



Sweden – A country profile



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Introduction

This report uses research findings from the European Foundation for the Improvement of Living and Working Conditions ('Eurofound') to outline important features of the Swedish labour market in general, and the industrial relations system in particular, as well as the issues both are currently facing.

The first chapter concern the Swedish model, a special version of the Nordic model. The development of Swedish politics and economics is briefly outlined, the social partners are described and the most important persons are presented.

The process of collective bargaining is also outlined including issues of pay and working time developments. Workplace representation, recent data on industrial conflict and the basics of employees' rights can also be found here.

The following chapter deals with current issues. The three most important domestic issues during the time of the Swedish presidency are here discussed with the perspectives of both sides of social partners presented. The issues included are the Laval case and its aftermath in Sweden, the deadlock in negotiations of a new central agreement and finally, the recession's implications on social dialogue in Sweden.

The chapter on employment growth changes focus away from industrial relations and towards the labour market and the nature of its restructuring during the last decade. It investigates patterns of employment expansion in the 1997–2006 period, in terms of the quantity and quality of the jobs created and destroyed.

Eurofound carries out surveys on living and working conditions on a regular basis, providing unique data on each member state. Therefore, the last chapters are devoted to exploring the findings of these surveys with regards to Sweden.

Background information

- Land area: 449,964 km²
- Population: 9,253,675
- Language: Swedish
- Currency: Swedish kronor (SEK)

Table 1: *Background information in comparison to EU27*

	Sweden	EU27
GDP per capita (in PPS; index: EU27 = 100)	122	100
Real GDP growth – percentage change from previous year (annual average for 2004–2007)	3.5%	2.6%
Inflation rate (annual average for 2005–2008)	1.8%	2.2%
Average monthly labour costs (average for 2004–2007)	€4,498	€2,981 (2005)
	Sweden	
Trade union density	68.3% (2008)	
Employer organisation density	80% (2007)	
Collective bargaining coverage	91% (2007)	
Principal level of collective bargaining	Sectoral	

Notes: *PPS (Purchasing Power Standards) is an artificial currency that adjusts for differences in costs of living between countries, and enables comparison between the incomes of different countries.*

Source: data is from the as unpublished 2009 EIRO IR profile on Sweden: SE0906019Q

Industrial relations

Politics

The Social Democratic Party (*socialdemokraterna*) has played a dominant role in Swedish politics, and has held power almost continuously since 1932. In the 2006 election, a centre-right four-party alliance came to power, consisting of the Moderate Party (*moderaterna*), the Centre Party (*centerpartiet*), the Liberal People's Party (*folkpartiet*) and the Christian Democrats (*kristdemokraterna*), with Prime Minister Fredrik Reinfeldt coming from the Moderate Party. In Sweden, the elections are held at the same time (every fourth year in September at all levels – national, municipal and regional). The next election will take place in September 2010. The social democrats in opposition have formed an alliance with the Green Party (*miljöpartiet*) and the Left Party (*vänsterpartiet*)

Sweden's welfare system is one of the world's most generous. It contains such elements as free university education and generous study loans and study grants, highly subsidised child care, eldercare, theatre and other leisure activities, health care at nominal fees, free medicines after an initial annual expenditure of €110, generous unemployment benefits, pensions, and pay for sick leave and parental leave. Between 1960 and 1980, taxes as a proportion of GDP doubled from roughly 25% to 50%, but have remained fairly constant since then. The high-tax regime is supported by public opinion (Kokk 2008).

Economics

Sweden has one of the most competitive economies of the world and was ranked in fourth place in the latest World Economic Forum ranking of global competitiveness (World Economic Forum 2009). Sweden joined the EU in 1995, but is not a member of the monetary union, still retaining its own currency. The country has depended on exports for decades and has several export-oriented multinationals. Today, about 50% of GDP is earned through exports, making the economy sensitive to global financial markets and global demand. Over the last decade, Sweden has been under strong pressure to restructure its industry and technology in order to better face competition from other European countries, and foreign competitors.

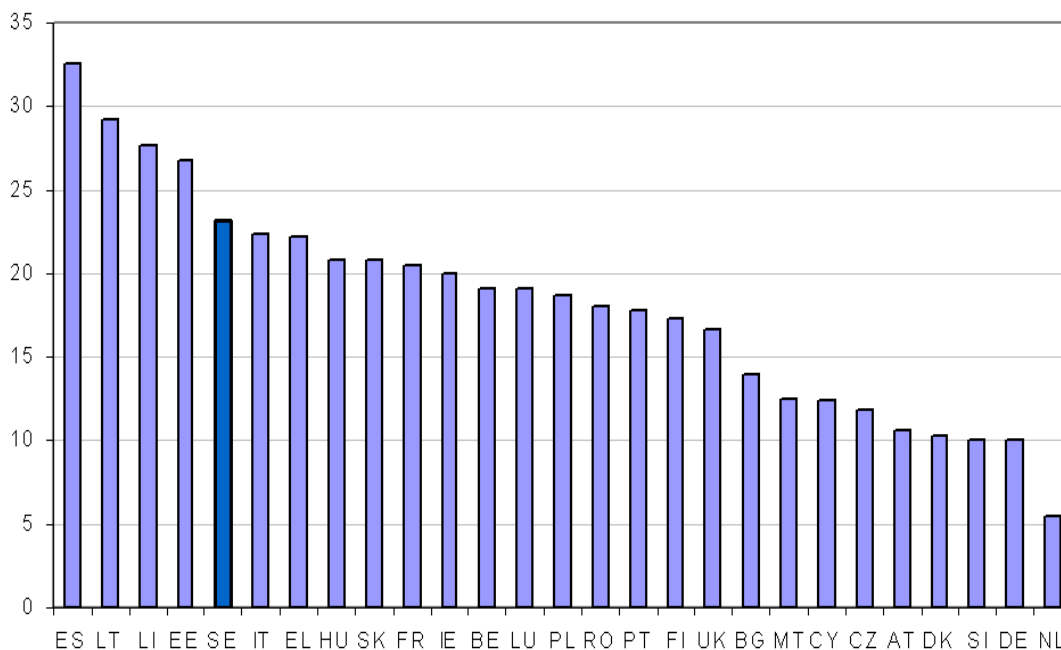
After several years of stable economic growth, Sweden entered a state of negative GDP growth and subsequently recession in autumn 2008, with unemployment rising as a result. The economic situation is expected to become even worse and unemployment will continue to rise in the coming years, according to The National Institute of Economic Research ([Konjunkturinstitutet](#), KI).

Employment market

In May 2009, the unemployment rate in Sweden was 9%, according to Statistics Sweden. It is forecast to rise to 11.3% in 2010. The increase in unemployment has affected both the private and public sectors.

Unemployment was high after the economic downturn of the early 1990s, especially among young people. It fell at the end of the decade, but started to increase again early in the new millennium. Compared with other EU Member States, Sweden has a higher level of youth unemployment than most others (Figure 1). The situation has become worse since then, the latest data from Statistics Sweden (for May 2009) show that youth unemployment has risen to 30%, an increase of more than nine percentage points over the figure for May 2008.

Figure 1: Extent of unemployment among 15–24 year-olds, EU27, January 2009 (%)



Source: Eurostat data for Jan 2009

Both the reasons for Sweden’s high level of youth unemployment and appropriate response to it are highly contested in Sweden. Employer organisations have called for a greater diversification of wages and for prioritising flexibility on the employment market. Trade unions, however, look to the greater use of internships and other active employment market measures to enhance the employability of young people.

Between 1997 and 2003, absenteeism due to sickness increased dramatically, being higher than the European average. This trend was however broken in 2004 and has decreased since then. The reason for this change has been subject to debate.

See the “Patterns of employment expansion” chapter below for more information about the development on the Swedish employment market.

Trade unions

There are three main trade union confederations in Sweden:

- the Swedish Trade Union Confederation (*landsorganisationen*, LO) with 1.28 million members, catering for skilled and unskilled blue-collar workers (though it also includes clerical employees and lower-grade public servants);
- the Swedish Confederation of Professional Employees (TCO) with about 950,000 members, mainly white-collar workers;
- the Swedish Confederation of Professional Associations (SACO), which organises almost 460,000 civil servants and professional employees with academic degrees.

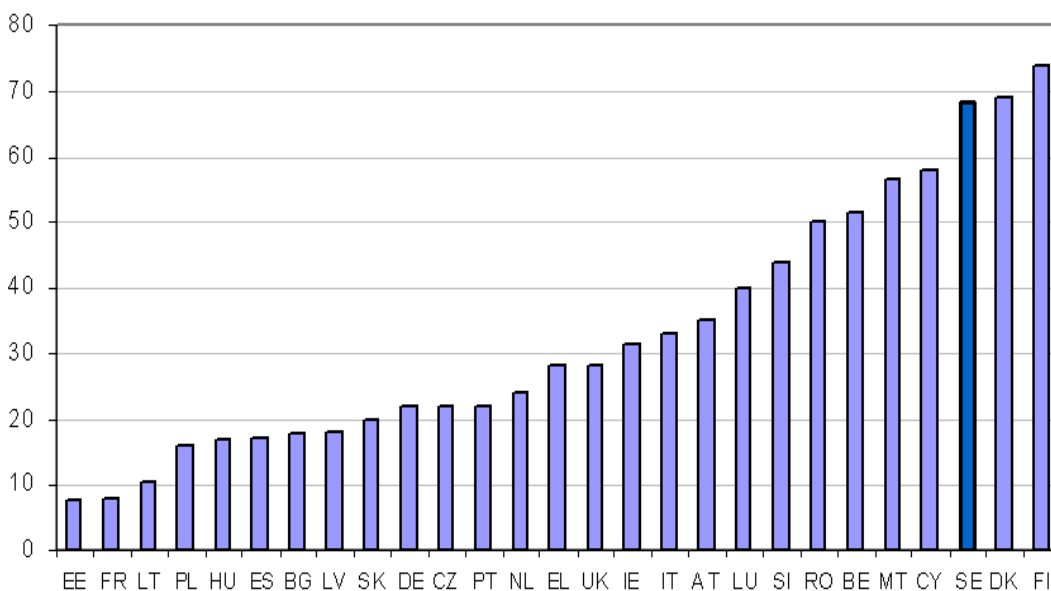
LO, and to a lesser extent TCO, are based on the industrial principle, which means that the unions are organised according to the economic sector in which employees work rather than according to the employees' professions. The three confederations often cooperate and there are rarely any conflicts between them.

Within the private sector, 25 white-collar trade unions form an additional organisation called the Council for Negotiation and Co-operation (Privattjänstemannakartellen, PTK). Its main task is to negotiate on broad central agreements. TCO and SACO thus leave these kinds of tasks to PTK within the private sector. PTK is also responsible for educational and information activities.

LO has always existed in a close relationship to the Social Democratic Party, while TCO and SACO are politically independent.

The largest trade union among blue-collar workers is the Municipal Workers' Union (Kommunal), and the largest for white-collar workers is the Union of White Collars (Unionen). Both organisations have about 500,000 members.

Figure 2: Trade union density in the EU27 (%)



Source: Compiled by the author, based on national contributions to Eurofound's European Industrial Relations Observatory (EIRO) 2009. For Italy, France, Denmark and Luxembourg, data is from the as yet unpublished 2009 EIRO overview report Union strategies to recruit new groups of workers: TN0901028S.

Union membership rates have been historically very high in Sweden, and are still among the highest in the EU27 (Figure 2). The public sector in particular is characterised by high levels of unionisation. An important explanation for the relatively high trade union density is the high rate of unionisation among white-collar workers. However, since the beginning of the 1990s, union membership has been falling, and the rate of decline has accelerated lately.

According to Anders Kjellberg, associate professor at Lund University, the membership levels among trade unions have dropped by five percentage points from 2006 to 2007 – the highest fall in membership since the 1920s (when membership levels dropped from 77% to 72%). Young employees, in particular, are failing to join trade unions. The

decrease is equally distributed among blue- and white-collar workers, and men and women (SE0803029Q¹). Employer organisations have addressed the fact that low union density might threaten the Swedish labour market model and the legitimacy of central negotiations (SE0806029I).

The decline in membership is mainly due to the Government's amendments of the fees to the unemployment funds in January 2007 (SE0806029I, SE0702029I), which have resulted in increased membership fees, among other things. Two of the three trade union confederations in Sweden – LO and TCO – experienced a decline in membership, while SACO experienced a small increase between 2003 and 2008. TCO and LO are campaigning to attract new members and try to reverse the losses of the last few years (SE0901029Q). TCO is also active in arguing for increased unemployment security: today, only low-income earners get the full unemployment insurance of 80% of pay, but TCO argues that middle-income earners should also get 80%.

While union density is one indicator of potential bargaining strength and solidarity among employees, bargaining coverage measures the extent to which employees benefit from union-negotiated terms and conditions of employment. The coverage rate of collective agreements was 92% in 2001 and 91% in 2007. Having remained at this level since the 1990s, the level continues to be well above the EU average of about 62%.

Employer organisations

The Confederation of Swedish Enterprise (Svenskt Näringsliv, SN) was founded in 2001 after a merger of the Swedish Employers' Confederation and the Federation of Swedish Industry. It represents employers in the private sector and has about 50 employer organisations or trade organisations from different industries as members.

The Swedish Association of Local Authorities and Regions, SALAR (or in Swedish SKL, from Sveriges Kommuner och landsting), represents the professional and employer-related interests of Sweden's 290 municipalities, 18 county councils and two regions. During recent years, there has been an increasing trend to privatise municipal services. SALAR is keen to ensure that these companies abide by the same employment principles that SALAR does, and has founded an employer organisation for this sake. It is called Pacta and is growing rapidly, now with 450 members covering 42,000 employees.

The Swedish Agency for Government Employers (Arbetsgivarverket) is a state agency, which since 1994, is responsible for the employment policy of agencies in the central government sector and negotiates on behalf of about 270 public authorities.

As seen above, the organisation membership density is 80% and hence very high, both in comparison with trade union density and by international standards.

¹ The codes beginning 'TN...' and 'SE...' refer to updates from EIRO, which are accessible online. Simply enter the code in the search window at <http://www.eurofound.europa.eu/eiro/index.htm>

Table 2: 'Who's who' of Swedish industrial relations in 2009

Wanja Lundby Wedin	President of the Swedish Trade Union Confederation, LO, since 2000. In 2007, she was also elected president of ETUC. Wanja Lundby Wedin is also a member of the powerful Executive Committee of the Social Democratic Party.
Urban Bäckström	CEO of Svenskt Näringsliv, the employer confederation, and former president of Bank of Sweden, the central bank from 1993 to 2003; Mr Bäckström also served as a politician and economist in the conservative Moderate party.
Claes Stråth	General Director of the influential Laval inquiry (see below) and president of The National Mediation Office (MI), which mediates between the social partners when needed.
Stefan Löfven	President of IF Metall, the second biggest blue-collar trade union and one of the most powerful unions within LO. Mr Löfven is in the middle of a debate on how to react to the crisis, and his union has taken a number of radical measures in response to it.
Anders Knappe	Chairman of SALAR, politically appointed, from the Moderate party
Sture Nordh	President of TCO
Anna Ekström	President of SACO

Collective bargaining

The existing main central agreement (Saltsjöbadsavtalet) was negotiated in 1938 between the social partners; it gives them the right and responsibility to regulate pay and employment conditions and rules. The idea of self-regulation through collective bargaining is strong. The so called Saltsjöbad-spirit (Saltsjöbadandan) ensures a feeling of mutual trust between the social partners. While this spirit helped the Swedish economy and welfare system develop over several decades, it is perhaps less strong today (Rothstein 2005).

Table 3: Comparison of pay and working time, Sweden and EU27

	Sweden	EU27 (Not weighted)
Collectively agreed pay increase, in% (annual average 2004 – 2007)	3.35%	5.53%
Actual pay increase, in% (annual average 2004 – 2007)	3.2%	2.1%
Collectively agreed weekly working hours 2007	37.5 hours	38.6 hours

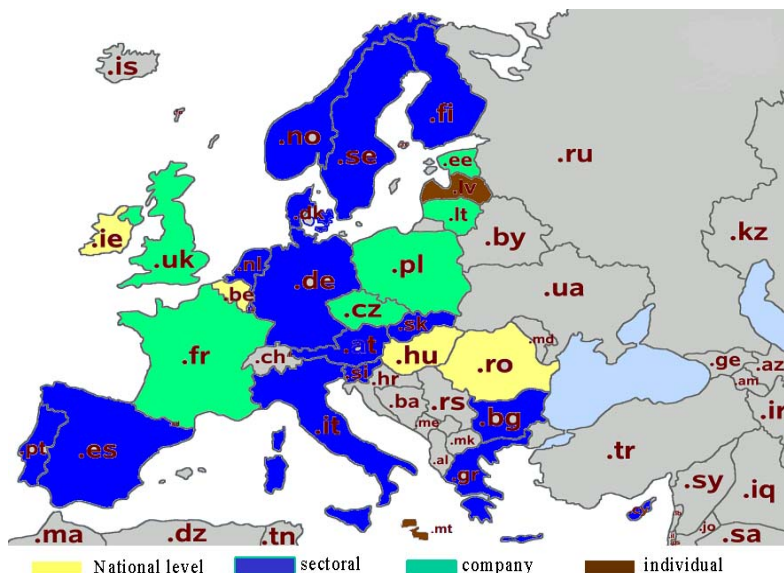
Source: data is from the as unpublished 2009 EIRO IR profile on Sweden: SE0906019Q

Sweden's structure of collective bargaining has become more decentralised over the last 15 years. Increasingly, the social partners are delegating the power to negotiate wages and working time to the local level. Some collective agreements are made without any concrete figures on pay, or only guarantee levels are specified, thereby leaving it to the local partners to deal with the details in their negotiations for wage formation and setting of wage rates (SE0906019Q).

The central confederations on the employer and employee sides still conclude certain types of cross-industry agreements, such as pensions and collective insurances. The collective agreements are not extended by law to non-signatories. Work conditions are sometimes regulated by law, but this can always be set aside by collective agreements (SE0906019Q).

Until 1975, there was limited space for the local parties to act, all bargaining – including wage bargaining – taking place at central level. In the 1980s, the social partners began to negotiate on a sectoral level instead. In 1997, the negotiation model changed again, through an increased level of coordination in negotiations. One central part of the model was that the manufacturing industry's negotiations became the normative and dominant level for the other sectors to follow in wage setting. The model also implied that negotiations should be based on the wage increase development in the main

European competitors in the sector. The manufacturing sector has taken macroeconomic responsibility and has contributed to gradual improvement in wage formation, according to The National Institute of Economic Research (Konjunkturinstitutet, KI).



Pay

In Sweden, collective bargaining is the sole system of wage formation, both in the private and public sector. Because almost the entire labour market is covered by collective agreements, Sweden has no legislation for national minimum wages. Minimum wages are negotiated as a part of the collective agreements at the sectoral level between social partners. Most employees have some kind of individual wage flexibility built into the system, based – for example – on work performance.

Table 4: *Collectively agreed pay increase*

	2007	2008
Average collectively agreed nominal pay increase in Sweden (%) ²	Average agreed increase in 2007 for employees covered by the 2006 agreement: 2.6% Average agreed increase in 2007 for employees covered by the 2007 agreement: 3.4%	Average agreed increase in 2008 for employees covered by the 2007 agreement: 3.9% Average agreed increase in 2008 for employees in private sector covered by the 2008 agreement: 4.6% ³
Average collectively agreed nominal pay increase in EU27 (%) ⁴	6.2 %	6.1 %

² The National Mediation Office (Medlingsinsitutet, MI) 'Avtalsrörelsen och lönebildningen 2007' (Free translation: 'Wage negotiation and wage formation 2007').

³ There are no figures available of the average collectively agreed basic pay increase for 2008. The reason is that the private sector and the public sector differ in size which results in misleading figures and as a consequence the National Mediation Office decided not to provide these figures in 2008. The only available figures are for the private and public sector separate according to Gerda Kuylenstierna at MI. In the public sector two arrangements were closed in 2008. The Swedish Association of Health Professionals (Vårdförbundet) reached an agreed pay increase of 4% in 2008 for employees covered by the 2008 arrangement. The National Union of Teachers in Sweden (Lärarnas Riksförbund) and the Swedish Teachers' Union (Läraryrket) reached an agreed pay increase of 3% in 2008 for employees covered by the 2008 arrangement according to the National Mediation Office.

⁴ EIRO Press release, 6 May 2009

The gender pay gap in the economy as a whole is about 16%, due in large part to the fact that women are employed to a greater extent in low-pay sectors. Gender equality is addressed in collective bargaining. During the collective bargaining rounds in 2007, LO had a goal that occupations dominated by women should reach the same pay levels as those dominated by men. A specific central equality pool was established in order to achieve this. Pay inequalities and the rights of both men and women to improve their skills are a key focus for most unions in collective bargaining. The Swedish Gender Equality Act ‘Jämställdhetslagen’ has helped bring the issue of gender equality into the agenda in the labour market. (The Jämställdhetslagen was due to be replaced by 1 January 2009 by the Antidiscrimination Act.)

Working time

Working time has been less important than other issues in the negotiations between the social partners over last few years. Work–life balance is addressed in collective bargaining, as are flexible working hours, teleworking and long-distance working in order to boost flexibility for the workers. Vocational training (VET) is another essential issue in adjusting workers’ competences to job requirements (SE0804049Q). For instance during the current financial crisis, VET in many cases is being used as an alternative to dismissals in many cases, please see below for more information on the crisis.

The collectively agreed working time has not changed much over the last few years. There are many women who have part-time contracts and who would like to work more hours: some trade unions are therefore arguing for these women’s rights to full-time posts. In sum, working hours has not been a major issue in collective bargaining in recent years.

In 2007, the average number of actual weekly hours in their main job for full-time employees was 40 hours. The number of hours has been stable for many years. Since 1997 only a small change, a reduction of 0.4 hours, can be noticed in Eurostat’s statistics.

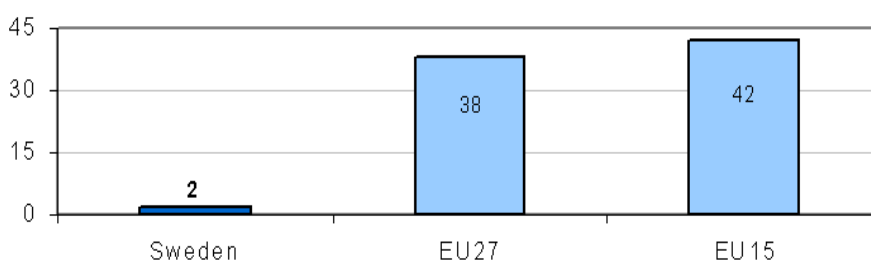
Workplace representation

Workplace representation for employees in Sweden takes place through the local union at the workplace. The reason for the amount of influence given to the trade union is the high rates of union membership. Legislation requires the employer to negotiate with the unions at the workplace before making major changes, and many of the practical arrangements for doing so, which elsewhere in Europe are fixed by law, are left in Sweden to local negotiations between the employer and the trade union.

Since 1973, Swedish workers have the right to employee representation in company boards. A survey carried out in 1998 by the trade unions revealed that board representation was popular both among employers (who found it easier to gain support for tough decisions) and among employees who got a more strategic insight into and say in the business (SE9907181F).

Industrial conflict

Figure 3: Number of working days lost through industrial action per 1,000 employees, annual average 2004–2007



Source: Eurostat, 2009.

As seen in the graph above, the number of strikes and their range are limited in comparison to other European countries. The National Mediation Office (*Medlingsinstitutet*, MI) is often used in cases of conflict. Founded in 2000, it is an agency for central government activities in the mediation field. Its task is to mediate in labour disputes and to promote an efficient wage formation process. It is also responsible for statistics relating to wages and salaries. The number of strikes has declined in recent years, and this might be due to the work of the nine employees of MI. Forced interventions in mediations between the social partners are not necessary, because the partners themselves request the mediator's help.

The number of working days lost through industrial action, and the number of workers involved in such action, usually varies in accordance with the size of bargaining rounds. Most agreements stretch over three years. The last major bargaining round was in 2007, when about 500 out of 600 agreements in total were negotiated; the next big round will take place in 2010. During 2007, there were nine strikes in both the private and public sectors. During 2008, when only about 90 agreements were negotiated, three strikes took place. In 2008 however, the number of days lost to strikes was eight times more than that in 2007. This was due to the drawn-out conflict between the Swedish Association of Health Professionals' (*Vårdförbundet*) and the Swedish Association of Local Authorities and Regions (SE0805039I). About 10,000 individuals were involved in this national strike that lasted for a little more than five weeks. In the first half of 2009, there have only been minor illegal strikes, one in the port of Gothenburg, and one among garbage workers in Stockholm. Strikes are deemed legal when they occur after negotiations for collective agreements have failed: no such strike has yet taken place in 2009.

Employee's rights

The Codetermination Act (*Medbestämmandelagen*, MBL) regulates employee consultation and participation in working life, as well as the mutual right to organise, to union recognition and so on. MBL is thus the key law for the system of collective regulations. It is a framework law, which must be implemented through collective agreements. The MBL gives the trade unions, as collective agents for their members, the right to elect board representatives, to receive information from the management, and to be consulted about management decisions.

The Employment Protection Act in (*Lagen om Anställningsskydd*, LAS) is a fundamental law in the Swedish labour market regulating when and how an employee can be dismissed. The law protects employees from being given notice or being dismissed without objective reasons other than shortage of work or serious misuse. The LAS was one of the main stumbling blocks in the negotiations for a new main agreement.

The Labour Disputes Act governs the judicial procedure in disputes between the social partners. The institution in charge is the Labour Court (*Arbetsdomstolen*, AD).

The Swedish Work Environment Authority (*Arbetsmiljöverket*, AV) deals with the working environment but the new government has downsized the Authority by about 40%, reducing the number of work environment experts and labour inspectors. The number of inspectors has been reduced by 25% at a national level, and the social partners might have to increase their engagement and responsibilities in some of the areas that used to be handled by AV (SE0808029I).

Job security councils

A unique and innovative feature of the Swedish labour market is the existence of job security councils. These are set up at a sectoral level and are managed jointly by employer and employee organisations. The job security councils provide extensive support to workers who are laid off – through training, financial assistance, support to establish new companies etc (Diedrich 2006). The collective agreement determines how the resources to the council are gathered – usually as a fixed percentage of the payroll, such as the figure of 0.3% in the most important council, TRR *Trygghetsrådet*.

These councils have positive effects not only for the individual, but also for the economy and the society as they ease the process of adapting to restructuring (*Ibid.*).

Current issues in industrial relations

The Laval case

The Laval case (in Sweden commonly referred to as the Vaxholm case) has occupied the social partners in Sweden for more than five years. The chapter seeks to present the most recent events and the position of the social partners in Sweden, but for time and space constraints, it can not give a full, in-depth picture of the Laval case in Sweden. For sources and further reading, please see the end of the chapter.

In the summer of 2004, the Latvian company Laval un Partneri began, to rebuild a school for the municipality in Vaxholm, north of Stockholm. The trade union Byggnads (the Swedish Building Workers' Union) placed the company under boycott for not signing collective agreement. Laval argued that their Latvian collective agreement sufficed (this agreement applied Latvian wages, below the average wages in the area). Other Swedish trade unions joined Byggnads in the boycott and Laval had to stop its work at the site (Eklund 2008 p. 551-2)

Laval brought proceedings relating to the legality of the industrial action to the Swedish Labour Court (Arbetsdomstolen, AD), which subsequently asked the European Court of Justice (ECJ) for a preliminary ruling on two questions (Eklund 2008 p. 556-7).

- Can a trade union – through industrial action – force a foreign company to sign a collective agreement with standards on wages and working conditions that is not covered by national legislation?
- Does the Swedish Lex Britannia provision (allowing a trade union to take industrial action to replace a foreign collective agreement with a Swedish one) violate the EU prohibition on discrimination on a national basis?

In May 2007, one of the eight Advocates General to the ECJ, Pablo Mengozzi, issued his opinion on the Laval case, stating that the Swedish trade unions acted in accordance with national and EC law. The ECJ however, ruled in December 2007 in favour of Laval. The court recognised the right to industrial action, but stated that – in this case – the boycott was not legitimised by public interest and that it restricted the company's freedom to provide services (SE0706029I).

Swedish trade unions were surprised by the ruling, which they argue endangers the Swedish model of setting work conditions through agreements rather than through legislation. In effect, the ECJ interpreted the Posted Workers Directive (96/71/EC) to stipulate that industrial actions to enforce working conditions shall not obstruct the common market. The ECJ verdict thus puts more weight on the principle of free movement of services than the right to industrial action. The unions fear that this ruling might open up 'a race to the bottom' and challenge the Swedish model. In contrast, the employer organisation Svenskt Näringsliv (SN) welcomed the restrictions on industrial action and stated that it hoped that the ruling will contribute to greater movement of services (SE0801019I, EU0801019I).

The case was returned to the Swedish Labour Court in order to investigate if Laval has the right to financial compensation for its losses due to industrial actions. The verdict is expected during 2009. The case is a delicate one, as the trade unions acted according to Swedish law at the time (Ahlberg 2009).

The Laval inquiry

In April 2008, the government announced the guiding principles for an investigation into the impact of the ECJ's verdict in the Laval case on national labour law and possible labour law amendments as a result of this judgement. The investigation was led by the Director General of the National Mediation Office (MI), Claes Stråth, and the final report was published in December 2008.

The government's guiding principles for this inquiry were controversial among the social partners, especially for the employers who argued that the guidelines were too friendly to the LO (SE0804029I).

The government asked the inquiry to investigate how the Swedish labour market model could be sustained with the minimum possible reforms to adjust to the ECJ ruling. Accordingly, two general objectives guided the inquiry. First, the inquiry considered if the so-called 'Lex Britannia' provision – a provision that allows industrial action in order to replace foreign collective agreements by a Swedish one – in the Codetermination Act should be abolished, amended or replaced in order to be compatible with EU law. Secondly, the inquiry also evaluated if the posted workers directive 96/71/EC makes it possible to refer to collective agreements (SOU 2008:123 p. 41-2).

The inquiry's conclusion was that the Swedish labour market model can be applied, to a great extent, to regulating wages and working conditions for posted workers, at the same time as Community law is fully respected. However, the inquiry indicates the need for a few changes such as reducing the trade union's right to industrial actions (Ibid p. 63).

The Inquiry committee proposes that Swedish trade unions are not allowed to take industrial action to force a collective agreement if an employer from another EEA country already applies agreements that correspond to the minimum wages and working conditions according to Swedish collective agreements. The aim is that the trade unions would receive a tool to verify and monitor that these terms and conditions of employment correspond with the provisions of the Posting of Workers Act and with such provisions in a sector agreement that lies in the framework of the 'hard core' of the Posting of Workers Directive. It is the employer who has to prove that the terms and conditions are applied (Ibid p. 63-5).

The inquiry also proposes a new liaison office to inform foreign companies about the standards in Swedish collective agreements that the company would have to respect in order to avoid industrial action. The purpose is to make labour costs for posted workers foreseeable (Ibid p. 68-9).

The current views of the social partners

The social partners' comments to the Laval inquiry have been varied. The trade unions welcome that the inquiry has strived to find solutions to defend the right to industrial action, even if they argue that the proposed reforms go too far and pose a threat to the Swedish model. The employer organisation SN argues that the proposal is not sufficient if Sweden is to respect EC law.

Trade unions

In a joint reply (see below), the trade union confederations TCO and LO criticised the Inquiry and addressed the need to adjust Community law at EU level in order to give workers' right to industrial action more weight. The Inquiry suggests that an exception from Swedish rules should be made for companies with posted workers in Sweden regarding the prohibition of night work and the right to have breaks. LO and TCO criticise the Inquiry for a narrow interpretation of the Community law and find the suggestion unnecessary (LO & TCO 2009 p. 12-22).

SACO's reply to the Inquiry is – in general – positive; however, the organisation joins LO and TCO in the criticism of the proposed reduction of industrial action and states that the right to protect members' interests is fundamental and protected by international law and conventions (SACO 2009).

SACO, LO and TCO are positive towards the Inquiry's proposal that the social partners are still regulating wages. All trade union confederations want minimum standards for posted workers to include pay, working time, night work regulations as well as leave, working conditions and accident insurance.

Employer organisations

The Association of Swedish Engineering Industries (Teknikföretagen) and the Confederation of Swedish Enterprises (Svenskt Näringsliv, SN) reject the Inquiry and Teknikföretagen suggest introducing minimum wages through legislation (Forsman 2008). SN opposes the proposal that trade unions should be able to call for Swedish collective agreements in foreign companies by using industrial actions (Svenskt Näringsliv 2009 p.10-12).

SN states that it is not realistic to demand from foreign companies that they follow all the labour regulation that comes with the collective agreements and state that labour regulation is not transparent enough for foreign companies. SN argues that about 55,000 Swedish companies are today operating without collective agreements and by forcing foreign companies to settle such agreements, there will be distortion in competition.

The public-sector employer organisations are more ready to fight for the status quo of the Swedish labour market model, and they are against Teknikföretagen's proposal of legislated minimum wages. They are in general positive about the Inquiry. SALAR asks for a discussion of the consequences for public procurement, especially since it was such a case that was the starting point for the dispute (SALAR 2009 p 1-3). Other ECJ rulings have also concerned public procurement, for instance the Rüffert case.

What happens now?

The Government is expected to draw up a bill suggesting changes in legislation by the end of 2009. The question is far from resolved for the Swedish social partners. What is clear is that the process has already affected industrial relations: the trade unions are disappointed that the employer organisations do not do more to defend the so-far successful Swedish model of flexicurity implemented through collective agreements while the employer organisation Svenskt Näringsliv argues that the trade union position is unreasonable in the context of a common European market.

Deadlock in negotiations on new central agreement

Negotiations were initiated between the social partners in the private sector to replace the current central agreement, Saltsjöbadsavtalet, from 1938. The employer organisation SN invited LO and the Council for Negotiation and Cooperation (Privattjänstemannakartellen, PTK) to negotiate.

The social partners in Sweden have a role that corresponds to functions that, in many other countries, lie with the public authorities and legislation. The labour market is mainly regulated by the Saltsjöbads-agreement and corresponding collective agreements. Previous attempts have been made to renegotiate the central agreement in the 1970s and 1980s, but these negotiations did not result in a new central agreement.

Topics for negotiation

The employer organisations were seeking to change the rules of industrial actions, in particular the right to solidarity strike (Svenskt Näringsliv 2009:3). Rights to a solidarity strike mean that trade unions can strike against an employer even if they have a collective agreement with it, if another trade union is in conflict with the employer. This makes the trade unions powerful in terms of industrial actions; however, despite this, Sweden is still one of the countries in the world with the fewest working days lost to industrial conflict. LO and PTK were for this reason not willing to discuss limitations of the use of industrial actions, instead suggesting that a ‘central agreement commission’ should be able to discipline unions who misused the weapon of industrial actions (LO & PTK 2009:2 p. 16).

Another important issue in the negotiations was LAS, the employment protection act. The employers argued that the priority rules in the case of dismissal set out in the LAS should be changed to focus more on workers’ competences and skills (Svenskt Näringsliv 2009:2). LO and PTK came up with a suggestion that employers should be able to make exceptions from LAS if they pay double the amount of compensation for redundancies.

PTK states that their main reason for stepping in to the negotiations was to improve access to the labour market for young people and immigrants. LO wanted to strengthen the Swedish model and the power of collective agreements. LO also wanted to improve the social partners’ possibilities for supporting and training individuals affected by restructuring (LO 2009:3, PTK 2009:2).

Reasons for collapse of negotiations

The aim of the recent negotiations between the social partners was to reach a new central agreement in the first quarter of 2009. However, on 11 March, SN announced that it intended to withdraw from the negotiations. The employer confederation attributed its decision to the disagreements that had arisen between the parties involved in the negotiations, insisting that they could therefore not manage to reach an agreement (Svenskt Näringsliv 2009:2).

Position of employers

SN made it clear from the beginning of the negotiations that restrictions on industrial action, particularly sympathy actions, and the renegotiation of the priority rules in the LAS employment protection act were necessary. The confederation highlighted that the ongoing global economic crisis also affects the Swedish economy and results in a situation where demand for flexibility and ability to adapt is central. Therefore, the employers argued that a reform of the old central agreement is needed. At the beginning of March 2009, the confederation handed over a proposal for a new central agreement. When LO and PTK presented their response to the employers’ proposal, it became obvious that they would not even consider meeting the demands tabled regarding these issues (SE0903029I).

Instead, a counterproposal from LO and PTK contained several trade union demands, which –according to SN – would have resulted in excessive costs for employers. SN stated that it would discuss the demands of LO and PTK, provided that its own demands were heard. When this appeared impossible, the confederation decided to withdraw from the negotiations. The employers therefore blame the trade unions for the breakdown in negotiations. According to them, it became obvious that LO and PTK were not willing to negotiate on the grounds that the employers presented when the negotiations started. SN believes that LO and PTK at a central level understand the need for reform but that it was the local-level trade unions who objected to the employers' proposals (SE0903029I).

Trade union view

LO and PTK expressed their disappointment that the employers decided to end the negotiations, and were also concerned over the way that SN ended the negotiations, without giving notice. According to LO and PTK, changing the priority rules in the case of dismissal would mean abolishing employment protection and would leave it to arbitrary decisions by the employer of who should be made redundant in case of downsizing. The parties argued that SN has demanded extensive reforms that would seriously weaken the situation of employees by causing insecurity in the case of change and in the future (LO 2009:3).

LO and PTK were also critical and cautious of reducing the right to organise industrial action, such as sympathy strikes, and the consequences this change might have. Therefore, the trade union side argued that the employers have demanded far-reaching changes that would strongly affect the balance of power, as well as undermining the Swedish labour market model and, according to LO, reduce the country's economic growth and competitiveness. On this basis, LO and PTK decided to reject the employers' demands regarding these issues (LO 2009:3, PTK 2009:2).

What happens now?

For the moment, the negotiations are dead. The social partners' positions are at the moment too far apart to reach a central agreement. Therefore, it is still the central agreement from 1938 that continues to set the rules (although this has been modified several times).

LO fears that the employers will make use of their connections with the centre-right government and legislate on these issues. The trade unions state that this would be a very unfortunate development, and argue that a central agreement is a much more long-term and sustainable solution to upcoming problems. Legislated reforms could be changed by another government. A central agreement, on the other hand, has proved to be sustainable through more than 70 years of labour market changes.

Recession and its implications

Sweden has been greatly affected by the financial crisis and the following recession, and this has had major implications on both economic growth (GDP contracted by 6.5% during the first quarter of 2009) and on the unemployment rate (which is steadily growing, reaching 9% in May 2009) (Statistics Sweden). These extraordinary economic circumstances have had a dramatic impact on industrial relations in Sweden. The trade unions have seen tens of thousands of their members lose employment and have responded by accepting requests from the employers for greater flexibility. In addition, the trade unions have chosen different strategies, causing tension within the labour movement (although the differences now in practice are diminished).

Both trade unions and employer organisations have called for greater support from the government in order to meet the crisis and limit its impact. The white-collar union confederation TCO has, for instance, pushed for increased training. The blue-collar union LO states that the government must carry out a more active fiscal policy in order to combat the crisis; for instance, it claims that the ambitious 'knowledge lift' training programme, in place between 1997 and 2002, should be temporarily re-established. It also calls for more and better internships and similar activities to boost employability (LO 2009:4). However, at the workplace, the recession has already had dramatic effects on industrial relations.

Agreements on lay-offs

The manufacturing industry, in particular the automobile industry, has been greatly affected by the financial crisis, and was first to come up with new measures in an attempt to rescue jobs. The Union of Metalworkers (IF Metall) stated that 25% of their members risk unemployment if action were not taken. As a result, on 2 March 2009, a central agreement on temporary lay-offs was reached between IF Metall, the Association of Swedish Engineering Industries (*Teknikföretagen*) the Swedish Industrial and Chemical Employers Association (*Industri- och Kemigruppen*) and the employer organisation the Metal Group (*Metallgruppen*). An agreement was also reached between IF Metall and the Association of Motor Industry Employers (*Motorbranschens Arbetsgivareförbund*, MAF). The rules of the general agreement must, however, be applied through a local agreement. Even if this kind of agreement may not be remarkable in a European context, it is certainly historical in the national Swedish context. It also proved to be controversial, and Stefan Löfven, the president of IF Metall, had busy weeks defending the agreement during the spring of 2009.

Details of agreement

The general agreement allows for shorter working hours, even though lay-offs are normally not permitted in Sweden. According to the general agreement, employees can be temporarily laid off from work while keeping their job. During this time, the employee will receive a payment of at least 80% of their normal salary. The salary will be paid according to the time actually worked.

- If an employee is free one working day a week, their total salary will be reduced by a maximum of 20% – in other words, the free day will remain unpaid.
- Employees who work two days a week and are free three days a week during ordinary working hours will have their total salary reduced by a maximum of 20%.
- Employees with free time for four hours a week will face a maximum reduction of 10% of their salary.
- Local parties can agree on training provisions for the workers instead of free time.

Local agreement at Volvo

Two weeks after the general agreement was signed, the first local agreement was reached at Volvo. According to a spokesperson of the Volvo trade union branch, the agreement provides an alternative to dismissals and has made it possible for Volvo to keep 1,000 employees who otherwise would have lost their jobs.

Reaction of social partners to agreement

According to IF Metall's Collective Bargaining Chief, Veli-Pekka Säikkälä, Volvo represents a good example of how to avoid dismissals in companies facing declining sales volumes. The severe crisis in the economy has necessitated these agreements, insists IF Metall (Gatu 2009). The general agreement in the sector is a tool that can be used over a shorter period of time as an alternative to further dismissals. At local level, it offers the possibility of reducing working hours, avoiding more dismissals and maintaining the competitiveness of Swedish industry, so that when the economy improves, people can quickly return to their jobs. The agreement should also be seen as a way to save strong companies from bankruptcy (SE0903019I).

IF Metall and its president Stefan Löfven consider that all employees in the manufacturing industry must take responsibility and help to ease the effects of the current economic crisis. The trade union also highlights that the agreement involves a reduction in working hours and not a pay cut.

Around 170 new local agreements on temporary lay-offs were settled only six weeks after the new general agreement was reached. Some local trade unions have demanded that by agreeing on temporary lay-offs they will be assured that the lay-offs will not be followed by redundancies. If redundancies do follow, employers have to repay the loss of income that the reduced working hours caused. This clause exists for example in an agreement signed on 29 May at Volvo Powertrain. The agreement there resulted in the withdrawal of notice to 600 employees (Ölund 2009).

Within the wood-processing industry, the Swedish Forest and Wood Workers' Union (*Skogs- och Träfacket*) has not been willing to settle upon an agreement on temporary lay-offs, even though many of the workforce are at risk of unemployment. The employers organisation, the Swedish Federation of Wood and Furniture Industry (*Trä- och Möbelindustriförbundet*, TMF) argues that the trade union has acted irresponsibly since it is not willing to cooperate in the current financial crisis (TMF 2009).

White-collar agreements

Unionen, the trade union for professionals in the private sector, is critical of the general blue-collar agreement and considers it a way of reducing wages. Unionen argues that the economy is suffering from a demand crisis and therefore a wage decrease would only make the situation worse. If one company undertakes a wage reduction, more firms will be forced to do so in order to remain competitive. Unionen contends that this will not eliminate the risks of dismissals and bankruptcy. Moreover, there is a danger that the reduction in working hours will not be temporary. The union believes that the main problem that needs to be addressed is the shortage of demand. It argues that temporary layoffs are a short-sighted solution, which will not improve the situation in the long term. Unionen also argues that the temporary lay-offs and reduced pay will have a negative impact on their members' pensions (SE0903019I).

The employer organisations within the private sector and the manufacturing sector are now pressuring Unionen and the Swedish Association of Graduate Engineers (*Sveriges Ingenjörer*), to sign a general agreement to make it possible to introduce temporary lay-offs and reduce salaries for white-collar workers (SE0904029I).

The employers and the trade union Unionen were in disagreement on whether their existing collective agreement at sectoral level allowed for local negotiations on temporary lay-offs. The employers took the dispute to the Swedish labour court in order to clarify whether the collective agreement prevented temporary lay-offs: no such obstacle was found.

Although Unionen does not want to sign a central agreement on temporary lay-offs, the trade union has, as a result of the court's statement, signed several local agreements that include temporary lay-offs for white-collar workers, including in the case of Scania.

The special case of Scania

Truck manufacturer Scania has invested in education and training for its workers, trying to avoid giving notice to its employees (SE0906019I). Workers alternate between work and training days and the company hopes, in that way, to maintain skills levels in the company. However, the company had to decrease costs further as a result of the crisis and has stated that it would need to give notice to many of its employees. Scania offered the workers the possibility of reducing working time as an alternative to the company's reducing the workforce. The offer took the form of a four-day working week, with a 10% decrease in wages, with the assurance that no workers would lose their employment during the agreement period.

At Scania, the local trade union branch of Unionen agreed to accept the four-day week. The metalworkers' union IF Metall was however reluctant to accept reduced working hours and reduced pay. The blue-collar workers were unsatisfied with the union's decision and voted on 14 May whether to accept decreased working hours. About 60% of the workers accepted temporary lay-offs. The trade union then re-entered negotiations with the employer and an agreement was settled.

The agreement specifies a 20% cut in working time and a 10% decrease in pay as well as cuts in holiday pay and a freeze of wage increases during 2009. It will be valid from 1 June 2009 until the end of the year. In exchange, Scania guarantees the workers' employment for the next six months. The agreement also states that €27.5 million (SEK 300 million) will be saved at Scania. The agreements on temporary lay-offs at Scania affects 6,000 blue-collar members of IF Metall. Members of Unionen have also been able to vote in the matter and a similar agreement has been reached for Unionen's white collar members at Scania.

Scania has announced that it would like to keep the workers' skills within the company and avoid dismissals in order to be able to adjust and increase production rates when the market improves again. Temporary lay-offs are also a quicker alternative than dismissals, when cost cuts are sought.

In January 2009, Scania – together with the county administrative board – applied for funding from the European Social Fund in order to set up a training programme that was expected to boost the key skills and the competitiveness of the workforce. In May, the European Commission decided to accept the application and that €11 million could therefore go to investments in a training programme at Scania. This investment will further improve employment security for the workers at Scania. The company will pay the employees' salaries while they attend the programme; about 6,000 employees will participate.

The public sector

The public sector social partners have not signed any agreements similar to the ones in the manufacturing industry. However, the public sector is severely hit by the recession, and there have been many notices, redundancies, and cuts on temporary workers etc.

In the public sector, negotiations are taking place on a more general agreement, which exists in several sectors, called adjustment agreements or job security agreements. The adjustment agreements are general agreements between the social partners to facilitate workers who have been given notice (due to shortage of work) to find new jobs by means of adjustment measures and financial support. Exceptions from the employment protection act can be made after local-level negotiations. By supplementing the efforts of the public employment service, the agreements help improve workers'

security and their geographical and professional mobility in the labour market. In this way, the necessary structural change will be more readily accepted by the employees concerned. These measures are the social partners' contribution to flexicurity and the adjustment agreement is presented as a good example in the Swedish government's national action plan for the Lisbon Strategy. These agreements have been around for some years in the private sector (the first being agreed as a response to the oil crisis), but an agreement is now for the first time being negotiated for 1.1 million public employees.

Impact of recession on collective bargaining and wage development

The recession has not spared wage negotiations. In Sweden, collective agreements generally last for three years and the next big round of bargaining will not take place until 2010. Already however, there is a fierce debate on what principles should guide wage bargaining. One agreement on wages is being negotiated this year, seen as vital to set the standard for next year, in the architecture and construction consultancy sector.

In a much discussed polemical article of 26 May 2009, the employer organisations called for a stop for wage increases for the next couple of years, increased flexibility in working time etc. These demands were immediately resisted by trade unions, who argued that moderate wage increases in line with the trend of recent years are necessary to keep up consumer demand and to make the economy revive again (SE090602I).

There is currently a debate in Sweden concerning whether companies should give bonuses to managers while workers are dismissed. A number of directors have given up their bonuses on ethical grounds (for instance at car manufacturer Volvo and at the bank Skandia).

The recession and the redundancies that have followed have also focused debate on shareholders' interests. A number of prominent companies have both given notice to a large number of employees while simultaneously giving shareholders large sums of money. Unionen investigated 25 of the biggest companies in Sweden and revealed that the companies planned to give shareholders substantial amounts of capital. Of these companies, 19 had reduced their workforce. At Scania for instance, Johan Järnklo, local chairman of IF Metall, criticises the management for giving dividends of shares summing up to €184 million instead of letting employees keep their jobs.

Agreement on limitation of LAS

As a consequence of the financial crisis, trade union Byggnads has been willing to negotiate on the Employment Protection Act (LAS). According to LAS, workers must be laid off on a last-in-first-out basis; when a company rehires the system is reversed, the last one dismissed being the first to be hired. However, Byggnads has agreed to let companies employ young workers, newly graduated from high school, before employing dismissed workers, over 2009. Byggnads and the employer organisation, the Swedish Construction Federation (Sveriges Byggindustrier, BI), agreed that the mistake from the 1990s, when the skills of an entire generation of construction workers were said to be lost, should not be repeated. The agreement should be seen as an active measure to facilitate entrance into the labour market for young workers.

Patterns of employment expansion

This section looks at the evolution of employment growth in Sweden from 1997–2006, from the perspective of the quality of jobs, within a European context. What kind of jobs were created and destroyed in Sweden from 1997 to 2006? Did Sweden create more and better jobs?

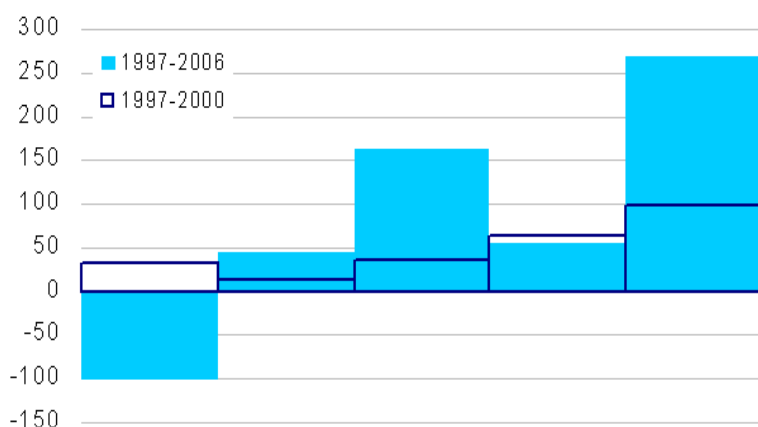
Methodology

The results are based on a detailed analysis of the evolution of employment by sector and occupation in 23 EU Member States, covering the period 1995–2006. For each country, a table of jobs defined as specific occupations within specific sectors was created. Then, the median hourly wage of each of the jobs was calculated, this being used to rank the jobs from highest-paid to lowest paid in each country. Total employment for the middle of the period (the year 2000) was divided in five equal-sized groups or quintiles, ranked from lowest-paid to highest-paid pay. This permits a breakdown of the overall figures of net employment creation from 1995 to 2006 into five job quality (or ranked hourly pay) groups. In the case of Sweden, for reasons of data availability, the period covered was 1997–2006.⁵

Absolute employment growth by job quality, 1997–2006

Over the period 1997–2006, Sweden created about 400,000 net new jobs, equivalent to a 10% increase in the workforce. Figure 4 below shows a breakdown of employment growth (in thousands) for each of the five job quality groups in Sweden. The blue bars represent growth for the overall period and the empty boxes represent growth for the first three years of the period (1997–2000). The employment growth of the period is characterised by a hybrid mix of general upgrading plus growth in the middle, with strong job creation in the middle and at the top of the wage distribution and a destruction of jobs at the very bottom. Most of this activity took place after 2000. Between 1997 and 2000, there was moderate growth in all quintiles, but growth in the middle and upper quintiles was much stronger between 2000 and 2006. Destruction of jobs in the lowest quintile occurred only in this latter period. Based on these results, it is possible to observe the creation of more and better jobs in Sweden between 1997 and 2006.

Figure 4: *Absolute employment growth, Sweden, 1997–2006 (in thousands)*

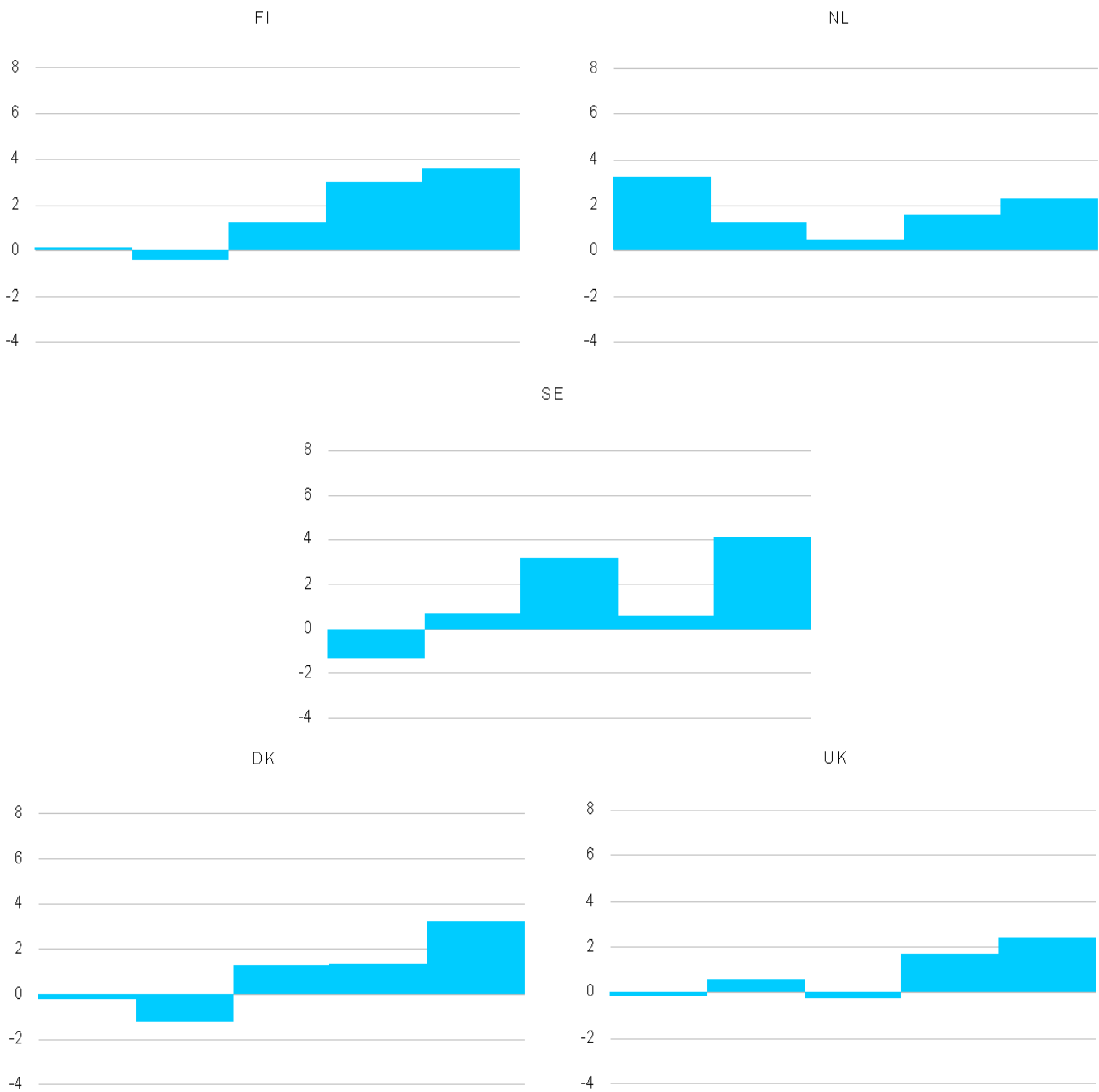


⁵ Data sources: for the evolution of employment by occupation and sector, European Labour Force Surveys 1995–2006; for the ranking of jobs by wages, European Structure of Earnings Survey 2002 and EU Statistics on Income and Living Conditions (EU-SILC). Statistical processing and modelling done at Eurofound.

Relative employment growth by job quality: contextualising the Swedish results

To be able to compare the patterns of employment growth across different countries, it is necessary to look at relative rather than absolute growth in the size of each of the quintiles (that is, in the number of workers within each of the wage-ranked job groups). This is done in the figure 5, which shows the average growth per year in the number of workers in each one of the quintiles for Sweden and four other European countries: Finland, Denmark, the Netherlands and the UK. The countries are chosen because they are neighbouring countries or because they are often compared to the Swedish labour market.

Figure 5: Relative annual employment growth compared to interesting countries



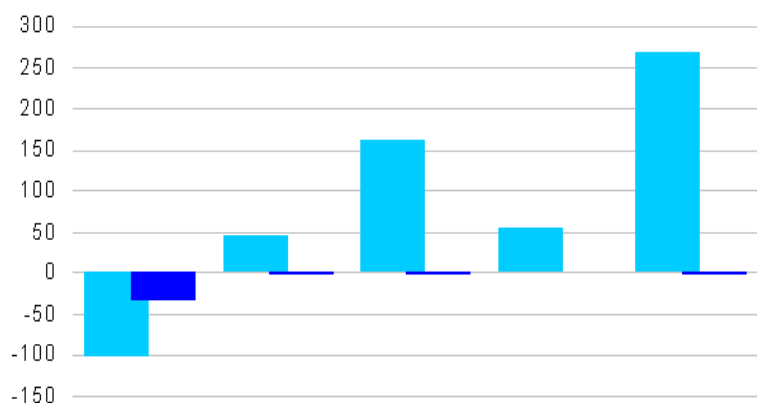
The general upgrading evident in the Swedish labour market is also generally reflected in Denmark and the UK, as well as in Finland, but none of these countries experienced growth in the middle in the same way as Sweden. Nor did they experience job destruction in the lowest wage quintile as Sweden did. The Netherlands is unique within this group, as it experienced the highest growth in the lowest quintile. It exhibits a far more polarised pattern. The Swedish experience on average has been quite a positive one when compared to these European countries.

Breaking down growth patterns by sector

Decomposing growth patterns by sector

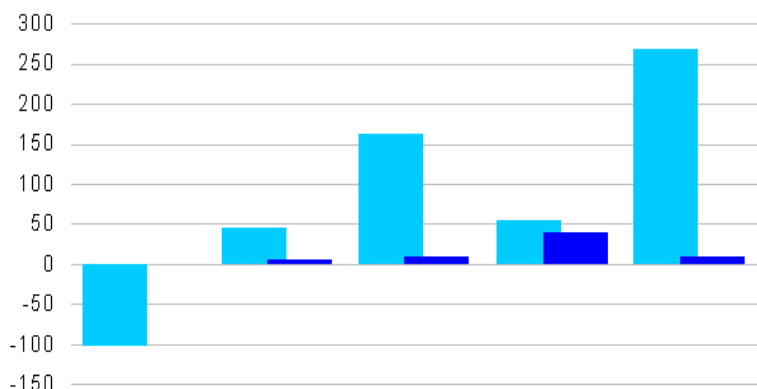
The following charts decompose absolute job growth in the five job quality quintiles by broad economic sector. The light blue bars on the background represent overall employment growth, and the dark blue bars in the front the contribution of each specific sector. The primary sector (agriculture, fishing and mining) contributed very little to changes in the employment structure. About a third of the destruction of jobs in the lowest quintile can be accounted for by the primary sector.

Figure 6: Primary sector compared to total employment growth



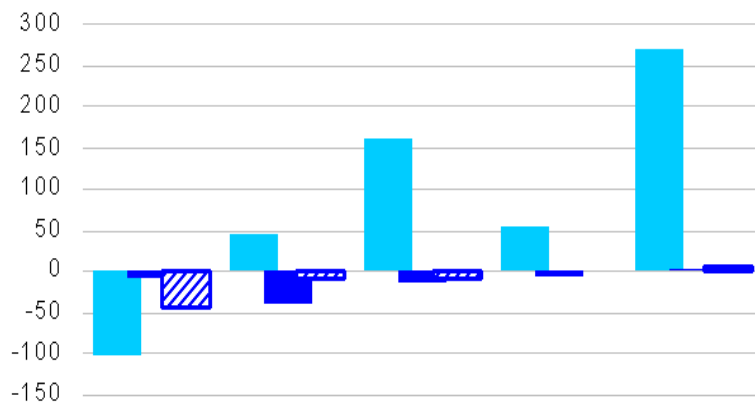
Construction (figure 7 below) contributed very slightly to growth in all upper four quintiles, and this sector accounted for most of the job creation in the upper middle quintile.

Figure 7: Construction sector compared to total employment growth



There was net destruction of jobs in the manufacturing sector (shown in figure 8) in Sweden. All quintiles displayed destruction to some degree, and the two lower quintiles in particular. Low technology industries are represented by the diagonally striped bars and the high technology industries by the dark blue bars. Low technology experienced greater destruction in the lowest quintile with high technology contributing mostly to the destruction in the lower middle quintile.

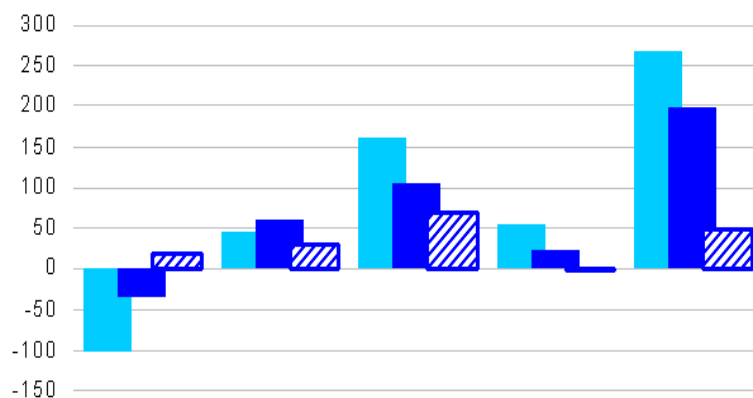
Figure 8: Manufacturing sector compared to total employment growth, high and low technology industries



Note: striped bars are low technology sector; dark blue are high technology sector and light blue is total for all sectors.

Finally, figure 9 below shows a breakdown of the service sector into high and low knowledge-intensive subsectors. The diagonally striped bars show the contribution of low knowledge-intensive services to overall job creation, the dark blue bar the contribution of high knowledge-intensive services. It is immediately evident that these two subsectors within services are responsible for the overall patterns of employment change in Sweden, in particular high knowledge-intensive services. This sector was by far the greatest influence on employment patterns, with significant growth in the upper and middle quintiles, and also some destruction in the lower quintile, similar to the overall pattern. Low knowledge-intensive services also contributed to growth in the middle quintile but displayed little change in the two upper quintiles.

Figure 9: Service sector compared to total employment growth, high and low knowledge-intensive services

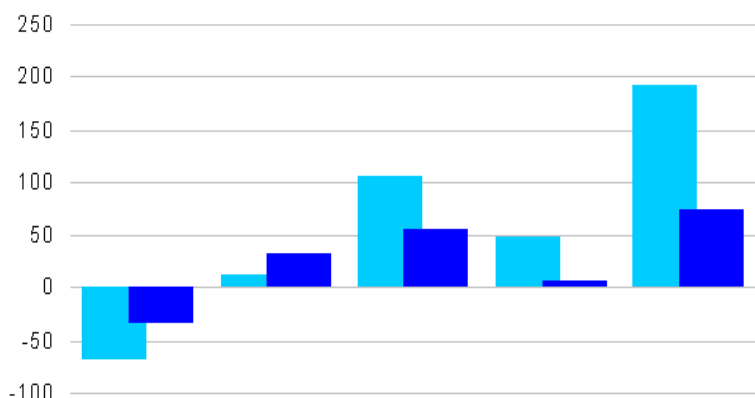


Note: striped bars are low knowledge-intensive services, dark blue are high knowledge-intensive service and light blue is total for all sectors.

Employment growth by type of contract: part-time and non-permanent employment

The following two figures break employment growth down by type of contract. In both cases, the light blue bar represents net employment growth for the 'standard' employment contract (full-time and permanent) and the dark blue bar represents 'non-standard' employment (part-time and non-permanent).

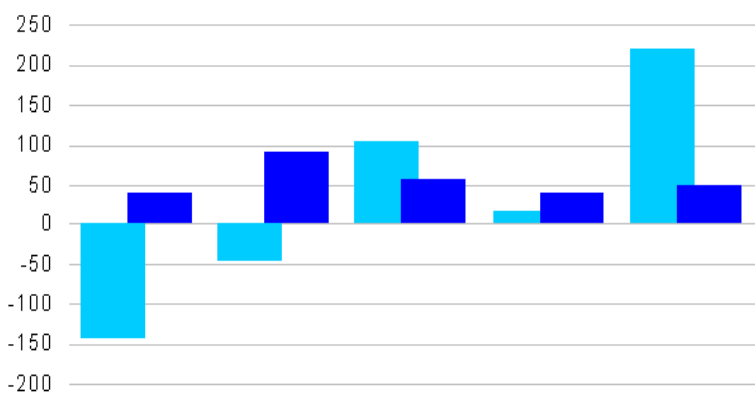
Figure 10: *Employment form comparison, part-time vs. full-time*



Note: *full-time light blue, part-time dark blue*

Sweden experienced a moderate amount of growth in non-standard employment, in particular around the middle of the wage distribution. Both part-time and non-permanent contracts contributed in these areas. There was a more consistent growth across all quintiles of non-permanent contract employment. Positively, the strongest growth in standard employment, both full-time and permanent employment, was in the upper quintile, and also in the middle quintile to a somewhat lesser degree. Job destruction in the lowest quintile was accounted for mainly by loss of standard employment (permanent and full-time).

Figure 11: *Contract form comparison, permanent vs. non-permanent contract*

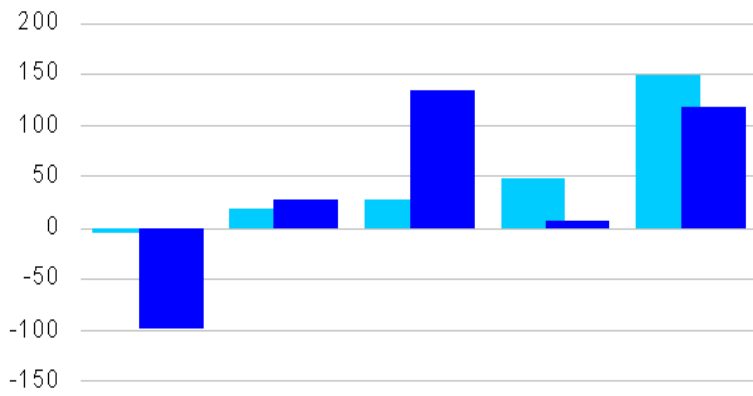


Note: *permanent contract light blue, non-permanent contract dark blue*

Patterns of employment growth by gender

Finally, figure 12 shows a breakdown of the patterns of employment growth by gender (men represented as light blue bars, women as dark blue bars). Unlike almost all other European countries, employment growth was not more intense for women than men (probably due to the fact that Sweden already had comparatively high employment rates for women in 1997). Men and women in Sweden experienced similar levels of employment growth. However there were large differences in terms of job quality. Men's patterns of job growth were relatively stable, with slight upgrades in all wage quintiles, and strong growth in the highest quintile. Women's patterns were more dynamic and positive, with the highest growth in the middle and upper quintile, and a destruction of jobs in the lowest. The destruction of employment at the lowest end of the wage distribution was almost completely in jobs for women.

Figure 12: Gender comparison, women vs. men



Note: men light blue, women dark blue

Quality of Life

Eurofound's European Quality of Life Survey (EQLS) has developed as a tool to inform social policy debate in Europe. The survey measures living conditions through objective and descriptive indicators, but also incorporates subjective information: an important part of the analysis focuses on the relationship between reported views and attitudes on one side, and resources and living conditions on the other.

In concrete terms, the survey's core focus is on the domains of employment, economic resources, family life, community life, health, and housing and local environment. The survey was last carried out in 2007 in all 27 EU Member States, the three current candidate countries (Croatia, Former Yugoslav Republic of Macedonia, and Turkey) and in Norway. At least 1,000 persons aged 18 years and over were interviewed in each country.

Quality of life in Sweden

Sweden, together with the other Nordic countries, scores consistently well in nearly all quality of life indicators in the survey. The 2007 EQLS contains 71 questions, and although not all questions will be presented in this paper, the goal is to give the reader an understanding of how quality of life in Sweden compares with the rest of Europe, according to the findings in the 2007 European Quality of Life Survey. All data is gathered from the survey mapping tool at Eurofound's website.

Housing and local environment

Swedish people seem to be more satisfied with housing and local environment than the average European. Sweden belongs to the top group of countries in all questions concerning this subject. Questions were asked about several aspects of housing, including problems with space, leaking roofs and access to toilets and showers. Questions also concerned the immediate neighbourhood of the home, including problems with noise, criminality, pollution etc. Although Sweden rarely scores the highest satisfaction ratings among the 31 countries examined, Swedes are always among the most satisfied citizens in Europe. This trend is confirmed by the question of overall satisfaction with accommodation: Sweden is a close runner-up to Denmark, where people are most satisfied.

Quality of society

Levels of trust among people in Sweden are high; the country comes just behind Denmark and Finland, where most people say that people in general can be trusted. (Cyprus by contrast comes at the other end of the scale.) There are no significant differences between different groups in Sweden in terms of the level of trust: people who were not born in the country trust people almost to the same extent as do native-born Swedes. However, those people with low levels of general life satisfaction have low levels of trust.

Sweden scores well also in related questions – for examples having the second-lowest ratings for the level of tensions between rich and poor, and between managers and workers in the country (only Denmark scores lower on both questions). However, when it comes to tensions between ethnic and racial groups and between religious groups, Sweden scores somewhere in the middle of all 31 surveyed countries, perhaps revealing discontent with integration efforts in the country. At the same time, Swedish responses to questions on accepting immigrants coming to the country are among the most positive.

On questions on trust in the national parliament, government and political parties, Sweden again scores highly. Swedish people also rate the quality of public services, including health care, child care, elderly care, education, transport, and the pension system, higher than most other Europeans rate their public services.

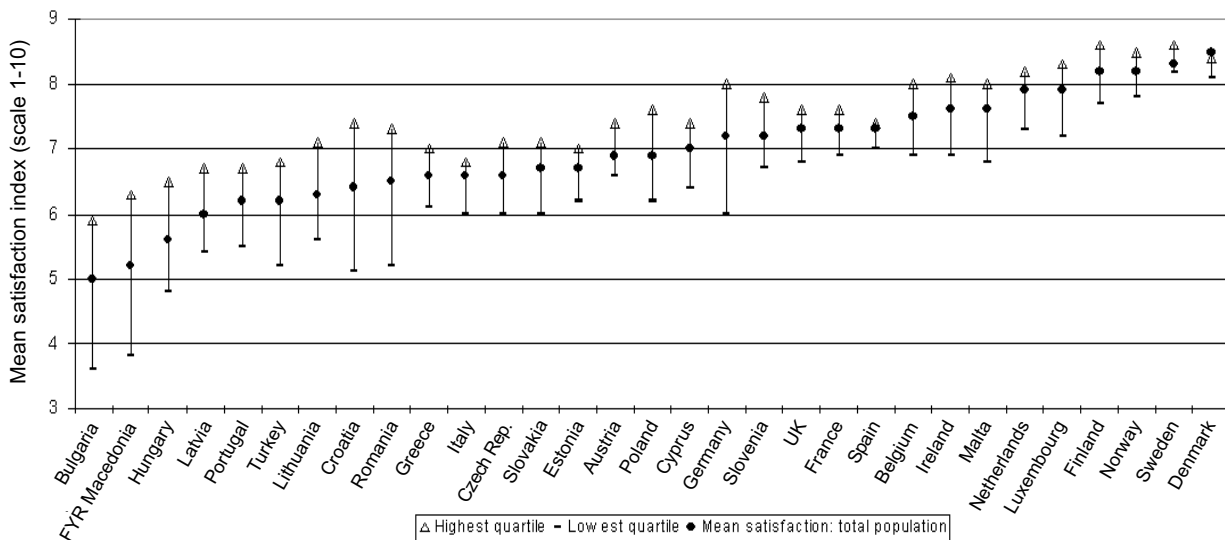
Subjective well-being

Among the 31 countries surveyed, Swedish people are the most optimistic about the future, being considerably more optimistic than the rest of Europe. On average in the EU27, immigrants are more often optimistic about the future than people born in the country. In Sweden, by contrast, 84% of the total population are optimistic about the future as against

64% of people not born in the country. Swedes state more frequently than others that their life is close to how they want it to be.

As seen in Figure 13, Swedish people are not only among the most satisfied in Europe: the difference within the society is also among the least; furthermore, even the least satisfied are doing rather well in a European comparison. The figure for mean life satisfaction in Figure 13 is a composite, including levels of satisfaction with life in general, current job, one's education, standard of living, health etc.

Figure 13: Mean life satisfaction, by income quartile



Source: EQLS, 2007

Respondents were also asked how happy they were: Swedes were among the happiest, coming third in ratings of happiness after Denmark and Finland. Interestingly, it appears that immigrants to Sweden feel as happy as are people born in the country.

Health

Health is clearly a very important factor for quality of life: the EQLS finds a high correlation between self-ratings for health and overall satisfaction and happiness. Most Swedish people state that they are healthy, although not as many as in Ireland (7.6% in Sweden state that they have bad or very bad health, as against 3.1% in Ireland). Those who are divorced, immigrants and – especially – people who are dissatisfied with life are more likely to report bad or very bad health.

The survey's mental health index ranks Sweden in sixth place; meanwhile, Swedes report good levels of accessibility of healthcare – eighth when ranked among the other 30 countries.

Family relations

The Nordic countries are sometimes said to have a less vibrant family life than southern European countries; the EQLS permits some examination of this claim. The findings indicate that the similarities between countries are more striking than the differences. Across Europe, people turn to family members first for support in the event of problems. However, Sweden has among the smallest households in Europe, averaging only 2.6 persons, in comparison with the larger households in Turkey with 4.2 persons. But Sweden does not stand out from the European average when it comes to face-to-face contact with family members, friends or neighbours.

Living standards, paid work and work–life balance

Respondents were asked if they could afford such things as keeping their houses adequately warm, updating their furniture when necessary, inviting friends to dinner occasionally and similar questions. Although Sweden is not the richest country in the sample, it scores highly in terms of responses to these questions. The reason seems to be the low levels of disparities within society: for instance, even the least well-off in Sweden can afford the amenities listed above. And 85.3% of people in Sweden think that their household has enough to make ends meet; in Bulgaria, only 16.3% feel this.

Among those in paid employment, Swedish people are more likely to think of themselves as being well paid than their Nordic neighbours. Amongst all Europeans, they feel that they have the greatest opportunity to exert an influence on how they carry out their own work.

However, the positive picture of Swedish quality of life that emerges from the survey is a little more ambiguous regarding work–life balance. Although Swedes work fewer hours a week than the European average, people in Sweden are more likely than those in other countries to feel that they do not have adequate time for social contacts, hobbies and non-work commitments. See more on work–life balance below.

Working conditions

Another key survey conducted by Eurofound is the European Working Conditions Survey (EWCS), carried out every five years since 1990. The data for this chapter comes from the fourth survey, conducted in 2005 (fieldwork for the fifth survey will be conducted in 2010). Over the 15 years in which it has run, the survey has provided a complex and multifaceted portrait of work and working conditions in an enlarged Europe. It has also stimulated new research in order to better understand, interpret and contextualise the data.

Working conditions in Sweden

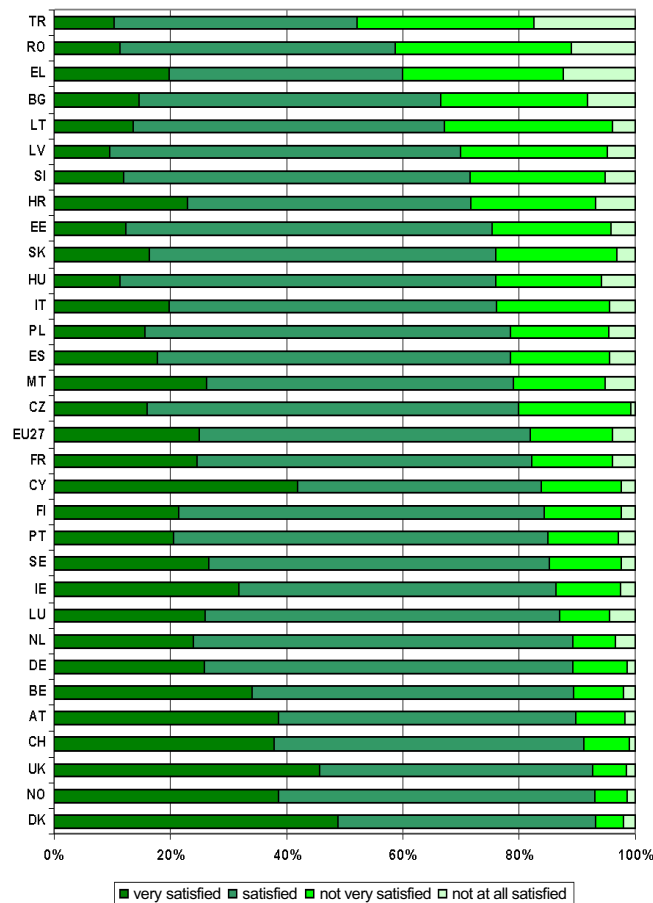
The fourth survey covered 31 countries: the then 25 Member States, plus Bulgaria, Romania, Croatia, Turkey, Norway and Switzerland. Nearly 30,000 respondents answered around 100 questions and sub-questions. This section will briefly outline how working conditions in Sweden compare in a European context.

Sweden has a high employment rate for both men and women, and employees hold indefinite contracts to a greater extent than the European average.

As seen in Figure 14, Sweden does not have the most satisfied workforce in Europe, although it is only somewhat less satisfied than the Danish workforce. Very few workers in Sweden express complete dissatisfaction.

The Swedish labour market shares many similarities with labour markets in the other Nordic countries and in the Netherlands. The workforce in all these countries has, for instance, a high level of education: in Sweden, 64% of workers finished full-time education at the age 19 or older, while the proportion in the UK is 24%.

Figure 14: Work satisfaction in EU27 and Norway, by country (%)



Source: 4th EWCS, 2005

Sweden, like its Nordic neighbours, is also characterised by high levels of life-long learning. Over 50% of workers received training paid for by the employer in the year preceding the survey, and 7% financed training for themselves. These figures are, together with those in Finland, the highest in Europe; Bulgaria and Turkey have the lowest. However, Swedish employees are more likely to regard themselves as overqualified for their job (41.2% saying this) than in many other countries, including Finland (22.3%).

The Nordic labour market has a high degree of employee autonomy, employees being able to choose or change the order of tasks and the methods and speed of work. They have also quite a degree of influence over the choice of working partners and are able to take a break when desired. Of course, this varies from sector to sector and depends on the type of occupation, but in Sweden, on average, over 80% of workers can choose or change the order of tasks and the methods and speed of work. Work intensity is perceived as higher in Sweden than in many other countries, and is a potential cause of stress at work. This follows a general pattern that appears throughout the EWCS: namely, that Swedish workers reports low levels of physical health problems in connection to work, but relatively high levels of psychological health problems.

In the second EQLS conducted in 2007, 43% of Swedish respondents in paid employment agreed or strongly agreed with the statement that their work is too demanding and stressful, a figure that is high in a European comparison. For Swedish people not born in the country the number is even higher – 68%.

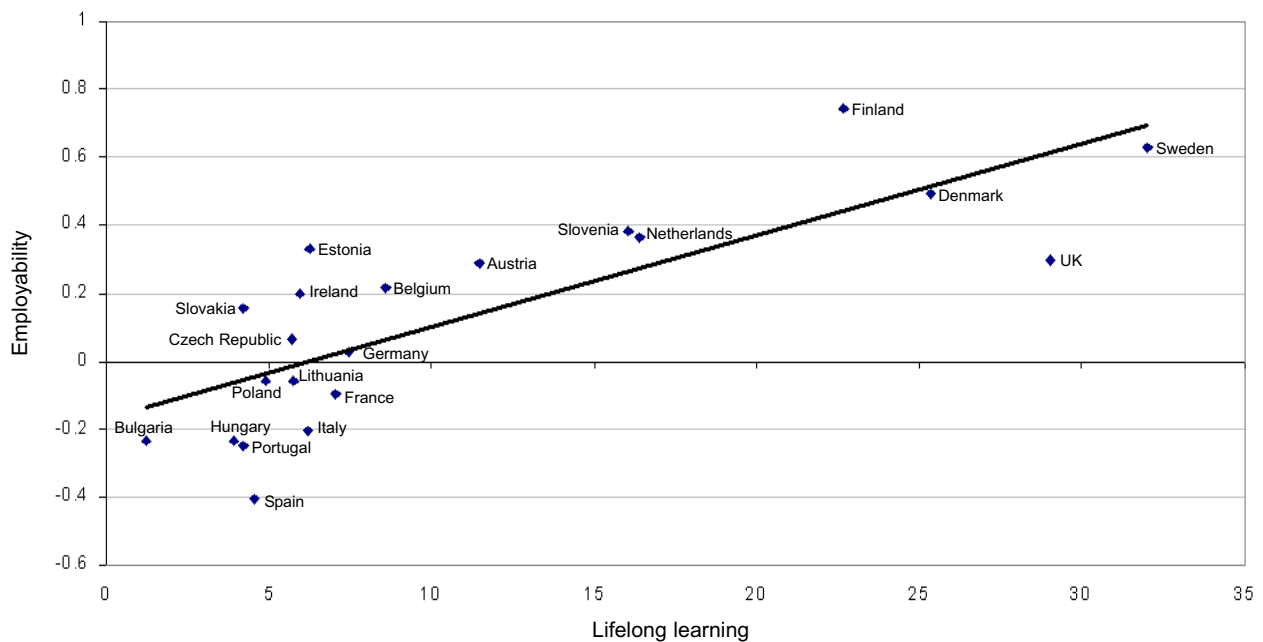
Flexicurity

Flexicurity is high on the European agenda and, in particular, the Danish version is often presented as the role model for other Member States to emulate. In Sweden this has also been a subject for debate, although there is broad agreement that labour market regulation in order to achieve greater flexicurity is a matter for bipartite social dialogue. In Sweden, as in many other places, trade unions tend to promote security whereas employer organisations focus more on flexibility. As mentioned above, flexicurity-related issues were included in the negotiations for a new central agreement that eventually broke down.

Despite the fact that the social partners are somewhat polarised on flexicurity, the Swedish labour market scores high in European comparisons on flexicurity measures. Eurofound studies have shown that Sweden, together with Finland, has a worker-oriented high level of flexicurity, meaning that flexibility is focused on enabling the worker to achieve a good work-life balance through measures like extended parental leave and flexible working hours rather than solely a company focus on allowing for overtime and similar measures.

There is a new aspect of the flexicurity debate focusing more on employability than on rigid employment security as a way to ensure workers' security. The idea is that workers who have high and relevant levels of skills and education do not feel insecure when they are at risk of losing their employment, because they have good opportunities to find a new job. This can be achieved by lifelong-learning measures and the continuous updating of the workforce's skills.

Figure 15: Correlation between lifelong learning and employability



Source: 4th EWCS, 2005

In the figure above, using data from the European Working Conditions Survey of 2005, the correlation between employability and lifelong learning is evident, and Sweden scores very highly on both.

Interestingly, although Sweden objectively has more pronounced employment security than most other countries including Denmark, Danish workers have a greater subjective sense of security. This means that although it is easier to make a Danish worker redundant, the Danes do not feel insecure to the same extent as do Swedes.

Working time and work–life balance

The first Eurofound company survey was carried out in 2004–2005. It focused on working time and work–life balance policies in establishments in the former EU15 and six of the newly joined Member States: Cyprus, the Czech Republic, Hungary, Latvia, Poland and Slovenia. During 2009, the second wave of the survey will be completed.

In total, more than 20,000 telephone interviews with workplaces were carried out and both personnel managers and – where available – employee representatives were interviewed. The survey is representative for all establishments with 10 or more employees, and covers both the private and public sector.

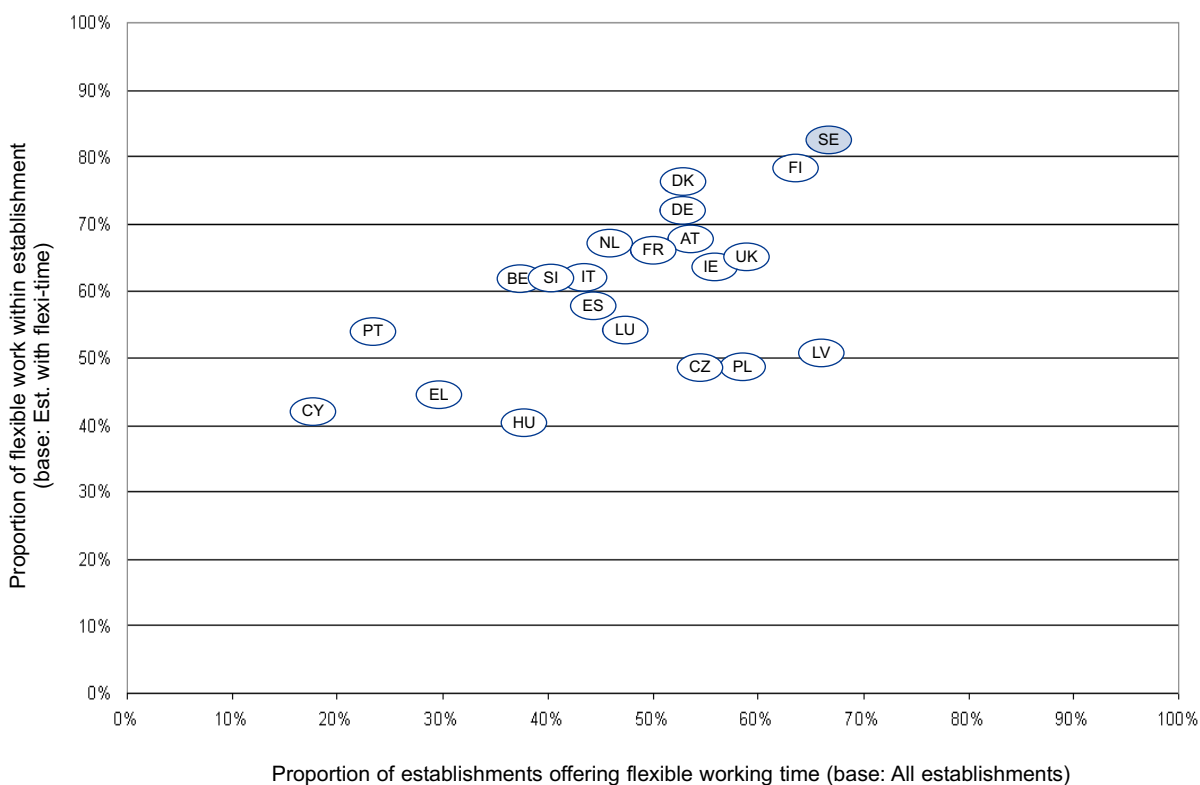
It was designed to find out whether, why and how companies make use of the broad variety of working time arrangements (e.g. full- and part-time work, overtime, flexi-time, shift work, phased and early retirement and childcare leave arrangements).

Working time and work–life balance in Sweden

Flexible working time

Significant differences exist in the overall incidence of flexible working time arrangements practised in the 21 countries considered in the survey. About two thirds of all establishments in Sweden, Latvia and Finland use such arrangements. In Finland and Sweden, the high incidence of establishments with at least some experience of daily working time flexibility clearly coincides with large proportions of employees who are entitled to avail of such arrangements.

Figure 16: *Proportion of companies with flexible working time arrangements and proportion of employees entitled to make use of flexible working times, by country (%)*



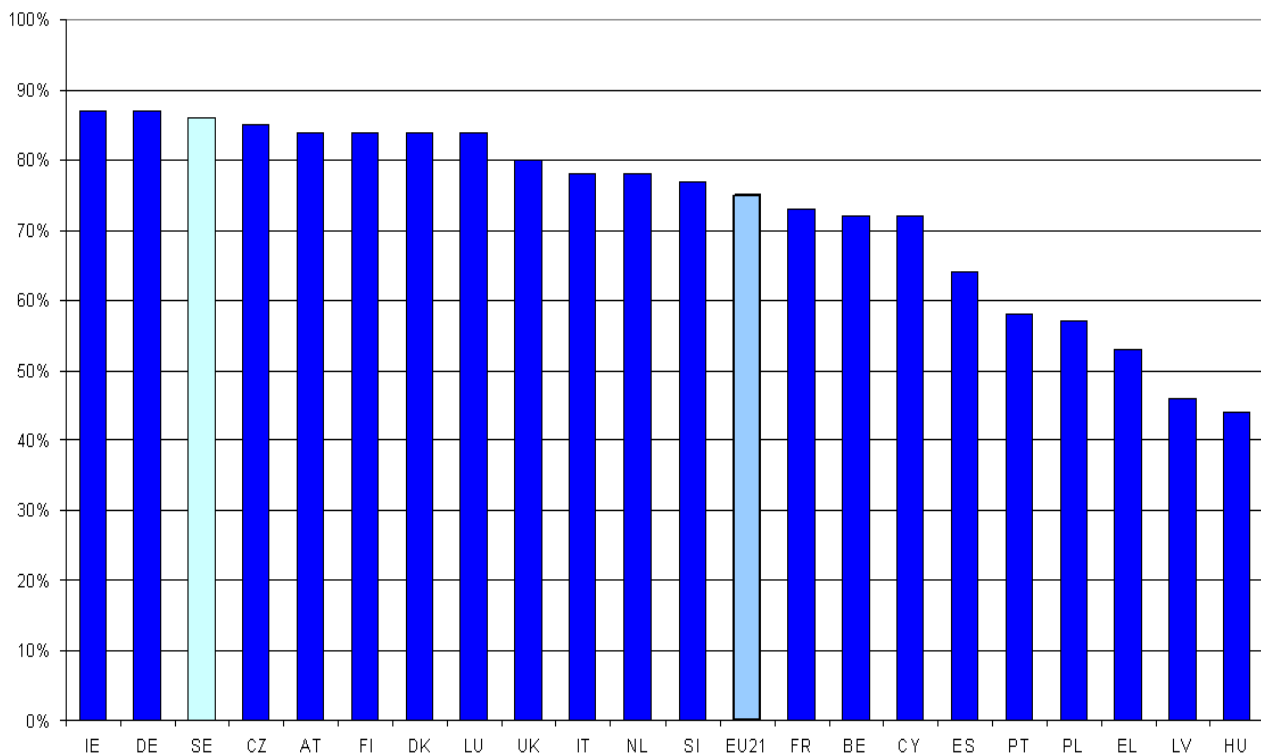
Source: *European Survey on Working Time and Work–Life Balance, (ESWT) 2004-2005*

While in some countries (Belgium, Finland, Germany, Ireland, Italy, Latvia and Sweden), the public sector is a forerunner in terms of working time flexibility, in others (Denmark, France, Greece and Hungary), public entities offer flexible working time options much more infrequently than private firms.

Overtime

An analysis of the employee representatives' views on overtime, by country, reveals that employee representatives in Italy, Portugal and Sweden, in particular, generally aim at reducing overtime. On the other hand, overtime is welcomed as an opportunity to earn some extra money, especially among representatives in Poland (43%) and Latvia (35%); an above average incidence of this position is also reported in France, Ireland and Luxembourg.

Figure 17: *Establishment with overtime during the last year*

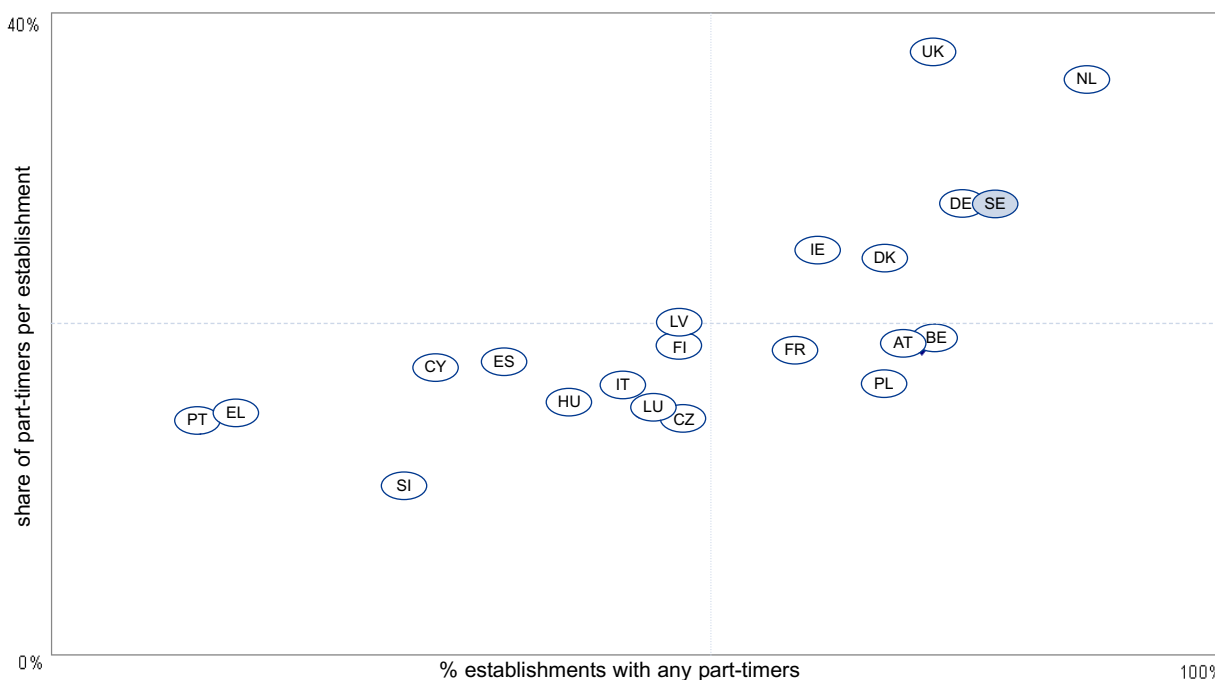


Source: *ESWT 2004–2005*

Part-time work

A country comparison reveals that in Denmark, Germany, Ireland, the Netherlands, Sweden and the UK, part-time work is a common work form in the majority of establishments, and in these countries relatively many of the employees in the establishments do work part-time.

Figure 18: Share of part-timers per establishment (%) and share of establishments with any part-timers (%)



Source: *ESWT 2004–2005*

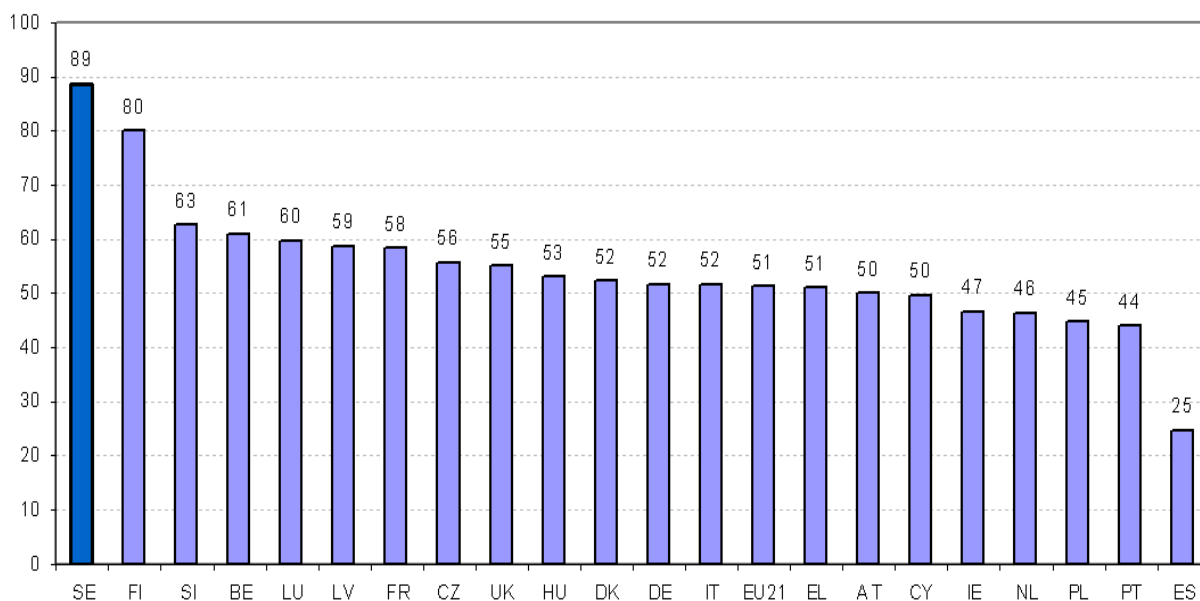
In Sweden a ‘partial unemployment benefit’ is provided to support those unemployed people who involuntarily have to accept part-time employment.

A particularly interesting finding, especially in relation to work–life balance, relates to fathers who work part time. Some 21% of the establishments with part-time working options indicate that fathers are among their part-time workforce. A country comparison reveals that part-time working fathers are more frequently found in establishments in Belgium, the Netherlands, Sweden and the UK. In cases where fathers are employed part time in an establishment, it can be interpreted as an indicator that the general climate within the establishment (for example between colleagues or between intermediate superiors and the people under their control) is relatively open with regard to gender roles.

Parental leave

Sweden has the most generous and flexible parental leave system within the EU; and in addition parents can reduce to 75% of their normal hours until their child has completed the first year of school. As a result, many mothers in Sweden use these parental entitlements to secure part-time arrangements. The Swedish parental leave scheme provides 480 days of leave per child up to the age of eight years or until they complete their first year of school, supported by a high earnings-related payment for most of the leave period, and offers parents a great deal of flexibility to use the leave in more than one block period and on a part-time or full-time basis. Sixty days of the paid leave are reserved for each parent and the remaining joint allowance can be divided between the mother and father as they choose.

Figure 19: Proportion of establishments with parental leaves in the last three years



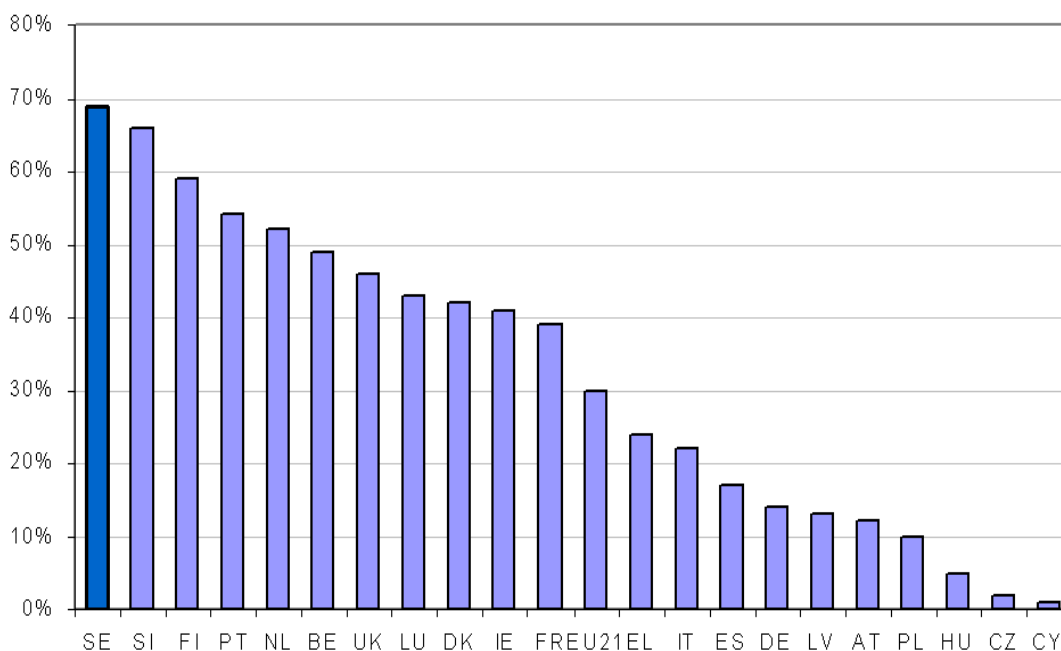
Source: *ESWT 2004–2005*

The flexibility of the parental leave system in Sweden enables parents to reduce their working time to part-time hours while they have a child of pre-school age. This option is used widely by Swedish mothers, typically working longer hours than Dutch part-time workers. The highest proportions of establishments offering full reversibility of working time were found in Sweden, the UK, France and Austria

In Sweden, the share of establishments with recent experience of parental leave is well above the European average – at 89%. To a large extent, countries differences depend on the length and financial conditions of the national parental leave regulations. In Spain, for example, the leave is totally unpaid, while in Sweden, parents receive around 80% of their previous salary.

On average, 30% of the establishments with recent experience of parental leave reported that one or more male employees were among those who took parental leave. Nonetheless, there is a large variation in this respect across the countries, with values ranging from as little as 1% of establishments in Cyprus and 2% of establishments in the Czech Republic, to as high as 69% in Sweden. In both Sweden and Slovenia – the two countries with the highest reported incidences of establishments with men on parental leave – a specific part of the parental leave period is reserved exclusively for fathers. This means that the full period of leave is only granted if the father of the child takes a part of the leave. For some fathers, such a measure no doubt provides an incentive to make use of parental leave. In Sweden, the proportion of fathers taking parental leave has been on the rise, reaching 42% in 2002.

Figure 20: Establishments with men who took parental leave in the past three years



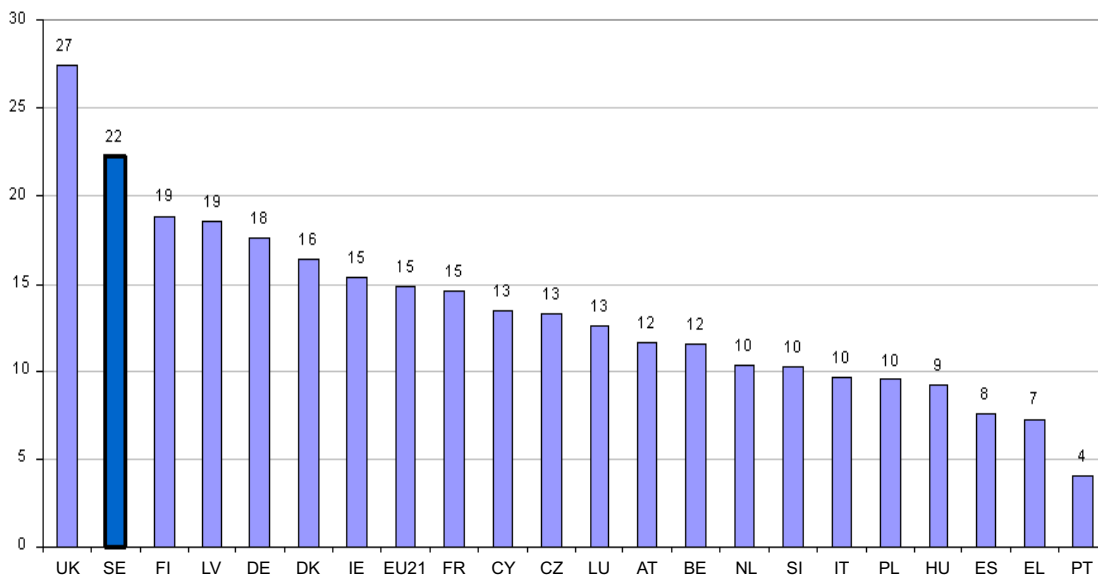
Source: *ESWT 2004–2005*

However, national studies among individuals have shown that even in countries like Sweden, where a substantial share of fathers makes use of parental leave, the leave period taken by fathers is, on average, considerably shorter than that taken by mothers. The Netherlands and Sweden, in turn, have a substantial share of establishments in which the majority of women resume work to the same extent as before, but very few establishments (1%, respectively) in which women completely give up their previous job. In Sweden, a good public infrastructure providing childcare facilities and a broad availability of part-time jobs facilitate mothers' re-entry into the labour market and thus does not compel women with young children to fully give up their previous jobs.

Extended and unusual working time

Across Europe, Sunday work is less frequent than Saturday work, with the EU21 average being at 15% for Sunday work compared with 25% for Saturday work. Yet, the variation across countries is comparable to that of Saturday work. Again, the UK figures at the top of the scale, but now followed by Sweden, Finland and Latvia. The pattern for companies featuring Saturday work differs across countries from those featuring Sunday work. In Sweden, both forms of unusual working hours appear to be important. After the UK, the proportion of companies requiring at least 20% of their workforce to regularly work at night is largest in the Czech Republic and Sweden.

Figure 21: Regular Sunday work in European companies, by country (%)



Source: *ESWT 2004-2005*

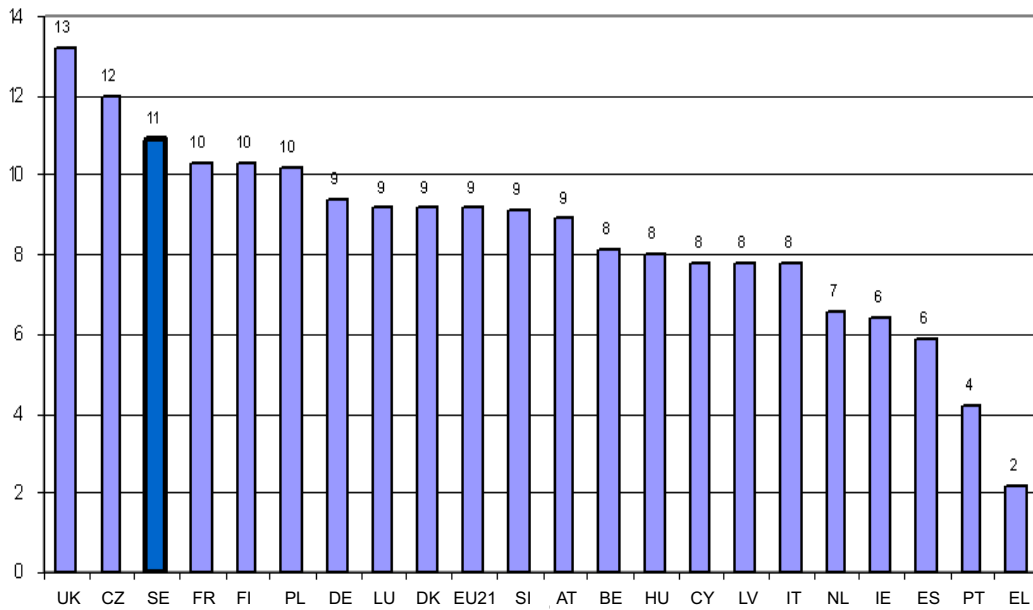
In all, the occurrence of regular night work is most widespread in the UK, with 13.2% of all companies surveyed indicating night work, followed by the Czech Republic (12%) and Sweden (10.9%). Managers from Finland and Sweden report the highest incidence of changing working hours in establishments.

Overall, the incidence of regular work at changing hours is highest in Finland, with 27.4% of all establishments surveyed requiring their employees to regularly work changing hours, followed by Sweden (25%) and Poland (24.4%).

Comparing this finding with the incidence of Sunday work by country (see Figure 21), Sweden appears to be the only country, out of those with above-average use of Sunday work, where establishments with Sunday work report a substantially reduced average weekly working time of contractual hours than those without Sunday work.

For night work, the finding is quite similar. Reduced average weekly contractual hours in establishments with night work compared to establishments of the reference group are reported from not more than four countries. In two of these countries – the Netherlands and Sweden – the difference in working time may be regarded as relevant, as in night working establishments the contractual hours are more than one hour shorter than in the reference group.

Figure 22: Regular night work in European companies, by country (%)

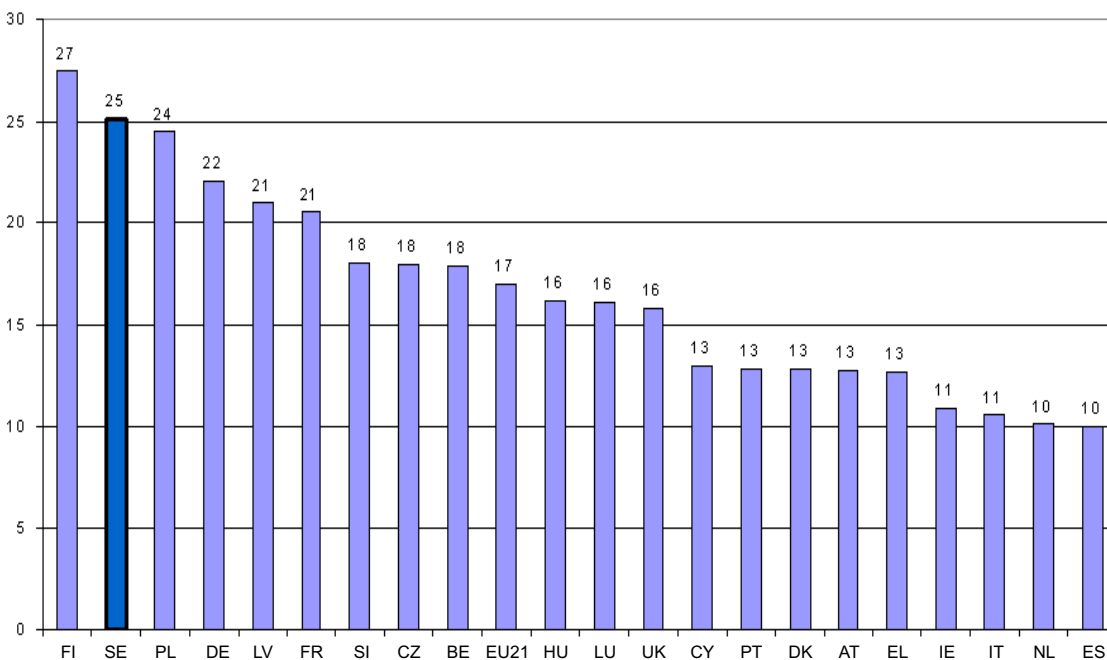


Source *ESWT 2004–2005*

Looking at the figure above, Sweden is again the only country, out of those with an above-average use of night work, where night working establishments report a substantially reduced average weekly working time (i.e. fewer contractual hours per week) than those without night work.

The findings for establishments with changing working hours do not differ substantially. Here, there is no country in which changing hours establishments report reduced working times by more than one hour per week. Sweden again stands out, with an average weekly working time difference of 0.7 hours per week.

Figure 23: Regular work with changing hours, by country (%)



Source: *ESWT 2004–2005*

There is no country, other than Sweden, where establishments with unusual working hours report substantially shorter average weekly working times (i.e. fewer contractual hours) than those without unusual working hours. The ESWT findings support the conclusion that, possibly apart from Sweden, there has been no comprehensive policy aimed at systematically reducing working hours for employees regularly exposed to unusual hours.

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