

## **Negotiating the energy transition: the merger of Statoil and Hydro**

### **WP2.2 Country case Norway**

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#### **Abstract**

This case study examines the 2007 merger of Statoil and Hydro's petroleum divisions. We examine its structure, the motivations of its managers, and its consequences for labor relations. The established tripartite bargaining structure in Norway ensured that unions were involved in the merger process through different institutional settings. The merger was carried out in two phases. Phase I was marked by an integrative bargaining approach with a problem-solving orientation. However, when the integration moved to offshore work, the dynamic changed to distributive, rights-based bargaining over standardization, staffing levels, and safety arrangements. Phase II thus became significantly more contentious. The overall outcomes varied depending on the stakeholder group. Management and the newly formed company were the clear winners, benefiting from increased scale, stronger international bargaining power and greater managerial flexibility. For core employees, the merger resulted in measures such as training programmes, relocation incentives and early retirement schemes. By contrast, subcontractors and external consultants faced increased uncertainty and reduced job security, experiencing more precarious outcomes. Moreover, the merger did not lead to an immediate green transition as initially intended.

“We don’t just energise the lives of millions of people. We want to empower them too. We deliver energy to millions of people. Through our core business and supply chain, we create significant economic value and opportunities for society and communities through taxes, jobs, skills, education, innovation and social impact management. We develop our people and promote diversity and inclusion across our locations.”

- Equinor, “Sustainability, Our Approach” (2025)

## 1) Introduction

High energy usage is essential for a today’s economy and lifestyle. The above quote encapsulates Equinor’s central role as an energy company by portraying it as both a provider of energy and a generator of social and economic value. This case study examines the 2007 merger of Statoil and Norsk Hydro's petroleum divisions that resulted in the formation of Equinor. Equinor is now an integral part of Norway's economy, with the Norwegian state holding a majority ownership stake. As climate change placed oil extraction and its contribution to global warming on the international agenda, companies increasingly sought to be associated with “energy” rather than with oil extraction. After the merger process, the word "oil" was removed from the company name. The word "equitable" was added instead. After all, as Daggett notes “who could be against energy?” (Daggett, 2025, p.1)

The merger consolidated two of Norway’s largest energy companies into a single firm that employs over 20,000 people worldwide. This new company substantially contributes to the country's GDP and Government Pension Fund, also known as the "oil fund." Although Equinor is based in Norway, its global operations — particularly its role as a major natural gas supplier to the

European Union — establish it as a significant player in European energy security and geopolitical energy flows.

This case study examines the 2007 merger, which occurred amid a backdrop of mounting pressures, including the partial privatization of formerly state-owned firms, the globalization of oil and gas markets, and the emergence of climate politics. We examine how the merger reflects Norway’s distinctive approach to managing strategic sectors through social partnership. It also considers the tensions between the company’s socioeconomic contributions and the climate change challenges tied to continued fossil fuel production. The merger of Statoil and Hydro’s petroleum divisions was divided into two phases. Phase I involved integrating onshore activities, and Phase II involved integrating operations in Exploration & Production Norway (EPN), the Norwegian offshore unit. Phase I was completed before Phase II began.

Although unions started with strong bargaining power, this changed through the merger process. Historically, workers in Norway’s petroleum sector have enjoyed relatively high wages, generous benefits, and strong job security. This has been especially the case for core staff directly employed by state firms. Offshore roles offered premium pay to compensate for demanding schedules and risk. Typical careers involved long tenures, internal promotions, and specialized technical tracks and rotation systems for offshore crews. The industry developed rigorous safety regimes and training programs. Unions were influential and present, embedding collective bargaining and tripartite consultation into workplace governance. This gave employees real bargaining power regarding pay, safety, and redundancy protections. However, starting in the 1990s and continuing into the 2000s, state firms began to restructure, with management prioritizing efficiency, competitiveness, and international expansion. Thus, the period leading up to the 2007 merger combined institutional continuity in core protections with an incremental increase in managerial pressure for flexibility and cost-driven restructuring, which disproportionately impacted peripheral and contractor workers (Coleman et al., 2011).

The analysis of this merger serves as an interesting case study for the EGRUiEN project because it examines corporate restructuring, and how the interplay of privatization, state ownership, and tripartite social partnerships influence bargaining power, and transition conditions

for workers. We also consider how climate and transition dynamics play into the merger dynamics. Beyond the EGRUiEN project, the findings are important because as the global energy mix shifts, many traditional oil and gas companies are acquiring renewable energy companies. In fact, the energy, mining, and utilities sector had the second-highest value of mergers and acquisitions (M&As) in 2024 (Statista, 2025). Studying these mergers helps us understand how social partners interact during workplace restructuring due to market and policy pressures, as well as how work is affected by this process.

This case study draws on academic and original sources. A research project closely followed the merger, resulting in several academic publications that we draw on for this case study. We draw on the material that was collected during this three-year, real-time research effort known as the “Integration Project” (*Integrasjonsprosjektet*), which observed the merger and produced several publications, for example Coleman et al.’s *A Merger of Equals?* (2011). It evaluates organizational integration by combining documents, management reports, union statements, workforce surveys, and qualitative interview data (Colman et al., 2011). We supplement these materials with later academic analyses as well as original data such as government reports, media analyses and trade union documents. The second author translated quotes from Norwegian into English.

Table 1: Types of Material and Analysis

Types of Material	Use in Analysis
<p><i>Published Interviews</i> (secondary data): Excerpts from interviews included in publications such as “A Merger of Equals?” (Coleman et al 2011).</p>	<p>Used to illustrate actors’ perceptions of events, as documented by the researchers of the Integration Project. These are secondary representations of participants’ views, not interviews conducted by the authors.</p>
<p><i>Media Material:</i> News articles retrieved from the Norwegian National Library’s database, (keywords: “Statoil,” “Hydro,” “Fusjon,” “Sammenslåing,” “Fagforening”).</p>	<p>Provides insights into the public debate surrounding the merger.</p>

Published statements from trade unions	Illustrates publicly communicated positions of unions during different phases of bargaining and merger process.
<i>Government documents:</i> Norwegian Parliamentary Bill; Report to the Norwegian Parliament; Government White papers.	Used to understand the political decision-making processes, particularly given the state's ownership role.

Below, we present the negotiation process and the social dialogue dynamics that shaped the merger. First, we provide an overview of the political-economic context. Next, we introduce the key actors and coalitions and describe the negotiation structures. Finally, we summarize the bargaining outcomes.

## 2) The negotiation process and social dialogue dynamics

### 2.1 Background of companies and context

Norsk Hydro is an industrial group that operates in the energy and aluminum industries. The company was founded in 1905 by the engineer Sam Eyde. It quickly became a major player in the energy market by building multiple hydro-power stations to support their factories, which in the beginning produced nitrogen fertilizers. Norsk Hydro was also an early investor in oil operations, joining the French Petronord-group in 1963. In 1982, they started operations in the North Sea, in the newly established Oseberg oil and gas field, which was opened in 1989. When the company was established, it was owned by private investors from France, Norway and Sweden. The French shares were confiscated by the German occupation regime during WWII. After the war, the Norwegian state took over the German shares and became the largest shareholder with a forty five per cent stake in the company (Meld. St. 13, 2010–2011).

Statoil (now Equinor) started out as a state-owned oil company in the early 1970s. As the main owner, the state appointed the Minister of Industry to choose the company board. The

Petroleum Directorate was the professional body responsible for offshore safety. As a state owned company, Statoil also had a clear political mandate to raise Norwegian oil expertise and set high working life standards and effective industrial relations (Ryggvik et al., 2022). Although the company was partially privatized in 2001, the state remained the controlling shareholder with sixty seven per cent of the shares.

The merger of Statoil and Norsk Hydro's petroleum division was announced in late 2006, after half a year of secret negotiations, and implemented in 2007. It took place in a highly institutionalized context characterized by the government's strong involvement in strategic industries, well-developed tripartite bargaining structures, and public debates about the country's industrial strategy. The state acted as both the regulator and the majority owner. The Petroleum Safety Authority (*Petroleumstilsynet*-Ptil) held explicit authority over offshore safety.

Both companies had gained majority approval from their owners and boards which in both cases was the Norwegian State, to merge the oil and energy division of Hydro with Statoil (Boon, 2022, p. 172). The announcement came as a surprise to most, but the idea was not new. A potential merger had been a topic for many years, as the oil sector had been through a wave of fusions since the 1990s (Boon, 2022). The Norwegian oil industry had traditionally been dominated by a trio of companies: Statoil, Hydro and the much smaller Saga Petroleum. After Saga found itself in financial difficulty in the late 1990s, the company was sold to Statoil and Hydro. This left Statoil and Hydro as the only two players, leading to frequent talk of a possible merger between the two (Boon, 2022) An attempt to merge the two companies was made in 2004, but it fell through due to a lack of political support.

## *2.2 The public debate*

The argument for the merger, which was defined in parliamentary Bill 60 (2006-2007), was that combining the two companies would increase their ability to compete on an international scale (Ministry of Petroleum and Energy, 2007). However, the state's majority ownership made the merger a political issue, prompting some politicians to oppose it. The main argument against, as

voiced by Olav Akselsen from the Labour Party, was that diversity, with both state-owned actors and private actors, large and small – was crucial to achieve a stable oil industry ([Dagens Næringsliv](#), 2006). Others warned of centralization, loss of local jobs, and the social costs of restructuring. For example, the United Federation of Trade Unions (*Fellesforbundet*) expressed concern that “the new company will gain almost total market power, and we fear that the diversity in the supplier industry may be weakened” (cited by Morland in *frifagbevegelse*, 2006). Yet, unions in Norway also supported the merger for pragmatic reasons. Their goal was to maximize job security and preserve Norwegian labor standards amid market pressures.

Government and company narratives stressed efficiency and national interest. For example, the Ministry of Petroleum and Energy stated: "It is the government's assessment that the merger ... will not lead to reduced value creation on the Norwegian continental shelf" (Enoksen, 2007). The boards of both companies and the Norwegian government supported the merger, citing a range of economic, strategic and operational benefits that would arise from the consolidation of the two largest oil and gas companies in the country (Ministry of Petroleum and Energy, 2007). The leaders of the two companies, Helge Lund of Statoil and Eivind Reiten of Hydro, stressed that the fusion would be between two equal partners, which was clearly reflected in the choice of name – StatoilHydro (Borchgrevink, 2020). When the merger was made public, the government led by Jens Stoltenberg fully supported it, and bought a 67% of the shares of the new company – StatoilHydro. Finally, the 2007 merger between Statoil and Norsk Hydro's petroleum division was presented as a strategic move intended to strengthen Norway's competitive position within the increasingly competitive global energy landscape. However, two companies, who were former competitors now had to integrate into one new company, where every employee would have to find a new place in a new organisation.

### 2.3 Actors and coalitions

The merger involved a wide range of actors and evolving coalitions. On the employer side, the key figures were Statoil's leadership under Helge Lund and Hydro's leadership under Eivind Reiten. Hilde Merete Aasheim (formerly the executive director of leadership and

culture in Hydro) was employed to lead the merger process. Later, the merged management team was responsible for steering the integration. State actors also played a central role. The Ministry of Petroleum and Energy acted as the state owner. The Norwegian government and Parliament approved the merger through Bill 60 (Energiedepartementet 2007). The Petroleum Safety Authority (Ptil) oversaw the merger's regulatory and safety implications. This governmental organization has the power to authorize manufacturers, workers and supplier enterprises to operate in the North Sea, as well as stop operations it deems unsafe (Colman et al., 2011, p. 99).

Several trade unions were active throughout the process, including Industry Energy (formerly NOPEF-Norwegian Oil and Petrochemical Union), Association of Unions in the Energy Sector (SAFE-*Sammenslutningen av Fagorganiserte i Energisektoren* (formerly OFS-Oil Workers' Union/*Oljearbeiderens Fellessammenslutning*), The Norwegian Society of Graduate Technical and Scientific Professionals (Tekna - teknisk naturvitenskapelig forening), and the Norwegian Society of Engineers and Technologists (NITO- *Norges ingeniør- og teknologorganisasjon*). These unions had local chapters and cooperated closely through new coordination bodies formed specifically for the merger. Employer associations, such as the Confederation of Norwegian Enterprise (NHO - *Næringslivets hovedorganisasjon*) and Offshore Norway (OLF- *Oljeindustriens Landsforening*), also influenced the broader industrial framework. Local communities and regional media followed the process, concerned about employment, relocation, and the distribution of industrial activity. The research community, particularly the integration project (*Integrasjonsprosjektet* - led by SNF, IRIS, Fafo, and others), served as external observers and analysts of the integration process.

New coalitions emerged as the merger unfolded. The trade unions established a joint union forum (*Fagforeningsforum* - FF) to coordinate their positions, limit inter-union rivalry, and present a unified front to the company's integration committees. Meanwhile, as the majority owner, the government aligned closely with the company boards, forming a strong state-management coalition that supported the merger's strategic rationale. These alliances shaped the process and outcomes of the integration (Colman et al., 2011)

### 3) The negotiation process

#### 3.1 Institutionalization, Phase I and Phase II

The merger prompted the formation of several formal negotiation and coordination structures that influenced the relationship between management and unions. The central body was the cooperation committee (*samarbeidsutvalget* - SU), which was formed on February 27, 2007, as a company council with union participation to oversee integration planning. The Integration Planning Team (IPT), the operative project team, responsible for planning the integration was also formed. It consisted of management representatives from both companies, and five elected union representatives. IPT reported to the corporate management. The unions coordinated their positions in the union forum, which prepared joint contributions for the cooperation committee and articulated shared union demands (Colman et al., 2011, p. 104). In an interview for Statoil's membership magazine, Hilde Merete Aasheim, who was tasked with overseeing the merger, emphasized the value of getting the worker's onboard: "You get back time spent in investing in people in the form of robust solutions" (Statoil House Journal, 2007).

The integration unfolded in two phases. Management announced that Phase I would focus on onshore and administrative functions, while Phase II would address the more complex offshore operations. The announcement of the merger was generally met with positive reactions (Borchgreink, 2011, p. 338). The unions were among the positive voices, highlighting that a fusion could strengthen the industry, giving both companies more opportunities in the future through strengthened internationalization ([Fri Fagbevegelse](#), 2006). The unions were involved early on and were formally represented in both the SU and the IPT. They contributed to a cooperative and largely consensual process during Phase I. In an interview conducted for the Integration Project, a key senior show steward expressed his contentment with the process: "Mutual respect and open communication characterize union-management relations. I have never heard the top management say something about the integration that we disagree with" (Colman et al., 2011, p. 109). The bargaining mode of Phase I was frequently referred to be members of the IPT as a "collaboration" model, and can be understood as a clear example of

integrative bargaining, where all parties found ways to move forward with solutions that they felt were beneficial to all. However, when the integration moved offshore, the dynamic changed. Phase II became significantly more contentious, shifting from the integrative, problem-solving orientation of Phase I to distributive, rights-based bargaining over standardization, staffing levels, and safety arrangements (Colman et al., 2011, pp. 105-108). Lill Heidi Bakkerud, who lead the union Industri Energi in Statoil also highlighted the differences in union involvement and negotiation climate:

“In Phase I we had a very good collaboration with management, were involved early on, and ended up agreeing on most things. In the integration process for the offshore employees, a common position was not established to the same extent; the project became more consultant-driven. Disagreements quickly arose between management and the employee representatives, and the atmosphere shifted from one of cooperation to a tougher negotiation climate” (Aftenposten, 2009).

The management expected the difficulties of Phase II because diverse offshore organizations had to integrate their work. This meant new standardized routines and personnel mobility – in other words, significant changes to all aspects of platform work. This would be done through implementation of a new joint operational model (Colman et al., 2011, p. 44). Working on oil platforms can be dangerous. The need to maintain high safety standards added another layer of complexity and was a key concern for unions.

Union participation in the planning stages remained high in Phase II. An estimated 120 meetings were held at various locations with both management and union representatives present (Colman et al., 2011, p. 109). However, the operational model that management wanted to implement was met with protests from the unions, who claimed that the plans would endanger the safety of offshore workers if implemented. This indicates a clear shift toward distributive bargaining, in which safety and efficiency considerations were weighed against each other. The conflict reached its peak in April 2008 when management announced an agreement on the new model despite protests from the unions. Although the agreement was later dissolved, so too was

the cooperative climate from Phase I. Union representatives voiced their concerns over safety and openly criticized management (Industri Energi, 2009). Ultimately, a new plan was created with a new operating model that included downsizing fewer employees, providing more training, and slowing the exchange of personnel between platforms (Colman et al., 2011, p. 111). The agreement was only reached after a series of risk assessments were made during the autumn of 2008, which created a new basis for discussion, and addressed the safety concerns of the unions. The process was delayed by half a year due to the conflict.

The integration project concluded that the second phase was less open to union initiatives and proposals, and this created an environment where the unions and management effectively argued against each other, instead of being in an open dialogue (Colman et al., 2011, p. 116). The implementation of Phase II started out with management presenting their intentions and arguments for standardization and downsizing, which was based on data from external consultants. This was a stark contrast to Phase I where the unions and management worked together from the beginning.

### *3.2 Negotiation positions*

Management framed the merger in terms of market efficiency, economies of scale, competitiveness, technological synergies, and national strategic interest. They pursued a staged approach that first addressed onshore reorganization. Early in the process, management communicated that they aimed for a negotiated result without forced dismissals. However, downsizing, and organizational standardization were still necessary. Unions framed the process around job protection, safety, working conditions, procedural fairness, and the voluntariness of relocations. Through the union forum (FF), they coordinated their positions, participated actively in both the cooperation committee (SU) and IPT, and increasingly mobilized public attention through the media while pursuing legal challenges, such as the crane operators' claim that the restructuring constituted a business transfer. Although unions initially avoided large-scale strikes, they maintained the option as latent leverage. The negotiation climate shifted overall from a cooperative, problem-solving approach during the early phase of integration to more distributive bargaining and public contestation during the

offshore phase. (Colman et al., 2011) Disputes over standardization, rotation schemes, staffing levels, and safety requirements emerged during this time.

Eventually, a significant downsizing happened due to the merger. Rather than forced dismissals, the company focused on training, relocation, less use of external consultants and offers of early pensions ([DN.no](#), 2009). Management relied on external consultants to design reorganization plans, and provided economic incentives for voluntary relocation or early retirement.

### *3.3 Power, Leverage, and Walk-Away Capacity*

Management and the state began the merger process with substantial structural advantages. Their leverage stemmed from their control over the reorganization timeline and their access to financial resources, including the ability to offer generous economic incentives for voluntary exits (Dagens Næringsliv, 2007). As the majority owner, the state provided political support, which reinforced management's authority to implement structural changes. Their walk-away power was moderate to high. Although state ownership limited the credibility of pure market exit threats, management could push for change by emphasizing the cost of nonintegration and by unilaterally realizing efficiencies in areas under their operational control.

Unions possessed a different but substantial form of leverage. Their influence stemmed from their institutionalized participation in company governance (board and SU membership), their high density among core employees, and the public legitimacy of their safety-based and procedural fairness arguments. They also had access to legal recourse under Norwegian labor law. However, their walk-away capacity was moderate. While well-organized core employees held strong bargaining power, outsourced and peripheral workers were far more vulnerable. Additionally, unions showed limited willingness to take full-scale industrial action, preferring negotiated and cooperative approaches in the early phases of integration (Colman et al., 2011, p.107-108)

Regulators, especially the Petroleum Safety Authority, added another layer of leverage by possessing the formal authority to intervene in unsafe offshore operations. Their public warnings about the safety implications of offshore downsizing bolstered union arguments and constrained the most aggressive efficiency measures proposed by management. Local communities also exerted pressure through political channels and media coverage of relocations and employment impacts. However, their direct bargaining power remained limited.

### *3.4 Proposed solutions and outcomes*

The unions presented a set of demands focused on job security, fairness, and voluntariness during the Statoil–Hydro merger through the union forum (FF). The demands included no forced dismissals, equivalent positions with comparable tasks and responsibilities for all employees, voluntary relocation with financial compensation, reduced use of external consultants, and inclusion of IS-partner (Information Systems, a Hydro IT support subsidiary) in the new organization (Colman et al., 2011, p. 107). Management's priorities focused on standardization, reducing administrative overlap, onshore restructuring, and cutting the number of external consultants (Colman et al, 2011, p. 111) To facilitate these transitions, management offered extensive voluntary severance packages, early retirement programs, and relocation incentives.

Although there were no forced dismissals, the outcome came at a significant financial and organizational cost. To minimize downsizing, the union demanded a reduction in the use of external consultants (Colman et al, 2011, p. 107). The goal of reducing the number of external consultants by 200 was achieved by spring 2008 (Colman et al., 2011, p. 107). The reduction of externally hired personnel was also achieved through the retraining of in-house employees (Aftenbladet, 2008). However, this approach had notable side effects, such as negative consequences for outsourced crane operators.

Ultimately, the company managed to reduce a large part of the positions they considered redundant. The initial estimate was that the workforce needed to be reduced by 2500 persons (DN, 2007). There is no exact number available in the source material, but the achieved number is likely

somewhat limited, as the promise of no forced dismissals was kept. Employees over the age of 58 were offered early retirement with 70% of their pay until the age of 67, in addition to their expected pension benefits. The media dubbed these packages "a severance package from Sareptas Jar" (Aftenposten, 2008) and "a golden package" (Dagens Næringsliv, 2008). Out of the approximately 1700 employees who were offered early retirement, 88% accepted the offer (Stensaker, 2009). Moreover, because demand for skilled workers in the petroleum sector was high, many employees could easily find new jobs if they wished. While many employees were satisfied, the severance packages drew criticism. The Minister of Labor and Inclusion, Bjarne Håkon Hanssen, questioned why a partially state-owned company spent such large sums on severance payments. Others, such as a Member of Parliament from the Socialist Party argued that the state was sending contradictory signals by encouraging longer working lives while offering early retirement to some workers (NRK, 2007).

In June 2007, a structured internal hiring process was introduced. All Statoil and Hydro employees were guaranteed a job at StatoilHydro and could express interest in specific positions. Those who did not express interest were assigned roles automatically. The guiding principle was that employees should receive positions similar to those they previously held, taking into account their skills, experience, seniority, and suitability (Stavanger Aftenblad, 2007a). Reports indicate high satisfaction among employees. Many who applied for different positions received their desired assignments, turning the reorganization into a career opportunity for some. Approximately 80% of employees received their first choice of position, and union representatives—including Deborah Leith (Industri & Energi) and Trygve Kløv (Tekna)—described the process as orderly and inclusive (Adressa.no, 2007).

In line with union demands, relocation was to remain voluntary. Economic incentives were used extensively to encourage mobility. Employees who were willing to relocate received the following, as reported by the media:

- Free housing for 12 months
- A 20% salary supplement for three years
- A 100% mortgage

- Start-up grants
- Full coverage of moving expenses, including costs related to selling and buying a home (Stavanger Aftenblad, 2007a).

Despite these incentives, few Hydro employees ultimately chose to relocate to Stavanger. Statoil had its main office in Stavanger, while Hydro was located in Oslo. Relocation would thus happen both ways, to create a mix of former Hydro and former Statoil people at each location. Despite these incentives, only 5% of the employees chose to relocate. The lack of willingness to relocate was especially high for Hydro employees living in Oslo (Stavanger Aftenblad, 2007b).

The unions' demand to limit the use of external consultants was met, which helped reduce costs and eliminate positions without resorting to forced layoffs. However, their demand to include IS-partner employees in StatoilHydro was not granted. The subsidiary's systems were incompatible with Statoil's, rendering integration impractical (Colman et al., 2011, p. 108).

The strategy of avoiding dismissals through insourcing had negative, albeit unintended, consequences for outsourced workers. Employees whose positions became redundant were retrained for other tasks, and some positions became available by eliminating outsourced workers. For the crane operators, Statoil had the outsourced workers train their staff and then laid them off (Stavanger Aftenblad, 2010). Crane operators employed by KCA Deutag and Odfjell Drilling claimed that the reorganization was a business transfer under the Working Environment Act, meaning they should have been transferred to StatoilHydro. The operators claimed that their tasks, workplace, and customer remained unchanged, and that they constituted an independent economic unit. However, they lost their case in both the District Court and the Court of Appeals. Ultimately, the Supreme Court rejected their claim in 2011, ruling that they were not an independent economic unit and thus not protected by the Act (FriFagbevegelse, 2009; 2011). This emphasizes the limited legal protection available to outsourced workers during major reorganizations.

Both unions and regulators have raised concerns about the implications of the merger for safety. Ptil warned that reduced experience levels and increased workloads could endanger offshore safety

(Industri Energi, 2009). Ptil publicly challenged parts of the restructuring plan, lending legitimacy to union concerns and prompting management to revise certain proposals.

The merger strengthened the companies’ international competitiveness rather than driving rapid expansion (Ryggvik et al., 2022). Locally, however, the effects were uneven. While voluntary departures and incentives cushioned the immediate labor market impact, some communities experienced diminished opportunities for contractor firms due to relocation and centralization.

Table 2: Key Events and Negotiation Milestones in the Statoil–Hydro Merger

<b>Year / Period</b>	<b>Event / Milestone</b>
<b>1990s–2000s</b>	Partial privatization reforms in state-owned firms; increasing international competition between Statoil and Hydro.
<b>2004</b>	First merger attempt fails due to lack of political support.
<b>Late 2006</b>	Secret negotiations conclude; Statoil and Hydro announce plans for a merger (StatoilHydro).
<b>2007</b>	Two-phase integration model adopted: Phase I (onshore) and Phase II (offshore).
<b>2007</b>	Voluntary severance and relocation programmes implemented; reduction in external consultants; approximately 2,500 positions become redundant.

### 3) Assessment

A key rationale behind the merger was to strengthen the companies’ ability to compete internationally and expand their operations beyond Norway. Instead of scaling the company’s international reach, the merger consolidated existing activities in countries such as Libya, Brazil, Angola, Venezuela, and Russia—markets in which Statoil and Hydro had previously competed (Ryggvik et al., 2022). While this strengthened the company’s international position, it fell short of the transformative global expansion that had been anticipated.

Another ambition of the merger was the consolidation of technological expertise and the transition to new forms of energy. By 2005, Hydro had already taken steps in this direction by setting up a "New Forms of Energy" division headed by Alexandra Bech Gjørsv. This division was carried over into the merged company as "New Energy." However, following the merger, Bech Gjørsv observed that leadership meetings in the technology division primarily focused on oil and gas, with renewable energy receiving minimal attention (Borchgrevink, 2019, p. 359). Nevertheless, in 2009 she stated that she believed the merger was beneficial and that a larger, consolidated company could accelerate the industry's broader shift toward renewable energy (Stavanger Aftenblad, 2009).

In practice, however, there was no immediate green transition following the merger. Shortly before the merger, Statoil had invested heavily in Canadian oil sands—an environmentally damaging project that posed a significant challenge to the company's efforts to present itself as climate-conscious. This environmental setback was partially offset by Hydro's contribution of wind power assets, including the Havøygavlen and Utsira wind farms (Borchgrevink, 2019, p. 359). Nevertheless, the overall trajectory after the merger remained dominated by traditional oil and gas operations.

The merger produced mixed results for different stakeholder groups. Management and the new company were clear winners, benefiting from increased scale, stronger international bargaining power, and greater managerial flexibility. As the majority owner, the Norwegian state also profited from consolidating its energy interests into a single national company that aligns with its strategic objectives. Many core employees experienced positive outcomes as well. Job security was maintained, and workers gained access to generous voluntary severance packages and relocation assistance. Those who chose to relocate received extensive financial support, which helped offset the consequences of organizational restructuring.

By contrast, subcontractors and external consultants incurred significant costs. For example, crane operators, faced heightened job insecurity and limited legal recourse. This was exemplified by an unsuccessful business transfer lawsuit. Some local communities and service

providers were adversely affected as well. Relocations and administrative centralization disrupted local economies and reduced regional employment opportunities.

Even unions, despite their formal participation rights and substantial influence during the initial bargaining stages, encountered setbacks. The transition to more conflictual, distributive bargaining in Phase II introduced disputes over standardization and staffing. Ultimately, this compelled unions to concede on several issues, particularly regarding offshore operations. While the merger strengthened the company and its global positioning, the benefits and burdens were distributed unevenly, creating clear winners and losers.

Years after the merger, structural issues in the Norwegian oil industry continue to cause significant uncertainty for younger workers and pose a disproportionate risk to subcontracted labor. For many students contemplating a career in oil, the future is increasingly unclear. For example, a 24-year-old student, recently told national media that he feels profound uncertainty, asking, "Is there a future for me in oil?" (NRK, 2025b). His concern reflects a growing anxiety among young people entering an industry that is facing restructuring, global decarbonization pressure, and shifting labor dynamics (NRK, 2025b). Moreover, a recent investigation revealed the widespread use of very short-term contracts (as short as five weeks) for foreign workers on Equinor-operated sites (VG, 2025). Jurists who reviewed dozens of these contracts argue that many of them violate Norwegian labor laws. This system creates significant power imbalances, as workers may feel compelled to remain silent about unfair or unsafe conditions for fear of not being rehired.

In light of Equinor's 2025 sustainability message, which promises empowerment, opportunity, and social value, the mixed outcomes of the merger reveal a tension between corporate aspirations and real-life experiences. While the company undoubtedly generates economic value and stable careers for many, the persistence of precarious contracts, uneven regional impacts, and growing uncertainty among young workers complicates its narrative of empowerment. This suggests that fulfilling these commitments requires more than just delivering energy; it also requires ensuring that the benefits—and security—of the energy system extend to all who sustain it.

At the time of writing, the Norwegian government agreed to instill a so-called transition commission (*Omstillingskommisjonen*). The commission's purpose is to assess and plan how Norway can transition its economy as oil and gas production declines. The commission will focus on strengthening the country's ability to adjust its economy, create new industries that generate value, and maintain competitiveness and high employment in a future with more renewable energy and less dependence on fossil fuels. The commission will evaluate scenarios and measures to support a fair and effective economic transformation that aligns with Norway's climate commitments. It is expected to complete its work around the time of the Revised National Budget in 2027 (NRK, 2025a)

#### 4) Conclusion

The trajectory following the 2007 merger illustrates how the consolidation of Statoil and Hydro's petroleum divisions created a larger, more powerful company and a new framework for Norway's energy sector evolution in subsequent decades. This merger positioned the company, now known as Equinor, at the center of Norway's political economy and at a pivotal juncture in Europe's energy landscape. Its size, state ownership, and technological capacity gave it outsized influence over national revenues, industrial development, and regional energy security. However, the merger also revealed the challenges of managing a strategic sector that is both commercializing and decarbonizing. As Equinor transitioned from an "oil" identity to a broader "energy" profile, the company aligned itself with narratives of transition, innovation, and societal contribution. However, this rebranding has unfolded alongside continued dependence on oil and gas revenues, which underpin the company's financial strength and capacity to invest in new technologies.

The consequences for workers and communities are similarly mixed. The merger preserved a robust core of well-protected, highly skilled employees while expanding a more flexible periphery of subcontracted labor. This dualization has become increasingly visible in controversies surrounding short-term contracts and employment practices on Equinor-operated sites. Meanwhile, younger workers and students now face a future in which the industry's long-term

stability is no longer guaranteed, as the global energy transition reshapes expectations and career prospects. In this context, Equinor's recent sustainability message, which promises empowerment, opportunity, and social value creation, reads as both a commitment and a challenge.

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