage:

You don't talk about wage in connection to feelings at all, it is more of a drawing chalk [krita] discussion. When I started to talk about these things [the emotional side of wage] participants started to twist in their chairs. You often view this as having a pouch of money that is to be distributed, and when this is done you work towards next year (SP_A).

This dichotomous perception of wage-formation as being something "square-ish", fair and calculable as opposed to individually and emotionally loaded creates a complexity for Employers and SP's to balance in cooperative settings. There are two levels of legitimacy detected in wage-formation: one on peak level that show the two trade union traditions and the way Employers handle the situation, and one on local level that shows the importance of interdependent relationships as developed below.

The role of social partners

In order to create legitimacy and communicate a common salary setting process throughout the organisation it is pivotal for Employers and local SP's to cooperate (cf. Baccaro & Howell, 2011, 2017; Svenskt Näringsliv, 2019).

And the unions, here we agree to try to help each other and that it becomes some sort of organisational development where the unions help their members clarify the [salary] criterions and such and how to interpret [the criterions] and the arguments to bring forth... (Employer_3).

The relationship with local SP's thereby have an impact on the local adaption of the process-agreement and the aim of moving away from the Mark. The maturity of the relationship creates a climate where local adaptation can take place in confidence, whereas Employers with new or non-existing local SP's often get fixated upon centrally stipulated numbers, such as the Mark.

Because it's clear in the agreements what the salary criterions are and then it is impossible to lose your way, it's about interpretations and knowledge surrounding the agreements. There are social partners who has been around a long time and are very knowledgeable, and then there are those who has not done that – and then you often get stuck in old principles and old arguments...it's more about the maturity on local an individual level – also in the relationship towards the employer (Employer_3).

The SP's on peak level also discussed the power shift in the relationship between Employer and SP's, reflecting on their roles in the context of local wage-formation. SP's on local level are in fact moving from their traditional and oppositional role (cf. Baccaro & Howell, 2011, 2017) towards the function of monitoring, helping and educating the Employer and employees in setting up fair processes in the workplace.

Historically, way back, even the unions was involved in handing out pieces of the cake – there were no salary talks, only wage determination talks. Now there is an understanding that you need to be a little closer to reality so now you have salary talks where you talk [about salary], but in the end it is the employer who decides. Our role as social partner is to make sure no one is being discriminated or disadvantaged (SP_C).

This shift in power was further problematised by SP's on peak level enforcing individual fall back guarantees into wage-agreements in order to avoid potential abuse of power from Employers.

The challenge with numberless agreements, if there would be totally numberless agreements [agreements without any stipulated percentage of wage-increase], is that the ones that decide over the money is not the employees – it is the employer. The power balance thereby gets shifted to the advantage of the employer. But let's say that the employees could be part of deciding the wage space - which they don't get to do - then it would be a different situation. But it isn't the employees who decide over the budget, it's the employer. That is why a totally numberless agreement would lead to the [power] balance shifting in a way that is not acceptable for us (SP_B).

The presence of individual fall back guarantees is dual, and according to Karlsson et. al. (2014) it is hindering the by Employers sought wage differentiation. Furthermore, this research contemplates if it could also be interpreted to legitimise SP's presence as employee spokespersons towards their trade union members. This impacts the way SP's adapt their message in order to motivate their specific target group, i.e. Employers or local union clubs/members.

3. The mark as ideology

This theme and the notion of ideology is constructed of discussions relating to rhetoric's and adaptations of SP's message towards their target group in the strive to transcend historic influences. Influences containing factors such as *history*, *tradition* and the tendency of *standard solutions* in the strive for certainty and avoidance of ambiguity.

As we have seen, official and/or in-official regulations with the aim of creating stability and legitimacy on different levels (i.e. national, sectorial and/or organisational) of the market, are on a local level to a high degree relying on the interdependent relationships between Employers and local SP's. However, there are some discrepancies and attempts to transcend and challenge the historically and traditionally based rhetoric's, concepts and understandings that shape the way the respondents talk and relate to wage-formation in Sweden.

Rhetoric's in wage-formation

It became apparent from the interviews that the use of semantics and re-framing of key wage-formation concepts was widely adapted. For example, the term Mark was referred to by the respondents as: "the industry mark" (SP_A) and "the wage-formation mark" (SP_D); The term numberless agreements was referred to as: "business near agreement" (SP_D) and

“agreement without centrally defined numbers” (SP_C); and the term agreement of individual fall back guarantee was referred to (when included in a agreement) as: “process-agreement” (SP_B).

As shown, the re-framing of traditional terms put an individual focus and adapted objective in the re-framed terminology and its actual function. Receiving answers to questions concerning the relation towards the Mark portray a perceived tension in ideology behind used definitions and wordings: “Export-mark? No, I don’t know what that is. The wage-formation mark however, if that is what you are referring to...? I can describe that.” (SP_D).

The differences in used rhetoric’s show a tacit power-struggle between SP’s on peak level – as the SP’s by default propose sometimes opposing objectives of either saving costs for Employers or raising wage-levels for union-members. “So, one could argue that it is almost about political ideologies that clash when the creation of ‘the mark’ for next agreement period is at hand.” (SP_C).

Transcending historic influences

Rhetoric’s, such as described above, have a direct affect on the organisational level where Employers’ sometimes choose not to use wordings, or re-frame the use of historic terms in order to not get stuck in the historic and traditional meanings and conceptions of the terms.

I try not to talk about it [the mark] as it is not supposed to be the driving force, it should be differentiated wage-determination. But we always end up over it so we don’t talk about it as much anymore (Employer_1).

Then you get into the classic rhetoric’s of what you call it, I choose not to use those wordings as you might have recognised, we talk about wage space. We don’t talk about a mark, it is totally uninteresting in the wage-discussion, and this is where you loose yourself as a manager (Employer_3).

The strive to transcend historic influences and win support by using “the right words” when motivating members with adapted terminology, such as “the wage-formation-mark”, “business near agreements” (SP_D) and “agreement without centrally defined numbers” (SP_C), shows the inner parts of the wish to reconfigure the use and meaning of traditional terms.

The development of performing wage-conversations rather than wage-negotiations is a clear example of transcending relations on the market. This as wage-conversations includes leaving the Mark and moving towards numberless agreements that have an emphasis on local conditions without central involvement. However, Employers in this study describe the transition away from wage-negotiations with challenges in changing the employee mind-set from perceptions of the yearly wage process as a traditional wage-negotiation to the process as a wage-review.

Yes, this is possibly the misconception. It [the wage-conversation] should of course have the form of a dialogue about fulfilling goals and the future, as well as what the employee think this is worth [in monetary means]. You should naturally talk about it, the conversation should not become a monologue, but in the end there is no demand to agree upon something (Employer_4).

What you perform every day at work, this is how you can affect your wage-revision, but you are not going to have a negotiation of a new wage-level every year. (Employer_7).

The empirical data describe willingness towards flexibility through wage-conversations and/or process-agreements in the local wage-formation. However, the situations where local trade union associations are guaranteed a centrally stipulated percentage of wage increase (if local SP's and Employers don't agree) create a complex situation when trying to apply the more flexible numberless agreements.

I want to claim something that perhaps is controversial; this is that there is no such thing as a numberless agreement in the whole of Sweden. This as a result of employers having parallel [wage] agreements on the workplace, one with and one without numbers, where the agreement with numbers affects the wage-formation for the company (SP_B).

This creates a situation where the agreement of individual fall back guarantee often sets the floor in the local wage process. Even though SP's in general say they would be prepared (if motivated properly) to agree upon a lower percentage if necessary, the same voices claim:

In the end we all feel that we need the 'stupstock' in order to prevent being pushed into having to lower the wage-increases. And for this reason we have a mark that is not up for debate in wage-negotiations locally (SP_B).

The resistance in lowering expectations of wage increases is also confirmed by Employers:

You can say that they [local union-parties] view it [the centrally stipulated percentage] as a floor. This is the case in the present situation of the big demand for civil-engineers on the market, so both parties [employer and local union party] start in the central [stipulated percentage] (Employer 5).

The situation where the Mark is perceived as the floor (contradicting the findings of Danielsson Öberg and Öberg (2017) stating the opposite) is somewhat problematic. Transcending from centrally and collectively based stipulated percentages into local flexibility and individually based cooperation that disregard the Mark as reference pose challenges towards the function and use of the Mark.

4. Challenging the existence of the mark

This theme consists of empirical discussions and questions regarding the Mark's *future*, *existence* and *development* in the light of *societal trends* moving from collectivism towards individualisation.

To use the Mark as a guideline is being questioned (c.f. Calmfors, 2018; Danielsson Öberg & Öberg, 2017; Gunnars, 2017, December 14; Hermansson; 2019; Jelmin & Tun Hedfors, 2019; Karlsson et. al., 2014; Lundh, 2010). The transformation of wage-agreement characteristics is going from centralized to decentralized negotiations/conversations, where process-agreements are increasing in the service sector.

There has been, and there is at the moment a discussion on how “the mark” should be handled – do we have to have “the mark”? Historically the mark has been negotiated in order to get a number into the collective agreement. But now the agreements have another construction – so the number isn't really needed anymore. And then the question is do we need the mark? (SP_C).

SP's on peak level acknowledge this and state that the Mark's constant presence becomes apparent when looking for differences in wage-spread between those using centralized- or numberless/process-agreements and recognising that there are no real difference to be found.

Different agreements... An agreement with numbers becomes more governing, while with a numberless agreement you can discuss other factors. But when it comes to the actual outcome it is so dependent on the

societal norm that it has very little meaning what type of agreement you have (SP_A).

According to respondents, there are discussions of who (what SP's) should be invited to participate in determining the Mark. This as the white-collar service sector and blue-collar industry sector are equal in regards of trade union members (cf. Lundh, 2010). Furthermore, there is talk of inviting other, non industry SP's, but it is hard to align interests of different sectors as the prerequisites of the sectors are somewhat different; where the industry sector could be interpreted as collectivistic and service sector individualistic in its approach.

What is hindering people from gathering around it [the creation of the mark] I believe is quite natural. The market is so diverse, I speculate that those who work in modern internet based companies are not able to identify themselves with a situation where you sit down and put a price on the workforce in this way – cause their [modern internet based companies] conditions are totally different (SP_A).

Towards individualisation

The role of SP's is discussed in terms of moving towards a individualised society that shift focus away from the collective approach that traditionally has been the focus of labour relations in the Swedish labour market. This individualised approach is thereby challenging wage-formation and the role of the SP's going forward.

But I can wish from my point of view that with maturity - that you go against wage processes with pay-setting conversations where it is individualised. That you move power from the central to the individual and that you have clear and transparent methods and tools in the wage process.... I mean the role of the unions it is that they have difficulty in asserting themselves with what value they add to their members. I see from my perspective - if I try to be a bit objective - then I still think that the development is towards more individual and more wage-setting conversations (Employer_3).

And if you look close at society, collectivism is crumbling, and I think that happens here too. The union will probably have to find new roles, there is absolutely a role for them, but which. The question is if not wage-formation is becoming increasingly individualized in any way (Employer_5).

The respondents' discussion of *individualisation* or *collective good* and adaptation to *local needs* versus *centralised governing* was framed in the context of being able to use strategic wage-formation. However, the overarching strive to keep stability on the Swedish labour

market makes a normative Mark a strong incitement for all to gather around, especially while looking at macro-economic instability cycles.

It's good to have norms in the labour market. If there is no norm or if you don't have a strong unionized wage setting, then the salaries will fluctuate depending on the economy. [...] I believe that the next time we wind up in a recession we might very well end up gathering around a "mark" again, because then you want something to relate to or at least set your hope to (SP_A).

This reasoning is in line with the findings of Baccaro and Howell (2011, 2017) and Bengtsson (2008) respectively, showing the push and pull factors between centralisation and decentralisation. This dichotomous relationship towards a collective norm versus localised arrangements emerged from the empirical findings and show examples of the complexity included in the relationship towards the Mark.

Discussion

This research's purpose is to identify institutions and market forces through discourses concerning central and local wage-formation. This by being able to display talk, reasoning and/or discussions (i.e. discourses) around Employers and SP's involved in the engineering consultancy sector, using the mark when performing wage-formation.

In regards of meaning and historical development of the Mark, the findings of this study shows that sometimes ideological discourses (through semantics) take place amongst SP's on peak level - and is diffused towards employers and local SP's. SP's on both employer and employee side describe the need and necessity of cooperation and flexibility, but at the same time recognise that those goals sometimes are opposite of each other (e.g. employer side wish to keep personnel-costs to a minimum while the employee side strive for increases in wage and general conditions for its members). On local level, amongst Employers, there are discourses of how to relate to the Mark and other market forces that encourage or inhibit the creation of locally centred and extended wage-agreements. The presence of parallel wage-agreements creates tendencies of generalisation of treating all the employees the same for Employers. These tendencies and the strive for fairness, appropriateness and transparency hinders the, by the market, sought wage differentiation and spread. Thereby, this research puts

forward that actors involved on the market are upholding traditions by normative and cultural-cognitive patterns (Scott, 2014). In the context of this study, the empirical data is interpreted to create context-bound discourses on central (i.e. macro) and local (i.e. meso) level of analysis.

Macro-level

When looking at the history and development of wage-formation in Sweden with the help of Lundh (2010), it becomes apparent that the main goal for wage-formation, i.e. the use of the Mark, in stabilising Swedish macro-economy and labour market - is still in full effect. From a macro-economic perspective the path-dependency of the “Swedish model” and the notion of solidaric wages, i.e. Sweden being a collaborative market economy, the Mark leads to institutional isomorphism (DiMaggio & Powell, 1991; Hall & Soskice, 2001; Lundh, 2010). This somewhat contradicts the findings of Baccaro and Howell (2011, 2017) and Ingham (2008) arguing for Sweden, as a CME, is moving towards neo-liberalisation - at least within this research’s chosen population.

According to this research’s chosen population there are ongoing discussions amongst SP’s on peak level surrounding the legitimacy of how the determining of the Mark should be performed. Since the service sector is equal to the industry sector (both in terms of employees and trade union representation (Lundh, 2010) this practice is losing legitimacy, which create internal pressure to renegotiate the process and include SP’s from other sectors (sensitive to export) in the negotiation. The question of including SP’s, outside the industry sector, in determining the level of the Mark is a somewhat hot potato as traditional political hierarchy could be interpreted to play a vital role in who gets a say in the matter.

One could argue that competitive isomorphism through a strive for (not losing) political influence and institutional legitimacy for the Mark is ever so present (DiMaggio & Powell, 1991). To call upon sufficient others (Scott, 2014) in order to accredit the presence of and necessity of the Mark could, when looking through the lenses of coercive and normative pressures (DiMaggio & Powell, 1991), display a picture of involved SP’s avoiding guilt or shame towards society in general, and market in particular. According to this research’s interpretation, this is where semantics and terminology (i.e. re-phrasing and/or the choice not to use certain terms in the discussion of wage-formation) enter the complexity. Here the

terminology is used for diffusion (DiMaggio & Powell, 1991) in order to motivate stakeholders in the “right way” and in line with the often diverging goals of employees- and employers SP’s on peak level, as described by Björklund et. al. (2014).

Meso-level

This research speculates that there is a built in complexity of standardisation for engineering consultancy organisations in Sweden where, today, agreements with individual fall back guarantees is ever so present (Medlingsinstitutet, 2019). The standardisation is that of treating all employees the same, regardless of having parallel wage-agreements, and through treating everyone the same create legitimacy, transparency and fairness for the wage process – often ending up on the level of the Mark. Above keeping transactional cost to a minimum (Karlsson et. al. 2014; Lundh, 2010). As this research’s empirical data has shown, talk of benchmarking competitors and using competitive wage formation creates a dichotomous relation to claims of striving for differentiated wages and a healthy wage-spread throughout the market.

Employers thereby use normative methods (Scott, 2014) in glancing towards competitors’ ways of doing, and adapting to the market through institutional isomorphism in order to stay competitive through normative and mimetic influenced standardisation (DiMaggio & Powell, 1991). Since there are currently no replacement to the Mark in creating stability and predictability – everyone tries to do the best with what has proven effective through history, i.e. mimetic pressure (DiMaggio & Powell, 1991). This in order not to “rock the boat”, as “rocking the boat” and questioning traditions with a proven track-record might lead to unknown consequences and uncertainty (Scott, 2014). This could also be interpreted as CME forces in competition with LME influences (Hall & Soskice, 2001) where competitive market forces clash with institutional conformity.

Conclusions

The discourses in connection to the Mark concerns: (1) The Mark as political, including talk of market stability, limiting tendencies and the credibility of the Mark; (2) The Mark as legitimacy, including talk of wage process legitimacy for Employers, as well as the development of roles for local SP’s; (3) The Mark as ideology, including talk of rhetoric’s and semantics when performing diffusion towards member organisations and/or local union clubs;

and (4) Challenging the Mark, including talk of societal and market trends moving from collectivism to individualism.

Thereby, the established method of using the Mark as reference creates a situation where the mark becomes an in-official rule that in some ways is taken-for-granted (due to its historic and successful track record) as a traditional default setting (cf. Scott, 2014). The threat of recession and ensuring employers ability to carry employee costs in harsh times act as a wet blanket, making all actors unwilling to challenge status quo.

Practical implications

Is there still a need for a normative wage-formation Mark? The discourses emerging from our empirical data suggests both. One SP on peak level discussed the fear of moving towards an increased LME, as defined by Hall & Soskice (2001), where employer power would be to great if there were to be no guidelines stipulated in the wage-agreements. Employers on the other hand argued for the need of flexibility in the strive to handle challenges of scarcity of labour, seeking independence from a governing Mark.

The empirical data shows the implications of Employers perceiving the Mark as a floor and unofficial rule, governing wage-formation in a local context. This could be an effect of local SP's arguing for stipulated numbers in order to gain legitimacy towards their members. One could speculate that this originates from the transformation of SP's, going from a traditional and often employee opposing role towards the function of implementation partner to the employers with a monitoring effect (Baccaro & Howell, 2011, Lundh, 2010).

Final reflections

In addition, the empirical data show tendencies of a perceived power imbalance between business actors (i.e. engineering consultancy organisations, client firms and individual consultants). This becomes clear when it comes to sustainable wage-formation and the equilibrium between earned fees from client firms and personnel costs. One direction of future research is thereby within the area of power relations included in negotiated business deals, where fees from client firms are under heavy structural price-pressure. This problem is according to this research's collected empirical data a reality that most (if not all) local engineering consultancy firms in Sweden need to handle as a counterweight to wage increases

included in local wage-formation. To fully grasp and understand Employers ability to use strategic wage formation in a societal context we also argue that further research is needed, taking into account local SP's and employee views of wage-formation as well as others outside of the service sector and the engineering consultancy sphere.

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Appendix 1. Interview guide



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Interview guide

Wage-formation – From central agreement to local ability to act (Interview study)

Background

- Q1.** How long have you
- Been employed?
 - Had your work position?
- Q2.** What is your background? (e.g. education)
- Q3.** Please describe your role in the wage process
- Q4.** With your own words, what is:
- The exportmark?
 - Numberless agreements?
 - Pay for performance?
 - Individual fallback guarantee (stupstock)?
 - Differentiated wage (rörlig lön)?

Introduction questions

- Q5.** What is the purpose with:
- The exportmark?
 - Numberless agreements?
 - Pay for performance?
 - Individual fallback guarantee (stupstock)?
 - Differentiated wage (rörlig lön)?
- Q6.** How do your org. work with:
- The exportmark?
 - Numberless agreements?
 - Pay for performance?
 - Individual fallback guarantee (stupstock)?
 - Differentiated wage (rörlig lön)?

Market actor perspective

- Q7.** What pro's and con's can you see with:
- The exportmark?
 - Numberless agreements?
 - Pay for performance?
 - Individual fallback guarantee (stupstock)?
 - Differentiated wage (rörlig lön)?

Market actor perspective continued.

- Q8.** What actors/employees/members ask for:
- The exportmark?
 - Numberless agreements?
 - Pay for performance?
 - Individual fallback guarantee (stupstock)?
 - Differentiated wage (rörlig lön)?
- Q9.** How do actors/employees/members accept:
- The exportmark?
 - Numberless agreements?
 - Pay for performance?
 - Individual fallback guarantee (stupstock)?
 - Differentiated wage (rörlig lön)?

Organisation-specific questions

- Q10.** We have noticed this challenge on the market (show problem statement, connected picture)
- What is your interpretation?
 - Where is your organisation within this problem statement?
 - What ability to act, in regards of wage-formation, do you perceive that your organisation have?
- Q11.** What do you perceive as the most important message in your organisations wage politics?
- Is that message reasonable according to your interpretation?
 - Is the message received and interpreted the same way throughout the organisation/association?
- Q12.** What do you identify as future challenges concerning wage-formation?
- Q13.** How do you think future agreements will look like?
- What is it that enable the present agreement?
 - What is hampering the development of the present agreement?
- Q14.** Is there something you would like to add? Something you think we have missed?

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Problem statement – Case engineering consultancy organisation

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