

Decent Work Country Report - Sweden*

by

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1 Introduction

‘Decent work’ is defined by the ILO as being productive work for women and men in conditions of freedom, equity, security and human dignity. Decent work engross work that is productive and delivers a fair income; provides security in the workplace and social protection for workers and their families; offers better prospects for personal development and encourages social integration; gives people the freedom to express their concerns, to organise and to participate in decisions that affect their lives; and guarantees equal opportunities and equal treatment for all.¹

The Decent Work Agenda by ILO is pursuing the objectives of full and productive employment and decent work for all at the global, regional, national, sectoral and local levels. It comprises four pillars, specifically:

- employment creation and enterprise development
- social protection
- standards and rights at work
- governance and social dialogue

This country report on Decent Work on Sweden implies these four pillars. Sweden has a long and strong tradition of steady improvement of the conditions on the labour market symbolised by a vigorous political and public debate on employment, social protections, right to work, working conditions etc. simultaneously adopting to a new reality with the general transformation of Sweden from an agricultural to an industrialised nation.

Since the end of the 19th century the Swedish labour market has had an ongoing social dialogue between labour market parties, which have had a major impact on the labour market model and its developments. Today, the social partners play a crucial role to find common strategies and solutions when the Swedish economy and labour market model face increased globalisation and competition including the latest main transformation from industrialised economy to a more knowledge-based economy.

This report will focus on the recent trends during the last 10 years to reveal if we can perceive any major changes and developments on the Swedish labour market and in the social dialogue on wages and working conditions. In addition, we will expose what is ‘unique’ for the Swedish model in the debate on decent work.

¹ ILO: <http://www.ilo.org/public/english/bureau/dgo/selecdoc/2007/toolkit.pdf>

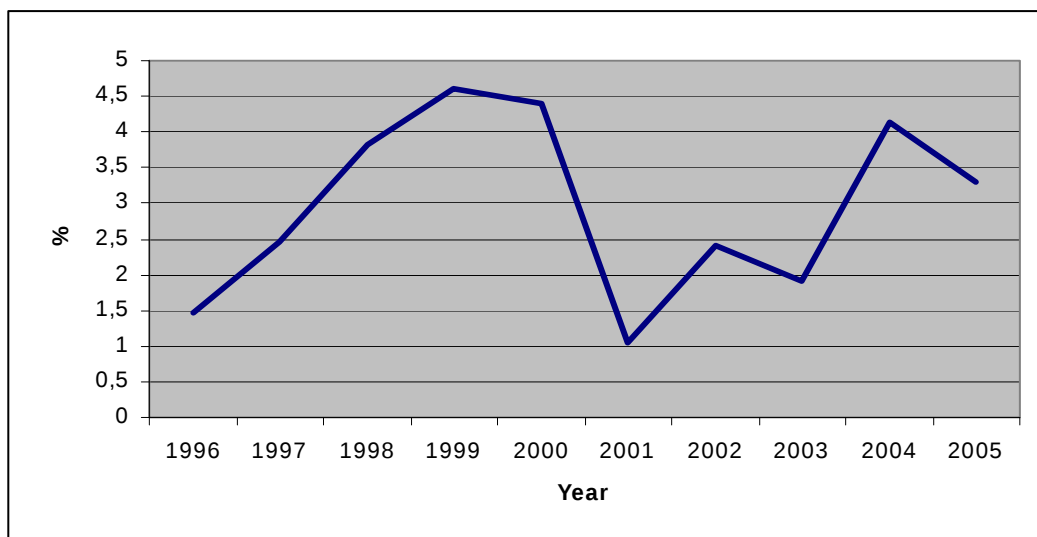
2 The Economic and Social Context

Sweden has had an excellent macroeconomic performance with high rates of growth (see figure below), low unemployment and stable inflation. Early steps in regulatory reform began in the 1990s when the most severe crisis in the Swedish economy occurred since the 1930s. Open unemployment peaked at 9 % in 1993. This had a cooling effect on the previously high inflation. In addition, fiscal policy and monetary policy were very tense.

The budget consolidation in the mid-1990s was very extensive and interest rates were kept at a very high level during a transition period. In addition, the Swedish Central Bank, the Riksbank, improved its actions as the bank was gradually given increased independence and in 1999 was given a statutory objective of safeguarding price stability. Since this crisis Sweden has experienced the following developments:

- Growth has been high.
- Employment has increased and unemployment has declined.
- Public finances have improved to an extent where they now demonstrate stable surpluses of around 2 % of GDP.
- The current account balance has improved and now shows very large surpluses. Exports as a percentage of GDP have increased from 27 per cent in 1992 to 49 per cent in 2005.²

Figure 2.1 Growth in real GDP, 1996-2005



Source: SCB, 2007

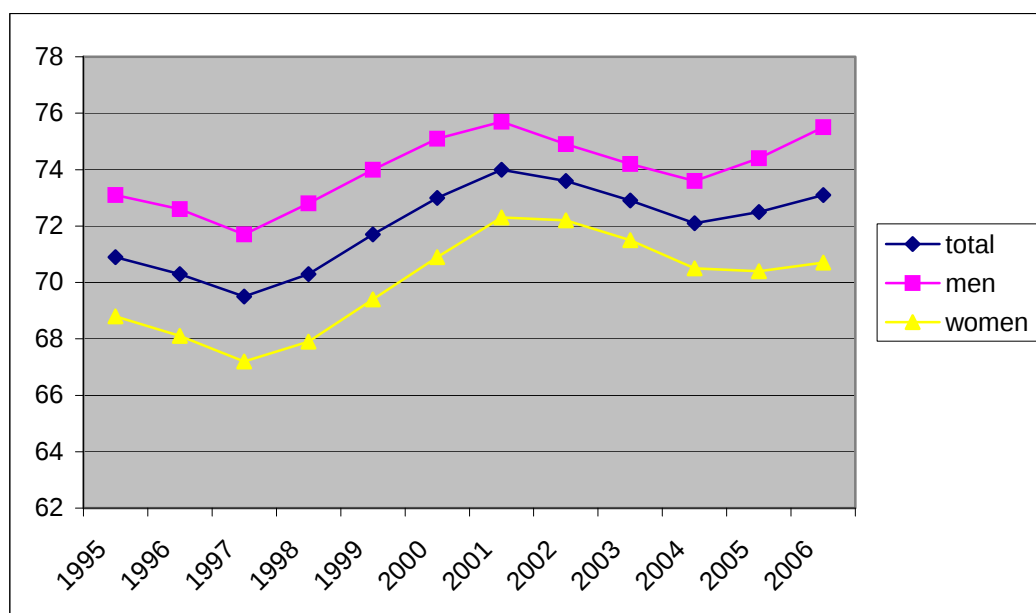
The economic boom in Sweden is mainly supported by private investments. In the private sector, service companies show the highest increase in production. In-

² The Riksbank: <http://www.riksbank.com/templates/YearList.aspx?id=10633>

creasing household consumption is also prompting the economic boom. The increased consumption is a result of higher employment, increasing wages and lower taxes. Public consumption has also kept increasing, which speeds up the economy.³

However, there are challenges to overcome. Employment rates have not recovered to traditionally low levels since the crisis of the early 1990s. Figure 2.2 shows the development in unemployment rates between 1995 and 2006. Employment rates peaked in 2001 when 74 % of the population between 15 and 64 were employed. The lowest employment rate was measured in 1997 when 69,5 % of the population was employed.

Figure 2.2 Percentage employment rate for 15-64 year olds, 1995-2006



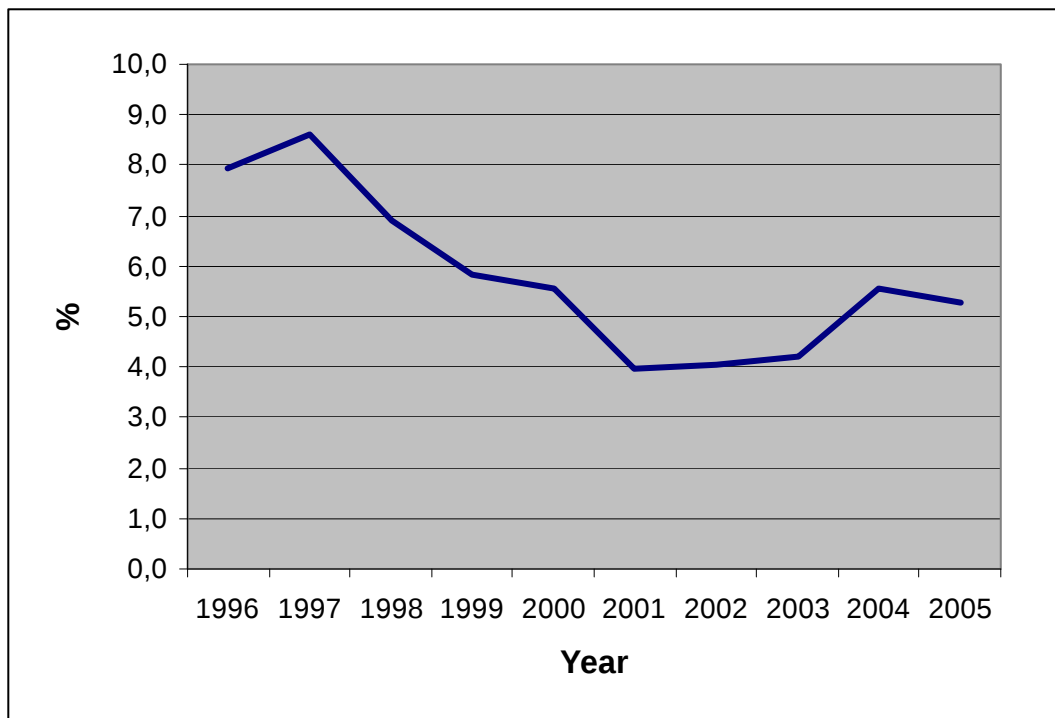
Source: Eurostat LFS 2006

Note: There is a break in the series in 2005 due to new measurement standards

Before the crisis the unemployment was below 2 %, see figure 2.3 below. Unemployment is high among immigrants and young people, and disability and sickness rates are comparatively high (this will be more elaborated on in chapter 3).

³ Statistics Sweden 2007:3

Figure 2.3 Monthly unemployment in percentage, 1996-2005 (adjusted for seasonal fluctuations)



Source: SCB, AKU 2007

In addition, Sweden has relatively low rates of new enterprise establishments, no new MNEs have been established since the 1970s. The structure of the Swedish economy, on both in a historical and contemporary perspective, is predominating by larger companies as driver for the economy and other companies' independence of these. The numbers of SMEs establishment are also low, which in a longer perspective could endeavour future competitiveness, growth and employment.

According to Global Entrepreneurship Monitor (GEM) there is a relationship between a country's level of economic development and its level and type of entrepreneurial activity. Regardless of the level of development, and firm size, entrepreneurial behaviour remains a crucial engine of innovation and growth for the economy and for individual companies since it implies attention and willingness to take advantage of unexploited opportunities. In the 2006 report from GEM, Sweden was ranked as number 38 out of 40 countries in generating new companies. Only Japan and Belgium performed worse. Since the measurement started in 2000 the establishment of new companies in Sweden has frequently decreased.⁴

Even though Sweden has had an economic boom during 2002-2007, one of the main challenges for the government has been to decrease unemployment; Sweden has experienced jobless growth, i.e. unemployment has not increased in relation to the improved economic situation. This was one of the main explanations why the former Social democratic government lost the elections in 2006.

⁴ SN: http://www.svensktnaringsliv.se/multimedia/archive/00006/Global_Entrepreneursh_6681a.pdf

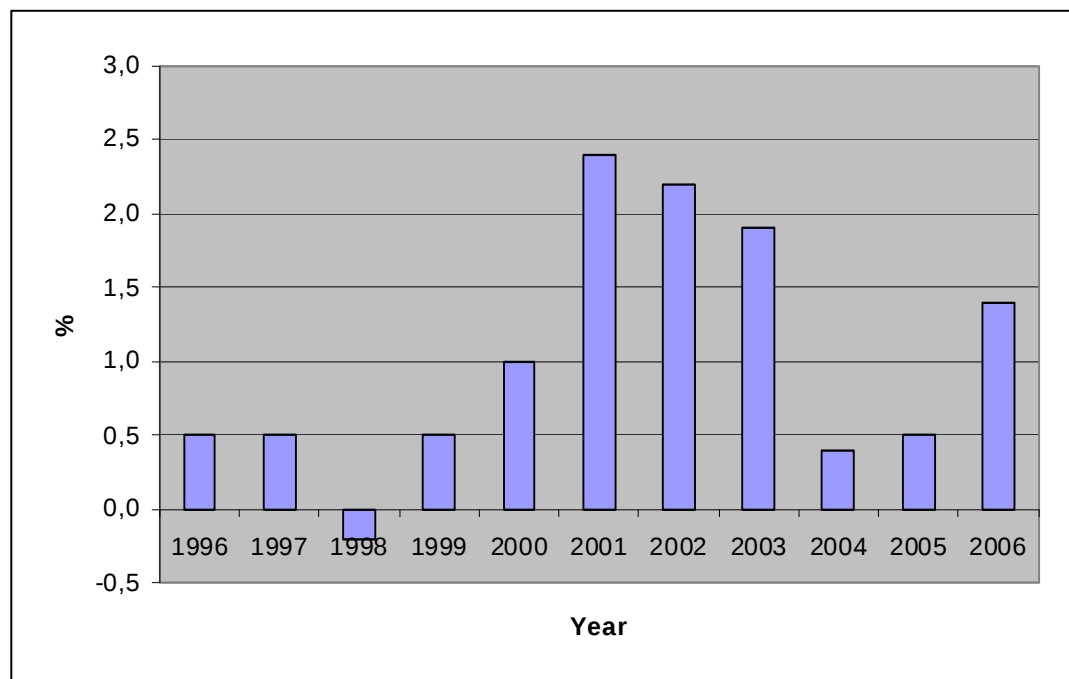
2.1 Policy changes

In September 2006 the general election, County council, and Municipality assembly elections were held in Sweden. The general election resulted in a change of government. After 12 years the minority government, ruled by the Social Democratic Party with support from the Left Party and the Green Party, was defeated in favour of the centre-right four-party opposition alliance (constituting of the Moderate Party, the Centre Party, the Liberal People's Party, and the Christian Democrats), with Fredrik Reinfeldt as the new Prime Minister (the Moderate Party).

The new government is proposing a number of measures to decrease unemployment, for example by reducing the costs of employment and increasing the incentives for unemployed people to find jobs. Other central issues concerns privatisation of state owned companies, closing down of government financed institutions, boards and agencies, reducing the tax burden, and stimulating business development.

The new government renewed the commitment to sound macroeconomic framework conditions and it will stick to the budget surplus target of 2 % of GDP. The inflation targeting with a 2 % framework has served Sweden well by firmly anchoring inflation expectations, see figure below. With price increases being below the inflation target over a long period, the Riksbank has responded by allowing for a longer time horizon within which inflation can be expected to return to target in this particular environment. The Riksbank's plan to enlighten about its assessment regarding the future interest rate path should further improve public understanding and better guide expectations.⁵

Figure 2.4 Yearly inflation, 1996-2006



⁵ OECD: <http://www.oecd.org/dataoecd/25/53/38081720.pdf>

Concerning structural policies, there is a problem of exclusion in the labour market. Recognising this, the government has presented ambitious reforms in the budget bills since the election in September 2006. The policies include both carrots and sticks. According to the government, the unemployment insurance should be reformed so that work always pays better than unemployment. The unemployment and the sickness benefits will be reduced to bring more people from 'exclusion' into employment. This will save SEK 13,4 billion (€ 1,43 billion). Simultaneously, the government reduces company and personal income taxes with SEK 14 billion (€ 1,5 billion). These policies will, according to the government, hopefully increase labour supply and demand by reducing replacement rates and the volume of active labour market programmes.⁶

In addition, the Swedish government initiated a new labour market policy to encourage employment of long-term unemployed people, young people and immigrants. The so-called 'new-start jobs' initiative launched in 2007 offers reduced social security contributions or payroll tax to employers who provide work for people who have been unemployed for a period of six months to a year. Another incentive was 'step-in jobs', a reform combining work and language training, which grants the employer when employing a migrant worker. Since the new government came to power, one of the most controversial (and still ongoing) debates is centred on the amendments made relating to the unemployment funds and unemployment benefits, which came into effect in January 2007.⁷

2.2 Collective bargaining developments

At the end of the 1980s it had become increasingly evident that Swedish wage formation did not function in a manner compatible with economic balance. Since then the work on changing wage formation can be divided into three important steps.

Firstly, the Government appointed the Rehnberg Commission in 1990. On the basis of the Commission's proposals, stabilisation agreements were signed covering the greater part of the labour market, which meant that the rate of wage increase fell from around 10 % in 1990 to 3-4 % in 1992-1993.⁸

Secondly, in 1996, several blue-collar unions in the manufacturing sector launched an important initiative and settled the so-called 'Industrial Agreement' (IA) of 1997. The agreement was negotiated by the blue- and white-collar unions as well as employer organisations in the industrial sector and was mainly establishing a 'code of conduct'. It represented an attempt to establish consensus around timetables for negotiations, the role of mediators, and rules for conflict resolution.

⁶ The Swedish Government: <http://www.sweden.gov.se/sb/d/2798/a/69938>

⁷ The Swedish Government: <http://www.sweden.gov.se/sb/d/2798/a/69938>

⁸ The Riksbank: <http://www.riksbank.com/templates/YearList.aspx?id=10633>

The IA has served as a model for similar agreements in the public sector. As of 2002, over 50 percent of the labour force is covered by IA-type agreements. IA also came to serve as a model for government policies concerning industrial relations. The IA innovations that emerged in the late 1990s represent a move towards more informal coordination in wage bargaining. The change to a informal macro-coordination in wage bargaining has taken place simultaneously with a clear shift towards stronger local influence over the distribution of wage increases.⁹

Thirdly, the new National Mediation Office (MI) began its operations in 2000. This established a third, independent party in the labour market, which could actively promote an efficiently-functioning wage formation process. The National Mediation Office also received increased powers of authority to take action in connection with wage bargaining rounds. The National Institute of Economic Research (KI) was given the task of annually producing reports on the economic conditions for wage formation.¹⁰

The social partners have contributed in a constructive manner to this positive development. The positive institutional changes in several areas, e.g. new regulations for fiscal policy, monetary policy and wage formation, are strongly contributing factors to the favourable developments since the crisis in the early 1990s.

According to a report from KI, the bargaining round of 2007 has been a major one, involving approximately 3 million people, which equals just over 75 % of all employees.¹¹ In total approximately 500 (of about 600 in total) collective agreements have been negotiated, encompassing the whole public sector and most of the agreements in the private sector. About 300 of them involve white-collar workers and about 200 involve blue-collar workers.¹² These numbers can be compared with 2006 where just over 50 agreements were renegotiated, covering around 100,000 employees.

The collective agreements have been negotiated in a business cycle characterized by strong growth, increasing employment and increasing industry profits. This picture may have contributed to that the concluded collective agreements has ended up on an evidently higher wage increase level, compared to the previous period. The contractual pay increases are on an average estimated to 3,4 % per year. The increase of wages, on a general level, is expected to be 4,3 % in the private sector 2007. Thus the difference between the final and the negotiated wage increase is expected to be higher than that of 2004-2006. Increases in the minimum wages also penetrated the negotiations in some low wage sectors.¹³

The average wage increase in September 2007 is, according to MI, 2,8 % for the Swedish economy in total.¹⁴ Within the private sector this figure was 3,3 % for blue-collar and 2,8 % for white-collar workers. For example in the manufacturing,

⁹ The Institute for Labour Market Policy Evaluation (IFAU): <http://www.ifau.se/upload/pdf/se/2006/wp06-09.pdf>

¹⁰ The Riksbank: <http://www.riksbank.com/templates/YearList.aspx?id=10633>

¹¹ KI: <http://www.konj.se/2.2f48d2f18732142c7fff2.html>

¹² KI:

<http://www.konj.se/arkiv/lonebildningsrapporter/lonebildningsrapporter/avtalsrorelsen2007bidrarintetillattpressatillbakaarbetslosheten.5.596dfd2811604b2cde9800015865.html>

¹³ Ibid

¹⁴ Expressed as the percentage change from the corresponding month in 2006

mining and construction sector and in the retail sector, the above trends are clearly illustrated. According to MI, no relevant changes have happened related to working time.¹⁵

Other main results from this year's negotiations include a new collective occupational pension scheme for 2008 and beyond, signed by the main social partners giving an increase in the annual pension from 3.5 % to 4.5 % over a five-year period. The new scheme means that private sector workers will receive an improved pension from 2008 and that comparable pension conditions for blue-collar and white-collar workers are established in the private sector.

¹⁵ MI: <http://www.mi.se/>

3 Trends in Employment and Working Conditions

The unemployment numbers in Sweden has fallen rapidly in the last year. In the beginning of 2007 the unemployment rate was 4,9 %, 0,8 percentage points lower than in the beginning of 2006. The employment rates are increasing even more than the unemployment rates are falling. In one year, from the beginning of 2006 to the beginning of 2007, the employment rates increased with 2,6 percentage points. The increase in employment is the highest since 2001. This could be an indication of undeclared unemployment in previous years, for example among students with diplomas that continued studying to avoid unemployment.¹⁶

The unemployment rate is falling to the greatest extent among the young. The increase in employment rates among young people is higher than in several decades. In the first six months of 2007, 12,3 % of young people ages 16-24 were unemployed, the corresponding number for 2006 was 14,8 %.¹⁷

Immigrants have about twice as high unemployment rates as the population in general. The recent economic boom has resulted in a strong increase in the employment of immigrant workers in Sweden. However, the employment rates of people born outside of Europe are still much lower, 60 %, compared to 82 % among native Swedish workers. The employment rate of migrant workers from within Europe is slightly higher, 66 %.¹⁸

Opposed to the general trend of increased employment in the past year, the number of underemployed workers has increased. A person is underemployed if he or she wants to increase the amount of hours worked and is able to do that within 14 days. This group constitutes of part time workers that wish to work longer hours. From the first six months of 2006 to the first six months of 2007 the number of underemployed increased with 17 000. 6,2 % of the employed population acknowledged themselves as underemployed in the beginning of 2007.¹⁹

3.1 Emigration and immigration among high-skilled workers

The modern knowledge-based Swedish economy has a high demand on well-educated employees. The recent trends in the flow of emigration and immigration of highly educated individuals are not entirely beneficiary for the economy.

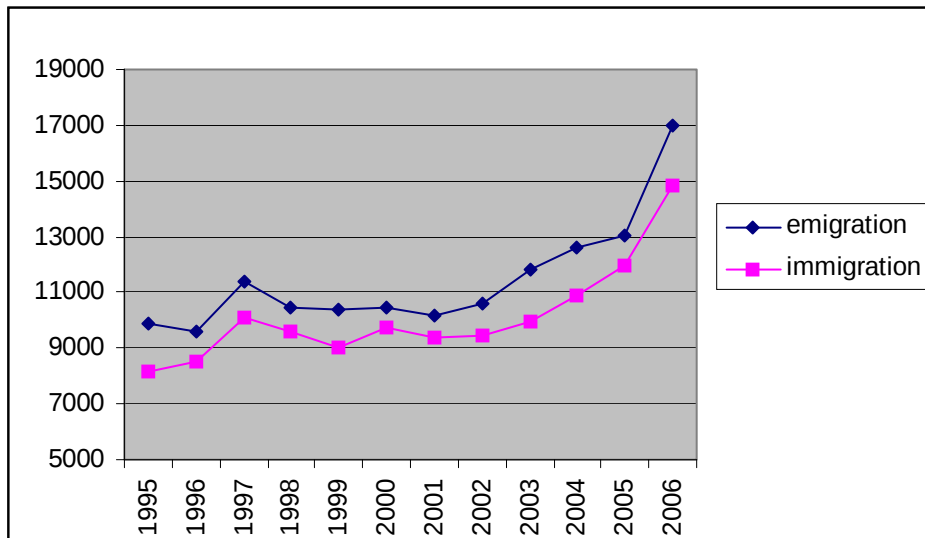
¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ the National Labour Market Administration (AMV): www.amv.se

¹⁹ Ibid.

Figure 3.1 Emigration and immigration of collage/university graduates 1995-2006



Source: Statistics Sweden, 2007

The table illustrates as well native born citizens as foreign born individuals at the age of 16-75 that have completed at least 2 years of higher education. There has been a drastic increase in as well emigration as immigration, among highly educated individuals. However, it is important to mark that the level of emigration has during the entire time period been higher than the immigration.

Even though there has been an increase in immigration among highly educated individuals, statistics show that Sweden has significant problems with integration of immigrant academics. Among immigrants with a higher education the unemployment rate is 6,9 %, the corresponding figure for native Swedes is 2,4 %. This development, with a higher degree of emigration among highly educated workers combined with a continuously high unemployment among immigrated workers could potentially be a serious problem for the Swedish economy in the increasingly knowledge based international competition.

A study by Lena Nekby in 2006 concludes that a large part of the emigration among highly educated workers is not to their native country, but to a third country destination. The reason for these workers to move is according to Ms. Nekby the possibilities to enjoy better economic conditions. Due to the Swedish distributive welfare system and low income disparities there are good incentives for low skilled workers to stay in Sweden while the incentives are smaller for high skilled workers.²⁰

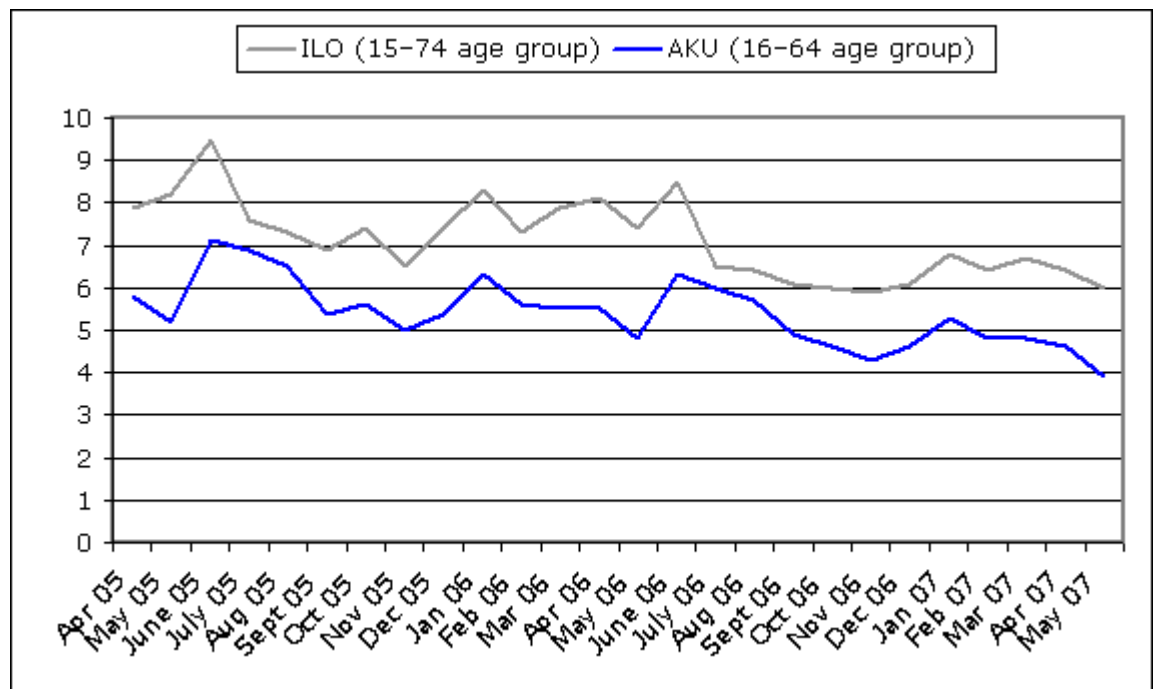
²⁰ Nekby, Lena 2006

3.2 New standards require new figures

In October 2007, Statistics Sweden (SCB) amended its official statistics on unemployment according to international standards. As a result, people aged 15–74 years and full-time students are included in the unemployment figures. Previous statistics only included those aged 16–64 years. Hence, the unemployment rate in Sweden increased by about 2.1 percentage points; simultaneously, employment decreased by about 8.7 percentage points.²¹ The aim of the change of new standards is to make the figures comparable with statistics from the EU, ILO and other organisations.

According to an assessment done in May 2007, unemployment would increase from 3.9 % to 6 %, see Figure 3.2 below. Based on the same data, the employment rate would decrease from 75.5 % to 66.8 %, as the majority of people in the newly included age groups are not employed.

Figure 3.2 Unemployment rate according to ILO and AKU figures, April 2005–May 2007, % of workforce



Note: The ILO data include people in the 15–74 age group, while the AKU data include those in the 16–64 age group.
Source: Statistics Sweden, 2007

The newly added age groups in the labour force statistics usually have a low employment rate. In this regard, the new definition of unemployment will probably be more useful in the future since there are ongoing discussions increasing the retirement age.

²¹ SCB: <http://www.scb.se/>

3.3 Employment status and contracts of employment

The flexibility on the labour market in Sweden has increased in the past ten years. A sign of this is the increased rate of temporary contracts. Interim agencies have also contributed to the increased flexibility on the labour market. The centre-right wing government aims to increase the flexibility further by encouraging unemployed people to move to locations with better job opportunities.

3.3.1 Increased demand on flexible labour force

The new government regulation discussed above on the entitlement to seek employment in geographically distant parts of the country, was mentioned in the 2007 spring budget²² and is part of the government's plan to modify the rules relating to unemployment insurance. The proposal implies that the right to apply for jobs only in one's 'immediate surroundings' will no longer apply from July 2007. This does not mean that jobseekers have to accept any job in any location, but to obtain basic insurance benefits jobseekers have to search for 'appropriate jobs' related to their education. They must thus be ready to move to other parts of the country to take up a position. However, all cases will be based on individual assessment. This policy aims to encourage jobseekers to be more active and flexible in meeting labour market demands.

3.3.2 Temporary and fixed term contracts

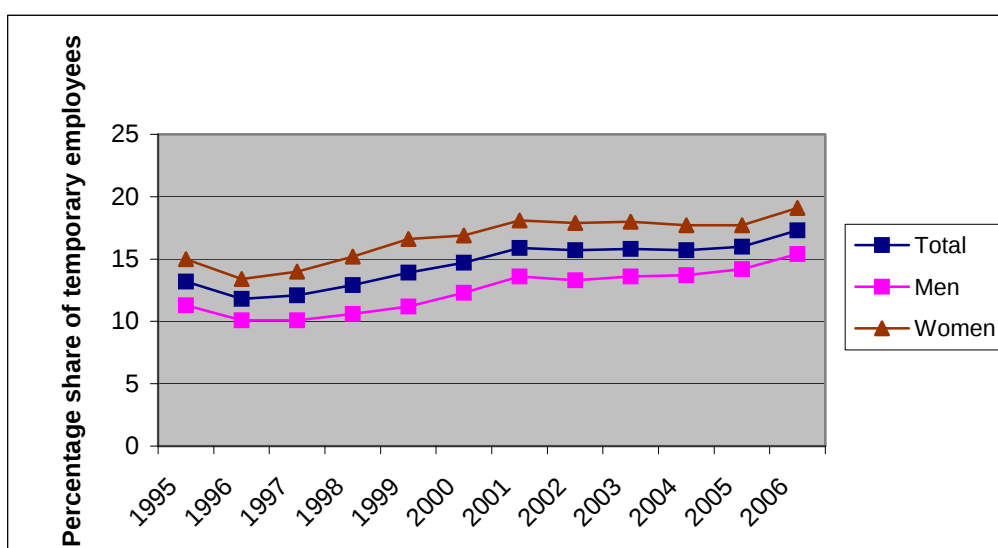
Employees with temporary contracts are those who declare themselves as having a fixed term employment contract or a job that will terminate if certain objective criteria are met, such as completion of an assignment or the return of the employee who was temporarily replaced. According to this definition there are two types of temporary workers, those with a time-bound fixed contract and those with a project-bound contract that expire when an assignment is finished. The number of employees with such contracts has increased in Sweden in the past decade.²³

The figure below shows the development of employees with temporary contracts in 1995-2006. The rate of temporary contracts was 17,3 % in 2006, the highest rate in the measured period. In 1995 the share of temporary contracts among employees was 13,2 %. Women have a higher share of temporary contracts than men; the difference between men and women has been around 5 percentage points in the period.

²² The Swedish Government: <http://www.regeringen.se/sb/d/8989/a/80529>

²³ Eurostat LFS, 2006

Figure 3.3 Temporary employees as part of total employees



Source: Eurostat LFS, 2006

Most of the temporary work is involuntarily, 58 % of employees with a temporary contract say that they could not find a permanent job and therefore have a temporary contract while 32 % did not want a permanent job. These figures are about the same for both men and women. The situation is somewhat different among young people. In the age group 15-24, 44 % had a temporary contract because they could not get a permanent job, but 46 % of the young people with temporary contracts did not want to have a permanent job.²⁴

Table 3.1 shows the duration of contracts for people with fixed-term employment. The majority of employees with a temporary contract have a fairly long contract period. 43 % of employees with a temporary contract have a contract that spans over more than 3 years. Very short contracts for less than a month are also common, 20 % of the employees with a temporary contract have a very short contract period.

Table 3.1 Length of contracts for employees with fixed-term contracts, 2006

Duration	Less than 1 month	1-3 months	4-6 months	7-12 months	More than 3 years	No answer
15-64 year olds	19,5%	11,8%	10,5%	4,7%	42,6%	10,5%

Source: Eurostat LFS, 2006

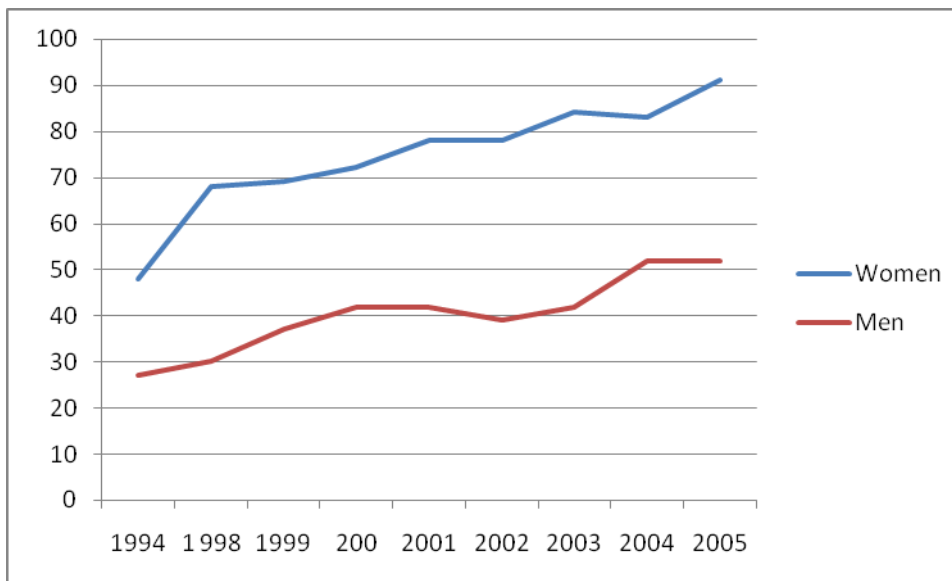
Note: Figures on duration of contracts 12-36 months are non-existing

²⁴ Eurostat LFS, 2006

3.3.3 Employees on on-call contracts

The type of employment contracts that imply the most insecurity, on-call contracts, where the employer only calls in the employee when there is a need for extra labour force, has increased substantially in the past decade. It is mainly women within the hotel and restaurant-, transport, trade industry, and the municipal sector that have contracts according to this kind of agreements. The figure below shows that the number of women on on-call contracts nearly doubled from 1994 to 2005. The increase has been less drastic for men.²⁵

Figure 3.4 Number of employees on on-call contracts (in thousands)



Source: LO, 2007

3.3.4 Interim agencies

Interim agencies have become more frequent in the past years. Before 1992 there was no legal opportunity to run an interim agency but after the legislation was changed the number of interim agencies has increased in a steady pace. In 2004 there were over 500 interim agencies with more than 10 employees each. In 2004, 31,500 people were employed by interim agencies. That corresponds to almost 1 % of the total labour force.²⁶

According to the Swedish Parliament approximately 60 % of the people who are hired through an interim agency end up getting an employment at the interim agency's customer company. Interim agencies could therefore be seen as a step-stone for a more secure employment contract. Because of this the government considers interim agencies to contribute to prevent unemployment in Sweden. The

²⁵ LO: [http://www.lo.se/home/lo/home.nsf/unidView/FE1F726482873711C12573610025D830/\\$file/LO_Loner2007.pdf](http://www.lo.se/home/lo/home.nsf/unidView/FE1F726482873711C12573610025D830/$file/LO_Loner2007.pdf)

²⁶ The Swedish Government: <http://www.regeringen.se/content/1/c6/05/75/14/9068c8dc.pdf>

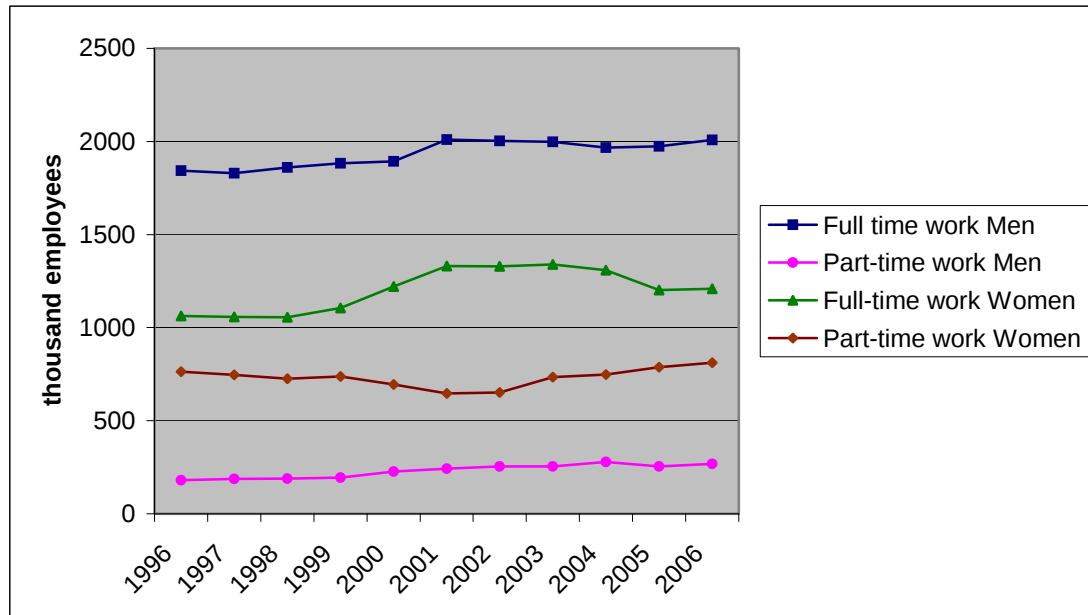
government has a positive attitude towards the agencies and their ability to provide a higher employment rate.²⁷

The majority of the agencies' employees are younger than 30, and there are also slightly more women than men. Immigrants also have a high representation within these agencies. The reason for this could be the difficulties these groups experience in getting a regular job. Interim agencies can in this case be seen as a possible entrance to the labour market. One of the downsides of these employments is, however, the lack of unemployment insurance. Even when an employee does not achieve full time, he/she is not entitled to any compensation from the government even if he/she wishes to work full time, which regular part-time workers are. Jobs at an interim agency do therefore not provide the same security as regular open-ended contracts.²⁸

3.3.5 Part time employment

Part time employment as a percentage of total employment has increased in the past few years. In 2006, the percentage rate of the work force ages 15-74 that worked part time was 25 %. The same figure in 2000 was 23 %. Women are over-represented when it comes to part time work, 40 % of employed women in 2006 worked part time. The same figure for male employees was 12 %.²⁹

Figure 3.5 Full time and part-time work among men and women ages 15-74



Source: Eurostat LFS 2006

Figure 3.4 shows the development of full time and part time employment among men and women between 1996 and 2006. Since 1996 the number of full time employees among men has increased, there has also been a slight increase in the

²⁷ The Swedish Parliament: <http://www.riksdagen.se/Webbnav/index.aspx?nid=67&dttyp=f&trm=2005/06&nr=89>

²⁸ The Swedish Parliament: <http://www.riksdagen.se/Webbnav/index.aspx?nid=67&dttyp=f&trm=2005/06&nr=89>

²⁹ Eurostat LFS, 2006

number of men with part time jobs. The employment in full time and part time jobs among women has changed more dramatically in the period. From 1999 the number of female employees with full time jobs started to increase and the number of employees with part time jobs decreased. The gap peaked in 2002 but since then the number of part time jobs has increased and full time jobs decreased. Both part time and full time employment among women has increased since 2005. The variations could be derived to the unemployment rate. In times of higher unemployment women tend to work part time to a higher extent.

Not all part time work is voluntarily. The most common reasons for having a part time job in 2006 was the reason “Could not find a full time job”, 25 % of both men and women stated that they would prefer a permanent job. When it comes to voluntarily part time work the reasons differ between men and women. Among men, 21 % acknowledged to work part time due to illness or disability. 19 % of male part time workers worked part time to take part in education or training. Only 5 % of the men worked part time to take care of children or incapacitated adults. Among women 23 % of the part time workers claimed that looking after children or incapacitated adults was the reason for part time work. It was also common for women to work part time due to “other family or personal responsibilities” (12 %). The rate of women that worked part time due to education or training was the same as for men, i.e. 19 %.³⁰

Part time workers are entitled to unemployment insurance if they are involuntarily part time workers and are applying for full time work. This type of underemployment has increased in recent time. During 2005 the unemployment insurance funds compensated part time unemployed people with € 900 million. This amount corresponds to 25 % of the total compensation paid from the insurance, representing a large expense of the government’s spending on unemployment insurance. In 2005, 56,959 persons worked part time and simultaneously had a supplementary income from the unemployment insurance. 40 % of all individuals who applied for work through the national job agency were part time workers.³¹

Women are heavily over represented among recipients of part time unemployment benefits. Approximately 50 % of all women who receive unemployment benefits work part time. There has been a recent change in the unemployment benefits. From 1 January 2008, part time workers will receive unemployment benefits for a maximum of 75 days, before there was a maximum of 300 days. Single parents will still be compensated for an extended period more than 75 days through the ‘job and development guarantee’. This exception is made as the economic conditions could become hard for many single households, as some part time workers will lose a large proportion of their disposable income.³²

3.3.6 Multiple jobs

The rate of employees with a second job is quite low in Sweden; a factor behind this could be the extensive welfare system. People with a part time job have the

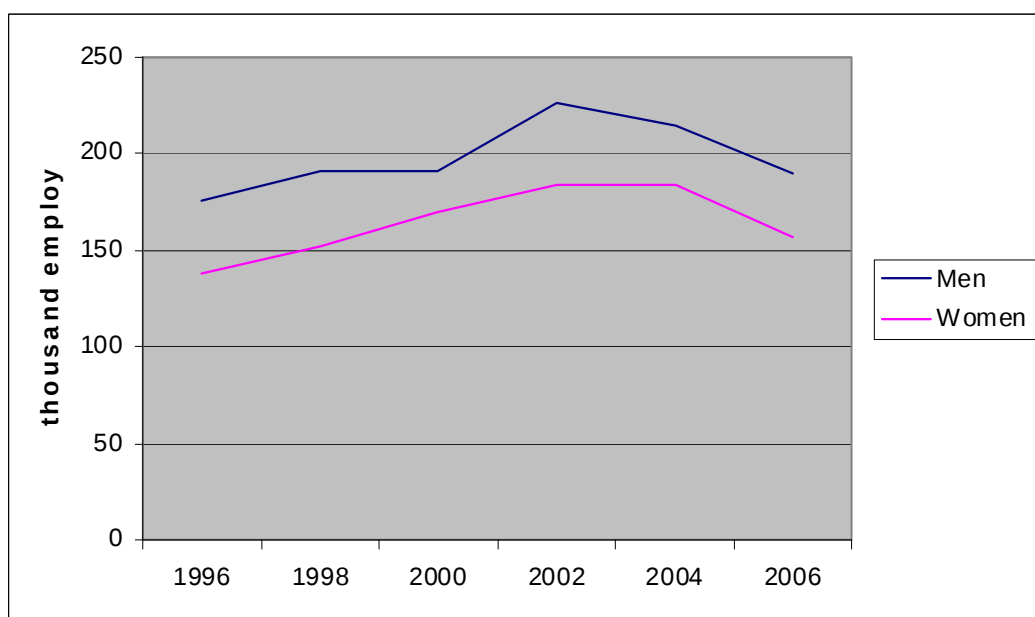
³⁰ Eurostat LFS, 2006

³¹ The Swedish Unemployment Insurance Board (IAF), <http://www.iaf.se/>

³² The Swedish Government: <http://www.sweden.gov.se/sb/d/9506>

opportunity to get subsidies from the government, whereas the incitements of having more than one job are smaller than it would be in countries with less generous welfare systems. 6 % of the employees in Sweden have a regular second job; another 5 % has occasional or seasonal second jobs.³³ The number of employees with a second job is dependent on the unemployment rate. As seen in the table below, in 2002 when there was a boom in the economy the rate of people with second jobs were higher than in the deep recession in 1996. Men have a higher rate of second jobs than women.

Figure 3.6 Number of employees with a second job



Source: Eurostat LFS, 2006

3.3.7 Self-employment

As illustrated below, Sweden has experienced a minor increase in the number of self-employed workers in relation to the mid 1990's. The amount of self-employed workers has, however, changed vigorously in the past few years. Self-employment is much more common among men than among women in Sweden.

Table 3.2 Recent trends in self-employment (2000-2007)

	2000		2003		2006		2007	
	Men	Women	Men	Women	Men	Women	Men	Women
Self-employed (no.)	308,024	125,800	299,108	95,891	327,600	112,500	327,800	114,600
Total	433,824		394,999		440,100		442,400	

Source: SCB (AKU), 2007

³³ Fourth European Working Conditions Survey: <http://www.eurofound.europa.eu/pubdocs/2006/98/en/2/ef0698en.pdf>

There has been a recent debate on how the social security regime applies to the working conditions of self-employed workers. The main critique that has been brought forward is that the social security regime does not take seasonal income fluctuations into account, when calculating for example sickness benefit or parental allowance. This implicates that a self-employed worker do not get fully compensated for the actual income loss if he/she for instance becomes sick during high season, when a large share of the annual income is earned, though the compensation is calculated through a annual average.³⁴

A recently debated proposal on the matter of self-employment, is the government's imitative to review the requirements for receiving a so called F-tax sheet (F-skattesedel). The F-tax sheet enables an individual to operate as a self-employed worker. In the current legislation a self-employed worker has to conduct his/her work independently without dependence on one single or a few specific employers. In the proposed reform, the government would like to change the legislation and enable workers with one or few employers to become self-employed.³⁵

The reform is one further measure to decrease unemployment and to facilitate the process of becoming self-employed. The government's views are shared by the Confederation of Swedish Enterprise. The reaction to the proposal has however been more sceptical among some of the main trade unions. The Swedish Confederation of Trade Unions (LO) has expressed concern that the reform might lead to more 'bogus self-employment' and diminish the protection for this new category of self-employed workers, who are dependent on one or few employers, as they will not benefit from the extensive employment legislation and will not have the possibility to engage in collective bargaining.³⁶

Immigrants are over represented when it comes to self-employment in Sweden. There is an income gap between native self-employed workers and self-employed immigrants in Sweden. Self-employed immigrants also have lower wages than employed immigrants. These factors are indications that immigrants chose self-employment because of problems establishing themselves in the regular labour market. Self-employment can in this case be seen as a last solution to obtain employment.³⁷

The difference in wage/income level between self-employed and employees are somewhat uncertain. Even though some studies (such as the above mentioned), present incomes for self-employed, there is a large degree of uncertainty on this matter. No official statistics are at present available on incomes for self-employed as a consequence of the complexity in creating comparable income statistics for incomes derived from self-employment.

³⁴ Företagarna, 2007 <http://www.foretagarna.se/>

³⁵ Government Directive (2007:116)

³⁶ LO: <http://www.lo.se/home/lo/home.nsf/unidView/8FCEA499AD33FA3CC12571640032EA6E>

³⁷ Andersson and Wadensjö, 2004

3.3.8 Seasonal contracts of employment

Seasonal contracts of employment are a special form of employment contracts that only apply to work in fruit and vegetable farms and berry picking. The permit is only valid for three months in the period 1st of April to 1st of November. It is possible to change employer during the period since the permit is valid for the entire sector. In 2003, 7,300 seasonal contracts of employment were licensed. The number of seasonal employment contracts has doubled since 1990 when 3,500 contracts were licensed. The number of seasonal contracts has however decreased radically since 2004. In 2004 Poland and the Baltic countries became members of the European Union and because of that workers from these countries no longer need working permits. In 2005, 600 working permits were licensed.³⁸

There have been reports on bad working conditions among seasonal workers. Seasonal workers in vegetable farms have been reported to work for up to 18 hours per day with low wages, few breaks and inferior living conditions. The wage can also vary depending on country of origin; workers from Poland tend to get higher wages than workers from Belarus for instance.³⁹

3.3.9 People with disabilities on the labour market

According to a survey from Statistics Sweden (SCB) in 2006, almost 1 million people in the ages 16-64 in Sweden have some kind of disability. Out of these, 500,000 have a reduced ability to work. The most common disability in the survey was motor disabilities, asthma, allergies or some kind of hyper sensibility. Physical disabilities are also the main disability among those who have reduced ability to work.⁴⁰

In 2006, 67 % of people with disabilities were in the labour force. The same figure for people without disabilities was 80 %. In the fourth quarter of 2006, 6,2 % of the population with disabilities were unemployed, compared to 4,5 % in the general population.

In comparison to the general population, a higher extent people with disabilities work in the municipality sector. This difference is even more prevalent when disabled people with reduced capacity to work are studied. 25 % of employed people with reduced ability to work in the municipality sector compared to 19 % of people without disabilities. People with disabilities have jobs in management positions to a smaller extent than the rest of the population.⁴¹

People with functional disabilities that reduce their capacity to work represent an important target group in the government's job package to tackle social exclusion on the labour market. To boost employment opportunities for this group, the government will increase the disabled employee subsidy and the number of places at

³⁸ the Swedish Municipal Workers' Union: [http://www.kommunal.se/files/070518113319332/Migrationen%20\(5\).pdf](http://www.kommunal.se/files/070518113319332/Migrationen%20(5).pdf)

³⁹ Swedish Radio: <http://www.sr.se/cgi-bin/ekot/artikel.asp?Artikel=1737035>

⁴⁰ SCB: http://www.scb.se/statistik/publikationer/AM0503_2006A01_BR_AM78ST0702.pdf

⁴¹ SCB: http://www.scb.se/statistik/publikationer/AM0503_2006A01_BR_AM78ST0702.pdf

Samhall AB, which is a state-owned company providing meaningful work that furthers the personal development of people with disabilities.⁴²

3.3.10 The informal economy

In 2007 there has been a big debate in Sweden on work in the informal economy. This debate was initiated when it was revealed that several of the members of the government had bought services without paying tax for them.

According to a report from the Swedish Tax Agency from 2005 the prevalence of work done in the informal economy is relatively common in Sweden, compared to other countries.⁴³ Work within the informal economy is growing in magnitude. The reason for the increase in labour in the informal economy can partly be found in changing attitudes. According to the study on attitudes towards labour in the informal economy, the most common reason for not paying tax for services is that prominent people in society is acting alike. High taxation was the second most common reason.

According to the Swedish Tax Agency there is a discrepancy between the incomes of the household and the consumption in Sweden. This discrepancy indicates an informal economy in the magnitude of around SEK 115-120 billion which corresponds to 5 % of GDP. This figure consists of wage that is unaccounted for or accounted for to a smaller amount than the real figure, it also consists of income from business operations that is unaccounted for or accounted for but to a smaller figure than the real income.

The number of citizens who have performed some kind of work in the informal economy during a year is appreciated to be 800,000. Their work corresponds to 66,000 full time jobs in Sweden. The groups that admit to the highest percentage of work in the informal economy are students and persons doing there compulsory military service. In these groups 25 % have performed work in the informal economy in the year prior to the study. The same figure for the entire population, ages 18-74, is 13 %. A general conclusion on work in the informal economy is that the people performing the services generally are young people with low incomes and buyers of the services are people with high incomes that own their own housing.

The trend is that labour in the informal economy is increasing. According to a study done in 1997, 11 % of the population had done some kind of work in the informal economy, the same figure in 2005 was 13 %. Work outside the formal sector has increased among young people and white-collar workers.

⁴² The Swedish Government 2007 Spring Budget <http://www.regeringen.se/sb/d/8989/a/80529>

⁴³ Swedish Tax Agency 2006:4: http://www.skatteverket.se/download/18.906b37c10bd295ff4880002720/rapport200604_sv.pdf

3.4 Wages

In the past ten years, 1996-2006, the average wage has increased from SEK 16,900 (€ 1,755) to SEK 24,400 (€ 2,534). That is a total nominal wage increase of 44 % in ten years. That corresponds to a general wage increase of 3,7 % per year. The wage increase has however been different between white-collar and blue-collar workers. The annual nominal wage increase for blue-collar workers has been 3,4 % per year, for white-collar workers it has been 3,7 %. This has led to a widening gap between the incomes among workers with high and low education. Sweden has a tradition of low income-gaps but the gap has widened gradually the past decade. When the wage increases are summed up over the past ten years the wage for blue-collar workers has increased with 39 % and the same figure for white-collar workers is 47 %.⁴⁴

The National Mediation Office (MI) attracts attention to the increased wage disparities between blue and white-collar workers in their latest annual report on the Swedish wage development. The office concludes that the development is due to two different factors; (i) increased international trade (ii) technical progress. The international economic structures have shifted the demand from labour-intense to knowledge-intense production, making education a more valuable asset for workers. Further, the Mediation office concludes that the increased wage divergence, during the time period 1995-2005, is mostly due to a higher gap between high-income workers (foremost white-collar) and the remaining part of the population. The gap between middle-income workers and low income-workers has however not been that significant.⁴⁵

The inflation has been very low in Sweden in the past ten years, in some years there have even been periods with deflation. Since the middle of the 1990s there has been an annual increase in the real wage every year. The result of this is that the increase in real wages has been relatively high. The increase in the real wage has been approximately 2,5 % annually for blue-collar workers and 3,0 % annually for white-collar workers. Wages in the private sector has increased more than the wages in the public sector. Both blue- and white-collar workers in the private sector have increased their wages more than the same category of workers in the public sector. The sector with the least difference in wage increase between blue- and white-collar workers is construction. The sector with the highest difference was manufacturing.⁴⁶

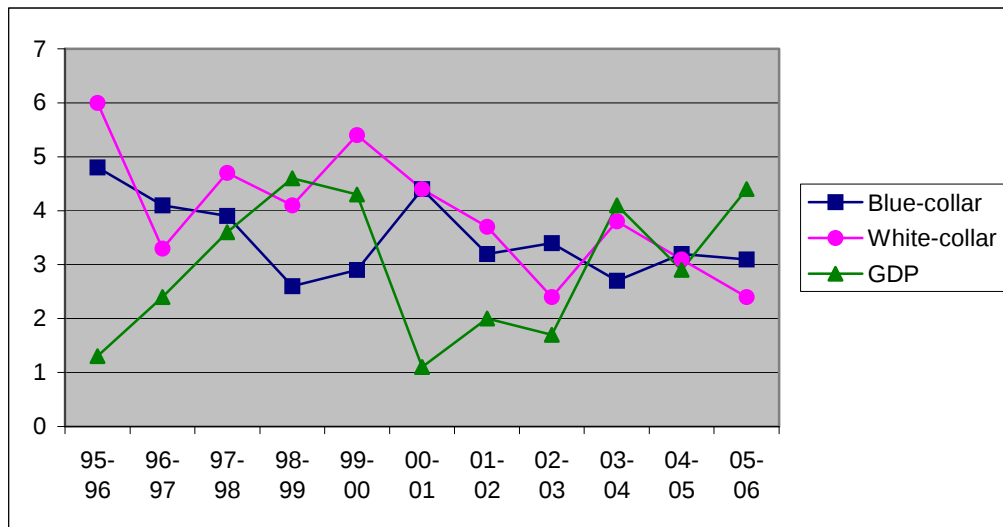
Figure 3.8 shows the annual percentage wage increases per year from 1995 to 2006. The annual gross percentage wage increase in the period has normally been in the span 3-5 % for both blue- and white-collar workers.

⁴⁴ LO: [http://www.lo.se/home/lo/home.nsf/unidView/FE1F726482873711C12573610025D830/\\$file/LO_Loner2007.pdf](http://www.lo.se/home/lo/home.nsf/unidView/FE1F726482873711C12573610025D830/$file/LO_Loner2007.pdf)

⁴⁵ MI: www.mi.se/pdfs_2007/mi-arsrapp_06_ori_wb.pdf

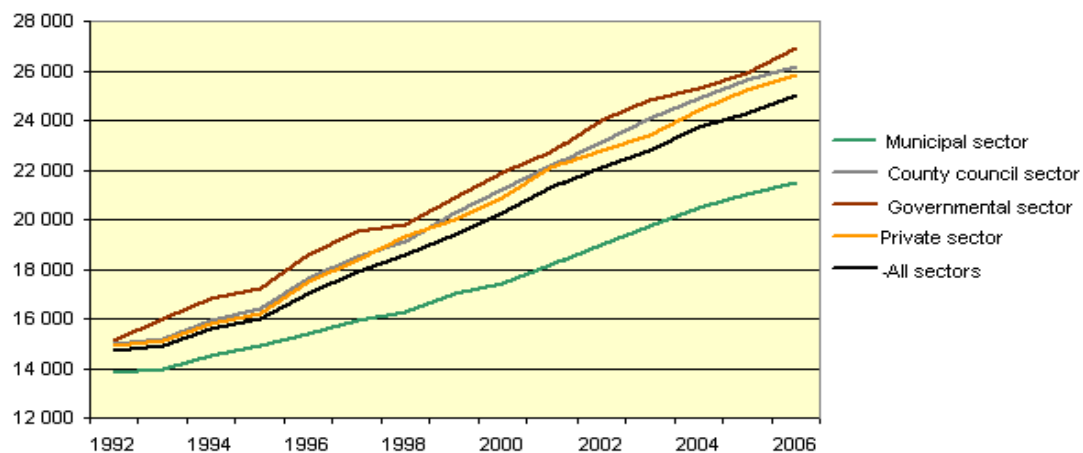
⁴⁶ LO: [http://www.lo.se/home/lo/home.nsf/unidView/FE1F726482873711C12573610025D830/\\$file/LO_Loner2007.pdf](http://www.lo.se/home/lo/home.nsf/unidView/FE1F726482873711C12573610025D830/$file/LO_Loner2007.pdf)

Figure 3.7 Gross percentage wage increase and percentage increase in GDP



Source: Confederation of Swedish Enterprise, 2007

Figure 3.8 Gross wage development, 1992-2006



Source: Statistics Sweden, 2007

Figure 3.9 above of the wage development since 1992 shows that the municipal sector has fallen behind in wage increases. Workers in the county council sector, the governmental sector and the private sector have all had similar wage increases. In 2004, Statistics Sweden (SCB) presented a report on wage divergence between the public and private sector. The agency found that the wage gap is not as wide as one might first conclude given the statistics presented in table 3.6. In the report a comparison within different professions are made and the result shows that in most groups there are no or marginal wage difference between the public and private sector. There are however some professions with significant wage divergence. This is especially true for traditionally well paid white-collar workers like

for instance lawyers, business administrators, public relation workers and computer technicians.⁴⁷

A possible explanation to the relative low wage increase for municipal workers in relation to the other categories could be the fact discussed earlier in this section that the highest wage increase has been among workers in the highest wage strata. These employees are unusual in the municipal category where most workers are low or middle wage earners.

3.4.1 Wage discrimination against women

The average monthly wage for women in Sweden in 2006 was SEK 22,000 (€ 2,285). The average wage for men was SEK 26,600 (€ 2,763). That is, women earn 83 % of a male wage. Women's wages have caught up on men's wages in the past decade, but there is still a significant divergence. The differences between men's and women's wages are much higher among white-collar workers than among blue-collar workers. Among white-collar workers, women's wage corresponds to 78 % of men's wage. Among blue-collar workers women earn 86 % of men's wage.⁴⁸

The main reason for the difference in earnings between men and women in Sweden corresponds to the fact that men and women to a large extent have different occupations within each sector and that the wages vary between the different occupations. After standard weighting (with consideration of age, education, sector and occupation), women's wage as percentage of men's wage is 93 %. The change in women's wage as a percentage of men's wage after standardisation for occupation is a result of that occupations with a high percentage of female employees are low-wage jobs.⁴⁹

The annual income of women in Sweden is only 70 % of the income of men⁵⁰. The reason for that is the high rate of part time work among women. Another reason for the lower income of women is that women have a higher absenteeism from work than men. The absenteeism depends upon parental leave, sick leave and taking care of a sick child. These factors push women's wages downwards.⁵¹

In the past few years the wages of women have increased more (in percentage terms) than the wages of men. In 2006 the wage increase for women was 3,0 % and the wage increase for men was 2,5 %. Women's wages has increased the most among white-collar workers in the private sector. In this group the wage increase among women was 3,3 % and among men 2,2 %. A reason for this is that the occupational segregation in white-collar occupations has started to even out. This trend is specifically apparent among physicians, business administrators, lawyers and managers that used to be dominated by men but now are in some cases getting dominated by women.

⁴⁷ SCB: <http://www.scb.se/Grupp/Loner/L%C3%B6neskillnader%20mellan%20offentlig%20och%20privat%20sektor.pdf>

⁴⁸ LO: [http://www.lo.se/home/lo/home.nsf/unidView/FE1F726482873711C12573610025D830/\\$file/LO_Loner2007.pdf](http://www.lo.se/home/lo/home.nsf/unidView/FE1F726482873711C12573610025D830/$file/LO_Loner2007.pdf)

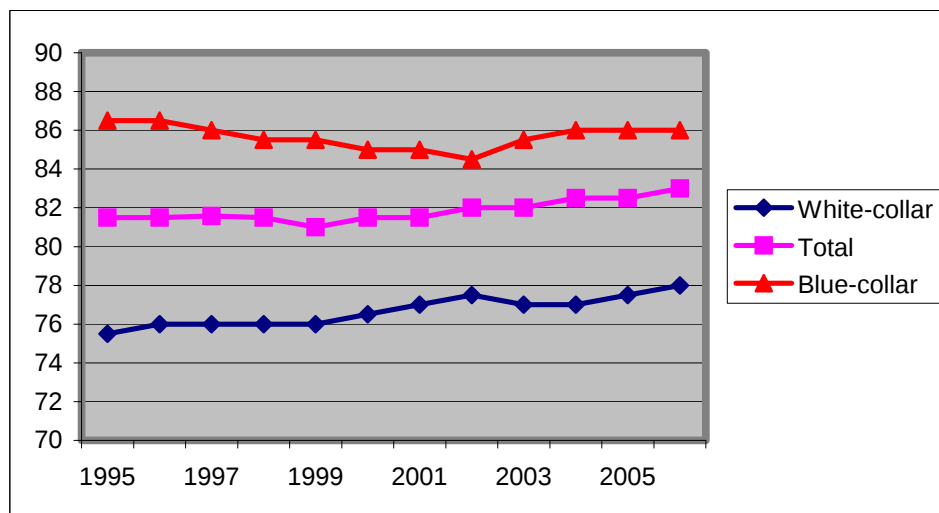
⁴⁹ Ibid.

⁵⁰ Please note, the figure refers to income not wage.

⁵¹ The Equal Opportunities Ombudsman (JämO): <http://www.jamombud.se/>

Although the wages have increased more for women than for men in percentage terms they have increase less in absolute terms due to the big difference in wage between men and women. The average annual wage increase among women in 2006 was SEK 640 (€ 66,5) and the annual increase for men was SEK 650 (€ 67,5).⁵²

Figure 3.9 Women's wages as percentage of men's



Source: LO, 'Löner 2007'.

3.4.2 Wage discrimination against immigrants

There are no official statistics on the wages for immigrants as opposed to natives. The national ombudsman against discrimination (DO) has the responsibility to investigate possible cases of wage discrimination against immigrants. If the officials concludes that discrimination has occurred it is their responsibility to report the case to the labour court, where a trial can take place.

It is relatively unusual with cases relating to wage discrimination treated by the ombudsman. This does however not mean that wage discrimination against immigrants is a marginal problem. One newly investigated case related to a German doctor who received a significantly lower wage than his Swedish colleagues. In this case the ombudsman decided to report the incident to the labour court.⁵³

3.4.3 Low wages

Low income, measured as income lower than 50 % under median wage⁵⁴, is most prevalent among young single households. In 2005, 5 % of the population had low income. Among young single household ages 20-29 that figure was 21 %. In the

⁵² LO: [http://www.lo.se/home/lo/home.nsf/unidView/FE1F726482873711C12573610025D830/\\$file/LO_Loner2007.pdf](http://www.lo.se/home/lo/home.nsf/unidView/FE1F726482873711C12573610025D830/$file/LO_Loner2007.pdf)

⁵³ DO: http://www.do.se/t/Page_1102.aspx

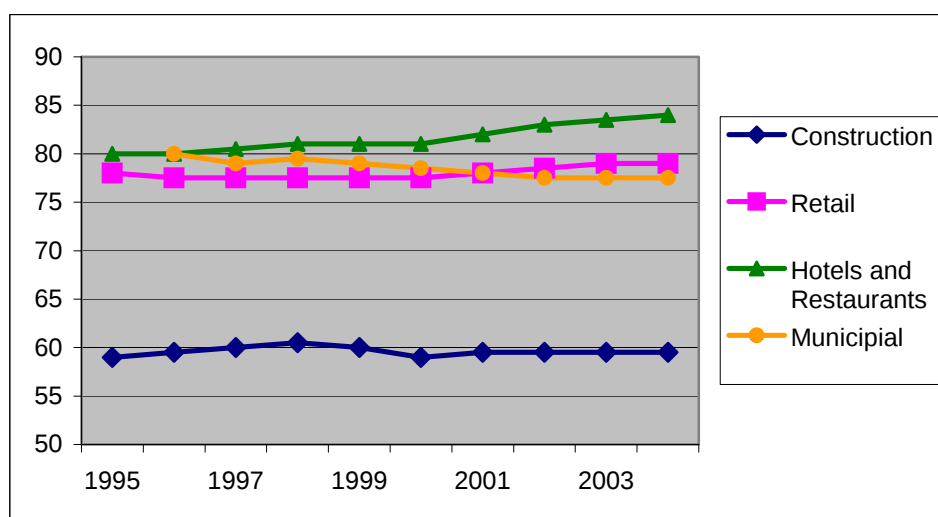
⁵⁴ There are no official statistics using the ILO definition of low wages (i.e 60% of average wage)

group single households with children 8 % had a low income. Immigrants are also a group with a higher extent of low income, 11 % of immigrants had low income. That figure should be compared to the part of the population born in Sweden where 4 % had low income⁵⁵.

3.4.4 Minimum wages

Sweden does not have a national minimum wage. As many other aspects of labour market policies, this question is solved by collective bargaining. All sectors do however not have decided minimum wages. The table below demonstrates the relation between average wage and decided minimum wage in the four largest sector agreements.

Figure 3.10 Minimum wage as percentage of average wage in different sectors, 1995-2004



Source: Skedinger, 2005

As illustrated in the table above, there have been relatively small changes in the relation between minimum wage and average wage in the largest sectors, during the measured time period. It is also interesting to observe that there are significant differences between this ratio between different sectors.

In a report from 2005, Per Skedinger concludes that the Swedish model with minimum wages decided by collective bargaining rather than national legislation has resulted in high real minimum wages. In comparison with other comparable, Mr. Skedinger finds that Sweden had the highest level of minimum wages. Despite this fact he acknowledges that a more vivid debate on minimum wages has occurred in recent years as a consequence of globalisation and a higher number of migrant workers. Most of the debate on this issue has been how to regulate minimum wages for foreign companies who temporarily operate in the country. Skedinger do however remark that the option to alternate system and adopt a national

⁵⁵ SCB: http://www.scb.se/Statistik/HE/HE0103/2005A06/HE0103_2005A06_SM_HE21SM0701.pdf

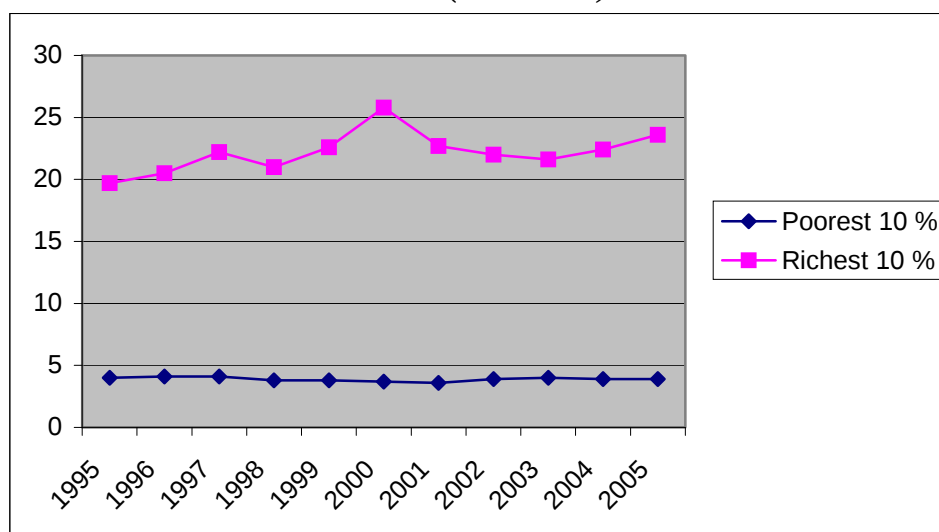
regulation on minimum wage is not a real option for most actors on the political scene and among social partners.⁵⁶

3.4.5 Wage inequality

Sweden has one of the lowest income spreads in Europe. Sweden has traditionally had a relatively low income spread, going back all the way to the 1950's introduction of the welfare state. The average Gini coefficient in the years 2003-2005 was about 0.22. In Europe, only Slovenia has a lower income spread in the population in this period. Even though, the income gap has widened in the past years.

The income of Swedish households has increased by an average of 25 % between 1995 and 2004. The income growth has been most apparent among high-income households. This has resulted in an increasing spread in the distribution income. The income-gap peaked in 2000 and has declined slightly since. The gap is, however, larger than before the recession in the economy in the 1990s. Single household with children has fallen behind in the increasing income rates. Their income increased with 21 % between 1995 and 2005, the same figure for cohabiting households was 31 %.⁵⁷

Figure 3.11 The share of the income held by the richest and poorest individuals (1995-2005)



Source: Statistics Sweden, Income Distribution Survey 2005.

The figure above shows the percentage of the total income held by the richest 10 % and the poorest 10 % of the population. The percentage income of the poorest part of the population has been quite stable around 4 % in the period with a drop in 2000. There is a more general trend for the richest 10 % of the population that

⁵⁶ Skedinger 2005: <http://www.ifau.se/upload/pdf/se/2005/r05-18.pdf>

⁵⁷ SCB: http://www.scb.se/Statistik/HE/HE0103/2005A06/HE0103_2005A06_SM_HE21SM0701.pdf, please note that the statistics above refer to income disparity and not wage disparity, since the later is not provided in national statistics.

earned less than 20 % of the total income in 1995 to increase their earnings recently approaching 25 %.

There has been a tendency for incomes of employees to increase more than for the population that does not work. Between 1991 and 2004 the income of employees increased with 22 % but only with 8 % for students, pensioners and other people that do not work. Families with children were one of the groups that suffered the most from the recession in the beginning of the 1990s. Their economic standard was in fact lower in 1999 than in 1991. The situation of cohabiting people with children radically improved in the past years. Between 1995 and 2005 they increased their income with 33 %.

Immigrants generally have substantially lower wages than people born in Sweden. In 2005 the income gap between people born in Sweden and people born elsewhere was 18 %. The income is dependent on where the person has immigrated from. Immigrants from outside the EU have lower average wage than immigrants from within the EU.⁵⁸

3.4.6 Wage structure

A large part of the employees in Sweden have monthly wages. Among white-collar workers, 94 % have monthly wages. The same figure for blue-collar workers is 61 %. The number of workers with result-based wage has decreased since the 1970s when around 25 % of white-collar workers had a wage based on their results. In 2006, 12 % of white-collar workers had a result-based wage. This figure has been quite stable since the early 1990's.⁵⁹

Even though most employees have monthly wages it is common to have some kind of flexible part in the salary. This could either be some kind of company or individual based performance related bonus scheme or it could be an appraisal-based scheme, which takes hold of personal development. The difference of the importance of flexible wage is large within sectors since questions regarding flexible wage is usually decided on local rather than sectoral level, in collective bargaining.

A clear trend among blue-collar workers, especially in the manufacturing industry is that it has become increasingly common that workers have some kind of profit-sharing system. This kind of bonus schemes has traditionally been most prominent among white-collar workers. The effects of this development have not been fully investigated at this time. At present representatives for the employees organisations are careful with comments on how this development might effect the position of the workers. Veli-Pekka Säikkälä at the Union of Metalworkers (IF Metall) concludes that it could have positive effects for employee's earnings, within the manufacturing industry, even though he expresses a slight concern that the development could widen the wage gap between workers employed in high respectively low profit sectors/companies.

⁵⁸ SCB: http://www.scb.se/Statistik/HE/HE0103/2005A06/HE0103_2005A06_SM_HE21SM0701.pdf

⁵⁹ The Confederation of Swedish Enterprise:

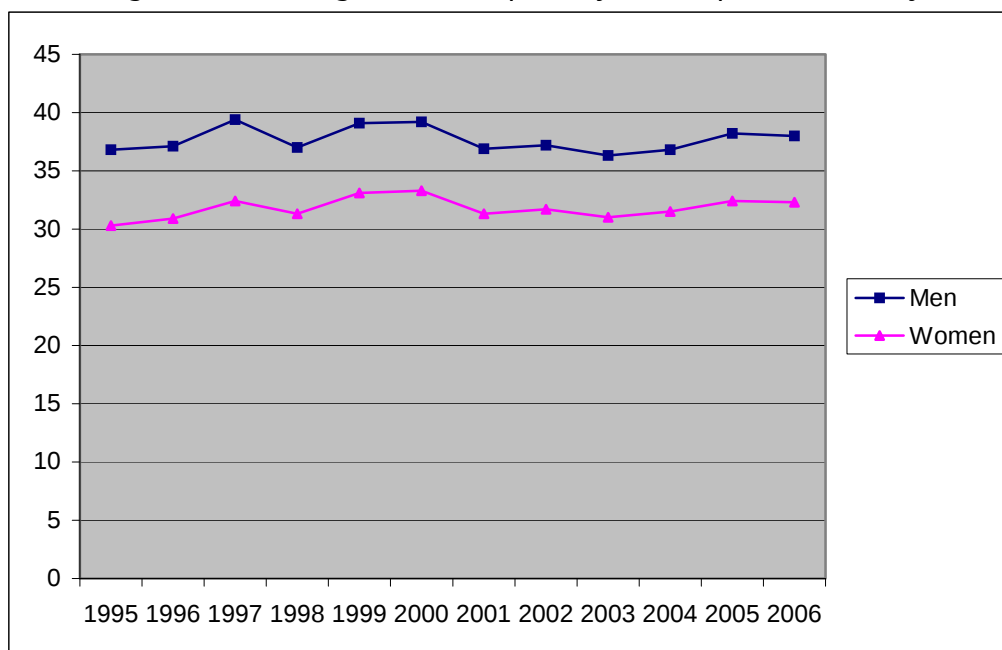
http://www.svensktnaringsliv.se/multimedia/archive/00008/Fakta_om_l_ner_och_ar_8668a.pdf

3.5 Working time and work organisation

There is no general trend towards increased or decreased working time in Sweden. Figure 3.12 shows the development of average actual working time in Sweden between 1995 and 2006. The gap in working time between men and women has decreased only marginally in the past decade. In 2006 men worked on average 38 hours per week in their main job and women worked 32 hours. There has been a change in working time between the age groups. Since the beginning of the 1990's young workers have decreased their working time with an average of 4 hours per week. In 1996, the average working time for the age group 15-29 was 34,7 hours per week. The age group with the highest average working time was 30-49 year old; the average working time in this group was 39 hours per week.⁶⁰ There are only marginal differences in working time between immigrants and native Swedes.⁶¹

Working time in the end of the career differs a lot between different occupations and between the sexes. Women generally work part time to a higher degree than men when they get older. Part time work is especially prevalent among female blue-collar workers. In the group 55-64 years old female blue-collar workers only 65 % are still in the work force. Out of these 52 % work part time. The result of this is that only 30 % of female blue-collar workers age 55-64 work full time. The same figure for white-collar men in the same age group is 85 %.⁶²

Figure 3.12 Average numbers of weekly hours of work in main job



Source: Eurostat LFS, 2006

⁶⁰ Statistics Sweden LFS 2007

⁶¹ LO: [http://www.lo.se/home/lo/home.nsf/unidView/6F04593B3E6ED0C5C12570A5002A8863/\\$file/Anstallningsformer05.pdf](http://www.lo.se/home/lo/home.nsf/unidView/6F04593B3E6ED0C5C12570A5002A8863/$file/Anstallningsformer05.pdf)

⁶² Ibid.

The number of hours worked in *full time jobs* has been quite stable in the past few years for both men and women. In 2006, men usually worked 39.9 hours and women 39.8 hours per week in their full time jobs. The number of working hours in *part time jobs* has, however, increased. In 2000, men on average worked 19.1 hours in part time jobs, but in 2006 that figure had increased to 21.5 hours. The change in working time in part time jobs were about the same for women, in 2000 women with part time jobs usually worked 23.6 hours per week, in 2006 that figure was 26.5 hours. These figures show that women generally work more hours in their part time jobs than men.⁶³

3.5.1 Part time work

The most obvious fact about working time in Sweden is that women have much shorter average working time than men. Women work part time at a considerably higher rate than men. The biggest difference can be found among men and women with children. Women adapt their working time when they have children and start working fewer hours, and on the other hand, men increase their working time when they have children.⁶⁴ Female blue-collar workers have much shorter working time than female white-collar workers. This difference has increased since the beginning of the 1990s.

The figure below shows the development of part-time work among women and men. These figures comes from a study done by The Swedish Confederation of Trade Unions, LO⁶⁵, and is based on statistics from Statistics Sweden. The different groups in the table are members of different trade unions. Blue-collar workers are represented by members of LO, white-collar workers are members of TCO, the Swedish Confederation for Professional Employees, and Academics are represented by SACO, the Swedish Confederation of Professional Associations.

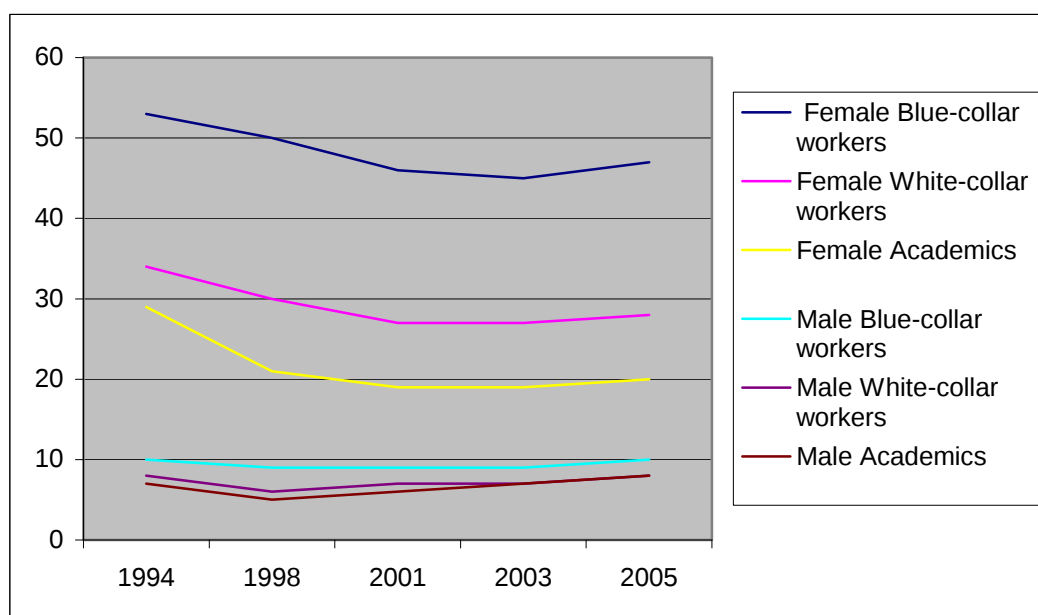
The figure demonstrates that part-time work is more prevalent among blue-collar workers. Female blue-collar workers stand out as the group with considerably higher rate of part time work than other groups. All groups of women have decreased their percentage rate of part time work since 1994 and the decrease is most obvious among academics. Female blue-collar workers have, however, increased their rate of part time work in the past few years. The percentage rate of part time work among men has been relatively stable during the past decade.

⁶³ Eurostat LFS 2006

⁶⁴ LO: [http://www.lo.se/home/lo/home.nsf/unidView/6F04593B3E6ED0C5C12570A5002A8863/\\$file/Anstallningsformer05.pdf](http://www.lo.se/home/lo/home.nsf/unidView/6F04593B3E6ED0C5C12570A5002A8863/$file/Anstallningsformer05.pdf)

⁶⁵ Ibid.

Figure 3.13 Percentage rate of part time work



Source: LO, 2007

3.5.2 Flexible working time

60 % of the employees in Sweden have fixed starting and finishing times. That leaves 40 % with flexible working time.⁶⁶ According to a study conducted by LO⁶⁷ employees with high incomes have much higher degree of flexibility of working time than employees with low income. Among employees with incomes over € 4,300 per month, 92 % have flexible working time; the same figure for employees with no more than € 1,700 per month is 31 %.

Employees have flexible working time to different degrees. Among employees in Sweden, 36 % have working time set by the company with no possibility for changes, 44 % can adapt their working hours within certain limits, 14 % can determine working hours entirely determined by themselves and 7 % can choose between several fixed working schedules.⁶⁸

3.5.3 Shift work and work at unsocial hours

The percentage rate of employees that work weekends and mornings has been relatively stable since the 1980's in Sweden, but the number of employees that work evenings has increased. The increase in evening work has been larger among blue-collar workers than among white-collar workers. The increase can partly be derived to an expansion of evening work in the construction sector where evening

⁶⁶ Eurostat LFS, 2006

⁶⁷ LO: <http://www.lo.se/home/lo/home.nsf/unidView/A683DB69A8C204D6C12572C700475B5F>

⁶⁸ Eurostat LFS, 2006

work increased from 13 % to 22 % from 1987 to 2002-03. Evening work has also increased in manufacturing.⁶⁹

The rate of employees with long working hours is low in Sweden, 91 % of all employees *do not* work long hours. Out of the 9 % that work long hours, 2 % are self-employed and 7 % are employees.⁷⁰

Of Sweden's employees, 16% works shifts. Among the people who work shifts most work permanent shifts, such as morning, afternoon or evening (54 %), 42 % have rotating schedules and 1 % has daily split shifts, 4 % work other types of shifts. Rotating schedules are common in the health care sector, in a survey from 2002-2003, 42 % of the blue-collar workers in the health care sector had rotating schedules, and another 13 % worked night shifts. Shift work is also common among blue-collar workers in the industrial sector, 30 % of the blue-collar workers work in shifts and among these, 13 % work at night.⁷¹ In practically all sectors, white-collar workers work daytime to a much higher extent than blue-collar workers. 89 % of the white-collar workers work daytime and 59 % of the blue-collar workers work daytime.

Men and women work unsocial hours to a different extent. 63 % of men work unsocial hours at least one day per week and 23 % of the men work at unsocial hours every day. The corresponding figures for women are 56 % and 12 %. To work unsocial hours is most common in the personal and cultural sector where service, culture and sanitation is included. In that sector 68 % work unsocial hours at least once a week. Other sectors where work at unsocial hours is common are manufacturing, retail, communication and health care. In these sectors around 65 % work at unsocial hours at least once a week. With 35% of the sectors employees working unsocial hours every day, the manufacturing sector stands out in this matter.⁷²

3.5.4 Working rhythms and stress at work

The most common reason for a work related disorder for women in Sweden is stress. There has been a dramatic increase among women who suffer from stress at work in the past years. The amount of women that suffer from stress at work has almost doubled since 1997. In 1997 the amount of women that had gotten a work related disorder due to stress was around 7 %. In 2003, when the amount of stress at work peaked, the number of women with stress related disorders was almost 14 %. In 2006 the same figure had declined slightly and 12 % suffered from a stress related disorder.

Among men stress are the second most common reason for work related disorders after strenuous working postures. Men have stress related disorders in a much lower degree than women. However, the time pattern is the same for both men and women. In 1997 under 4 % of the male population suffered from stress related

⁶⁹ SCB: http://www.scb.se/statistik/publikationer/LE0101_2002I03_BR_LE109SA0501.pdf

⁷⁰ Eurostat LFS, 2006

⁷¹ SCB: http://www.scb.se/statistik/publikationer/LE0101_2002I03_BR_LE109SA0501.pdf

⁷² Ibid.

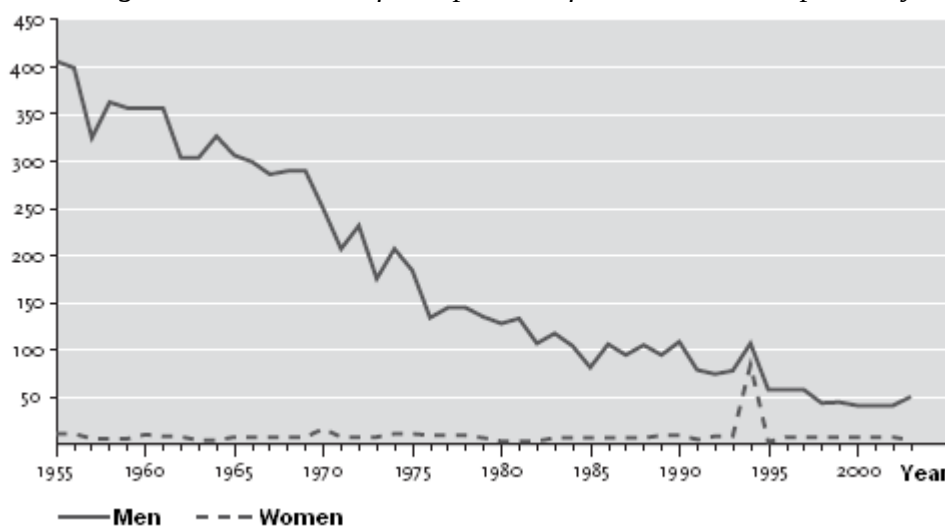
disorders. The amount of men with stress related disorders peaked in 2003, the same year as the women. In 2007 the number of men with stress related disorders was 7 %.

The occupations with the highest degree of stress related disorders among women are social workers (26 %), upper secondary school teachers (24 %), elementary school teachers (23 %) and production managers (19 %). Among men the occupations with the highest amount of stress related disorders are elementary school teachers (17 %), upper secondary school teachers (16 %) and health care specialists (11 %).⁷³ An apparent fact both among women and men seems to be that employees in the public sector suffer from stress at work to the highest degree. This is most likely a result of downsizing of the public sector after the economic crisis in the 1990's.

3.6 Safety and health

According to the study 'Work-Related Disorders 2006' by the Swedish Work Environment Authority (AV) nearly one in four employees in Sweden has suffered from some form of disorder that they relate to their work during the past 12 months. This disorder may be physical or of some other type like stress, mental strain, etc.⁷⁴

Figure 3.14 Number of occupational fatalities over the past 50 years



Source: The Swedish National Institute of Public Health

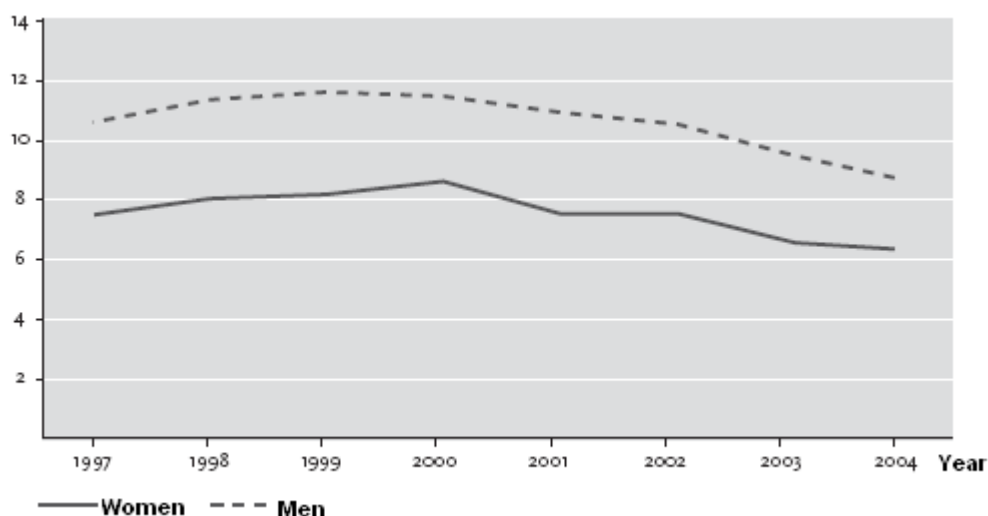
The number of fatal accidents has steadily decreased among men in the past decade and has stabilized around 50 deaths per year among men. The death rate among women has been marginal in the whole period. The peak in deaths in 1994 was due to the catastrophe of the ferry Estonia.⁷⁵

⁷³ AV: http://www.av.se/dokument/statistik/officiell_stat/ARBORS2006.pdf

⁷⁴ AV: http://www.av.se/dokument/statistik/officiell_stat/ARBORS2006.pdf

⁷⁵ The Swedish National Institute of Public Health: <http://www.fhi.se/upload/ar2005/rapporter/r200553underlagsrapport4.pdf>

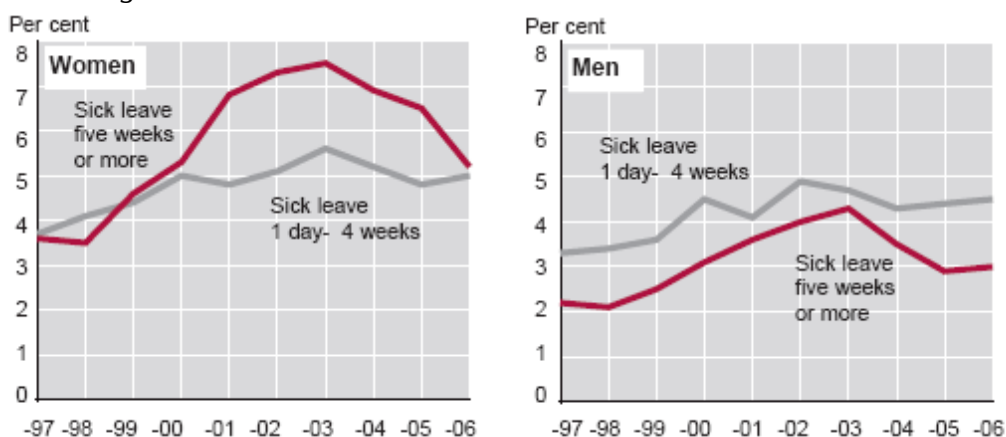
Figure 3.15 Number of reported occupational accidents that result in sick leave, per 1000 employees



Source: The Swedish National Institute of Public Health

Occupational accidents have decreased in the past decades and since the 1980's the rate of occupational accidents have decreased with 70 % among men and 50 % among women. This is most likely due efforts by the social partners and the government to improve work environment safety.⁷⁶

Figure 3.16 Sick leaves due to work-related disorders 1997-2006



Source: The Swedish Work Environment Authority

Even though men experience higher rates of occupational accidents; women have higher rates of, and especially longer periods of, sick leave due to work-related disorders. This matter could possibly be explained by the much higher rate of stress related disorders among women, which might require long periods of sick leave. The figure above illustrates the development of sick leave between 1997 and 2006. The number of days with sick leave peaked in 2003, the same year as stress related disorders were most widespread according to statistics (see chapter 3.4.4).

⁷⁶ The Swedish National Institute of Public Health: <http://www.fhi.se/upload/ar2005/rapporter/r200553underlagsrapport4.pdf>

Nearly every fifth female machinery operator, transport worker, and cook report that they have been absent due to their work during a year. More than half of these women had also been on sick leave for five weeks or more. Various stress-related disorders resulting in sick leave are often common for health care workers and pre-school teachers, while the physical work environment is often the cause of disorders and sick leave among cooks and machinery operators.⁷⁷

Table 3.17 shows the presence of the most common work environment problems in the construction, service and industry sector. Dysfunctional systematic work environment (SAM) organisation is very common, especially in the industry sector. Heavy lifts and physical work is very common in construction.

Table 3.3: The most common working environment problems

	Construction	Service	Industry
Heavy lifts, physical work	41.6%	28.2%	21.6%
Trying and/or monotonous work	31.7%	12.7%	21.8%
Repetitive work, one-sided movements	15.5%	10.7%	11.7%
Too high working pace, too much work, understaffing	33.8%	39.9%	32.8%
Poor working organisation	31.8%	37.0%	22.6%
Generally stressful	32.1%	26.2%	14.8%
Much overtime	0.9%	3.7%	3.1%
Harassment, social dysfunction	1.8%	9.9%	2.4%
Noise, vibrations	25.3%	15.1%	27.8%
Weld smoke, gases, chemical risks	3.1%	1.2%	28.3%
Heat, cold, draught	4.3%	5.5%	10.2%
Insecure forms of employment	5.8%	26.7%	7.7%
General accident risks	22.3%	6.8%	11.5%
Dysfunctional systematic work environment (SAM) organisation	41.7%	50.7%	67.1%
Dysfunctional work adjustments and rehabilitation	10.1%	21.9%	21.9%
Other problems	8.4%	11.2%	1.7%

Source: LO, Skyddsombudens arbete och erfarenheter 2006

⁷⁷ AV: http://www.av.se/dokument/statistik/officiell_stat/ARBORS2006.pdf

The social dialogue on working conditions is mainly handled by the social partners through collective agreements. The Labour Inspectorate primarily constitutes a controlling function, focusing on the implementation of the national Work Environment Act⁷⁸ and the Council Directive 1989/391⁷⁹, where minimum criterion are stated to protect employees from health and security risks. However, via the systematic co-operation on working environment between social partners (SAM), the Swedish Work Environment Authority is supporting the dialogue on working conditions.

The Swedish Work Environment Act prescribes that work concerning safety and health issues must be formalised in enterprises with more than five employees. A local safety representative is employed at the enterprise that he/she represents and is elected by the employees. In addition, a regional safety representative can be elected by a local trade union if the union is represented by at least one employee in the company. The government finances the regional safety representative scheme, and most commonly the regional safety representative's work is part time, whereby most safety representatives have another job as well. Enterprises with 50 employees or more are obligated to have a safety committee, which consists of representatives from the employees' side (primarily represented by the trade union) and the management side. At enterprises with safety committees, only local, and not regional, safety representatives are elected.⁸⁰

Within Swedish enterprises, social dialogue on working conditions primarily takes place between safety representatives, the trade union, and employers, and is formally organised in the above-described forms.

Changes within enterprises' organisation on occupational health and safety issues have been noticed during the previous years. These changes are partly explained by the requirement for enterprises to have SAM, which is a regulation established by the Swedish Work Environment Authority in 2001 and which should be seen as a complement to the Work Environment Act. SAM consists of three main areas/actions: mapping/investigating, implementing, and follow-ups. SAM also puts focus on the cooperation between employees and employers, and its effects on the safety representative system have influenced the government to consider a revise of the Work Environment Act in order to be able to cope with the changing nature of the work environment organisation. In 2005, about 2,100 regional safety representatives from the three main trade unions (LO, TCO and SACO) made a total of approximately 61,000 visits at almost 273,000 small enterprises.⁸¹

3.7 Access to training

Sweden does not have a coordinated vocational training system, and much of the questions regarding this matter are decided by the social partners or the individual employees and employers.

⁷⁸ SFS 1977:1160

⁷⁹ European Risk Observatory: <http://riskobservatory.osha.europa.eu/data/legislation/1>

⁸⁰ AV: <http://www.av.se/inenglish/lawandjustice/workact/>

⁸¹ AV: http://www.av.se/dokument/afs/ursprungs/ursprungsAFS2001_01.pdf

Despite the relatively restricted statutory provisions on CVT there do exist an individual right to vocational training. According to the Act on an Employee's Right to Educational Leave⁸², all employees with at least six months of employment have the right to educational leave. The employee is free to decide the subject of his/her education and it does not have to be related to the position that he/she currently upholds. Further there is no time limit on the duration of an educational leave according to the regulation. When the employee returns from his/her educational leave the employee is entitled to the same job position and working conditions as if he/she would not have been absent.

Table 3.4 Percentage of workers who have been involved in at least five days of training during paid working-time, during the last 12 months.

	Men	Women
Non trained Blue-collar workers	13,2 %	9,5 %
Trained Blue-collar workers	14,3%	14,5%
Lower White collar workers	30,2%	22,1%
Middle level White collar workers	35,6%	31,0%
Higher White collar workers	40,6%	39,3%
Self-employed	8,5%	7,7%
total	23,8%	22,1%

Source: The Swedish Work Environment Authority, 2006

According to a study by LO employees with open-ended contracts have the highest rate of access to training.⁸³ Their time in training was 3 % of their total working time in 2003. People with temporary contracts have lower time in training but time in training differs depending on the type of temporary contract. Employees with project contracts spend 3 % of their working time in training, a figure that is almost as high as for employees with open-ended contracts. Substitutes spend 2 % of their working time in training. The group with the lowest rate of training is employees on on-call contracts; they spend 1 % of their total working time in training.

The so-called adjustment programme agreement is, according to TCO, a successful example within a social dialogue context. The agreement involves collective agreements between the unions and the employers. The agreements involve actions that should be taken for employees that are affected by redundancy. Generally speaking, the agreement makes sure that affected employees get access to qualifying training and further education. The benefits with the agreement cannot, according to TCO, be overestimated, as the employees' possibilities to stay on the labour market are facilitated through these agreements. The agreements also enable the industry and the public sector to restructure without having too negative social effects. Actors involved in these agreements include different associations

⁸² SFS 1974:981. The Swedish Parliament: <http://www.riksdagen.se/Webbnav/index.aspx?nid=3911&bet=1974:981>

⁸³ LO: [http://www.lo.se/home/lo/home.nsf/unidView/6F04593B3E6ED0C5C12570A5002A8863/\\$file/Anstallningsformer05.pdf](http://www.lo.se/home/lo/home.nsf/unidView/6F04593B3E6ED0C5C12570A5002A8863/$file/Anstallningsformer05.pdf)

that have been formed within sectors and employers' organisations.⁸⁴ In 2004 an important development occurred when blue-collar workers got included into the adjustment agreements regime. At present 650.000 white collar workers and 900.000 blue-collar workers are included to the system.⁸⁵

There are a significant variation, between different sectors, in how regulated the subject of vocational training is in the collective agreements. Some sector agreements, foremost among blue-collar workers, have extensive provisions on for instance the division, beneficiaries, and funding of vocational training, other sector agreements have no explicit provisions on vocational training. These matters may however be bargained on the company level.⁸⁶

3.8 Social protection coverage

In 2005, 33 % of the income of the Swedish population came from different kinds of transitions from the social security system.⁸⁷ The Swedish welfare system is very extensive but has recently gone through some changes imposed by the new government.

Table 3.5 Social protection expenditures for selected years 1997-2005

Million SEK - current prices	1997	2000	2002	2004	2005
1. Sickness/Health care	140 448	180 406	200 816	202 398	200 278
As a % of GDP	7,4	8,1	8,5	7,9	7,5
2. Disability	70 915	85 415	101 571	120 418	127 208
As a % of GDP	3,7	3,9	4,3	4,7	4,8
3. Old Age	229 050	248 304	275 187	307 732	316 059
As a % of GDP	12,0	11,2	11,6	12,0	11,8
4. Survivors	14 004	14 923	15 595	18 007	17 941
As a % of GDP	0,7	0,7	0,7	0,7	0,7
5. Family/Children	63 793	62 029	70 768	78 268	80 994
As a % of GDP	3,3	2,8	3,0	3,1	3,0
6. Unemployment	62 241	47 407	43 340	50 653	51 145
As a % of GDP	3,3	2,1	1,8	2,0	1,9
7. Housing	15 903	13 992	14 231	14 561	14 775
As a % of GDP	0,8	0,6	0,6	0,6	0,6
8. Social exclusion	18 091	15 776	15 029	15 907	16 432
As a % of GDP	0,9	0,7	0,6	0,6	0,6
9. Administration costs/Other expenditures	8 363	13 026	27 239	30 115	30 768
As a % of GDP	0,4	0,6	1,1	1,2	1,2
Total social protection expenditure	622 808	681 278	763 776	838 059	855 600
Total of % of GDP	32,7	30,7	32,2	32,7	32,0

Source: Statistics Sweden, 2007

⁸⁴ Interview with TCO

⁸⁵ www.trr.se and www.tsl.se

⁸⁶ Wennström, 2003: www.saco.se/upload/Dokumentarkiv/Skrifter/2001_inventeringkomputv.pdf

⁸⁷ SCB: http://www.scb.se/Statistik/HE/HE0103/2005A06/HE0103_2005A06_SM_HE21SM0701.pdf

Table 3.7 shows that the old age benefits are the most expensive part of the social protection system. In 2005, old age benefits corresponded to almost 12 % of GDP. Sickness/Health care is the second largest expense item in the Swedish budget. In 2005 Sickness and health care benefits corresponded to 7,5 % of GDP. The expenditures for disabilities have increased since 1997 when the expenditures as a part of GDP were 3,7 %. In 2005 that figure were 4,8 %. The costs for unemployment benefits were lower in 2005 than in 1997, 3,3 % compared to 1,9 % of GDP. The total costs for social protection in relation to GDP have been stable around 32 % between 1997 and 2005.

3.8.1 Sickness, disability and health care benefits

The following changes in the health care benefits have recently been implemented or will soon come into force.

- The ceiling in the sickness insurance system will be lowered from 10 to 7.5 base amounts; one base amount is SEK 40,300 (€ 4,308). With this lower ceiling, for example, one person earning SEK 20,000 (€ 2,140) a month will lose SEK 3,460 (€ 370) during one year of sick leave.
- Income-based sickness benefit will decrease by 0.03 %, which corresponds to at most SEK 390 (€ 41) per month.
- The responsibility of employers for co-financing sickness benefit costs for employees who are on full-time sick leave will be abolished.
- Employers will be able to demand a doctor's certificate from the first day of sickness.
- Work will be intensified to examine cases of long-term sickness and encouraging use of any capacity for work.⁸⁸

The table below contains some short facts about health care benefits in Sweden. Health care in Sweden is publicly financed and patient fees are low. The costs for disability benefits have increased in the past years. This is partly due to the relatively expensive assistance allowance that enables disabled people to hire their own assistants and partly to increasing rates of newly approved sickness and activity compensation.

Table 3.6 Health care and sickness benefits

	Legal coverage	Actual coverage
Sickness cash benefit t	In the event of loss of income due to medical reasons, a person may receive 100, 75, 50 or 25 % of sickness cash benefit, depending on the degree to which the person's work capacity is impaired. It is also possible to receive sickness cash benefit for medical treatment or medical rehabilitation. During the first 14 days of a sick-	After a dramatic increase in sickness absence during the period 1997–2002, the number of sick days paid by social insurance in 2005 dropped below the 1990 level. Out of a total of approximately 32.5 billion SEK paid out in sickness cash benefit t in 2005, 59 % went to women and 41 % to

⁸⁸ The Swedish Government: <http://www.sweden.gov.se/sb/d/8684/a/81385>

	ness period, an employed person receives sick pay from the employer excluding the first day which is a qualifying day. If reduced working capacity due to sickness persists after the end of the sick pay period, the employee may receive sickness cash benefit from the Swedish Social Insurance Agency. There is no official limit to how long a person may receive sickness cash benefit but the Swedish Social Insurance Agency must investigate whether the person should instead receive sickness compensation or, in the case of those under 30, activity compensation. Full sickness cash benefit is 80 % of the income. The maximum sickness cash benefit for one day was SEK 648 in 2005. Special rules apply to unemployed persons.	men.
Sickness compensation and activity compensation	Sickness or activity compensation may be granted to those aged 19–64 who for medical reasons have their working capacity reduced to a certain degree. The allowance can be paid at 100% down to 25 %. Activity compensation is granted to persons aged 19–29. It is granted for a limited time. Activity compensation may be combined with participation in various work training activities. Sickness compensation is granted to persons aged 30–64. The compensation may be limited in time. Sickness or activity compensation may be paid in the form of income based compensation and guarantee compensation. The maximum guarantee rate was SEK 7,880 per month in 2005.	In 2005, there were 556,000 persons with sickness or activity compensation – 331,000 women and 225,000 men. This implicates that just over 10 per cent of the population of working age have for health reasons fully or partially left working life with sickness or activity compensation, and the proportion rise with increasing age. In 2005, the government spending on sickness and activity compensation was 56.8 billion SEK. 56 % of the allowance was received by women and 44 % by men.
Work injury compensation	All employees in Sweden are insured against work injury. Compensation can be paid for loss of income, cost of dental care, cost of medical care abroad, etc. There is also compensation for survivors and for help with funerals. The largest form of compensation paid out from work injury insurance is an annuity. In order to calculate the size of the annuity, the income the person would have	At the beginning of the 1990s, the number of work injury claims increased drastically. At the same time, the number of cases where actual work injury was confirmed also increased. The number of confirmed injuries decreased after 1993 and was due to the introduction of much stricter criteria for approval of a work injury. Out of a total of 5 billion SEK in work injury annuities in 2005,

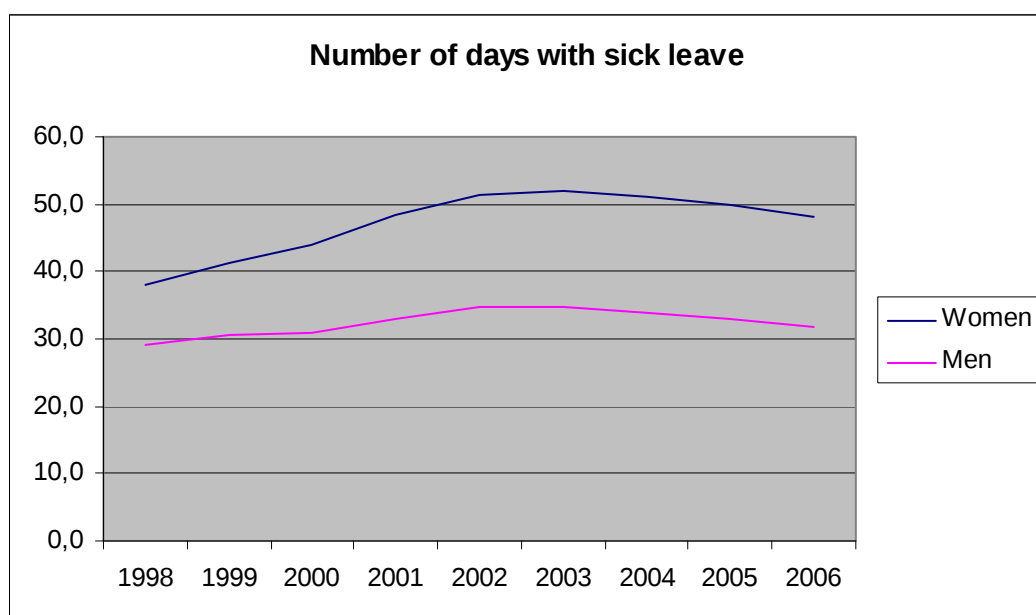
	been likely to earn if the accident had not occurred is compared with the income the person is likely to receive after the accident. The maximum compensation corresponds to 24,600 SEK per month in 2005.	women received 41 % and men 59 %.
Vocational rehabilitation	In connection with vocational rehabilitation an individual may receive rehabilitation cash benefit to compensate loss of income and an allowance to cover certain additional costs arising from rehabilitation activities. Full rehabilitation cash benefit is 80 % of the income. In 2005, the maximum rehabilitation cash benefit per day was 648 SEK.	Out of a total of 2 billion SEK for rehabilitation cash benefit in 2005, 64 % went to women and 36 % to men.
Disability allowance	Individuals who suffer from reduced functional ability over a period of time and thus need time-consuming help from other persons are entitled to disability allowance. It is also possible to receive a disability allowance for significant additional costs due to the functional disability. In 2005 there were three levels of compensation, depending on need, 1,182, sek 1,740 and sek 2,266 per month. The blind and the deaf always receive allowances if their disability arose before the age of 65.	In 2005 1.2 billion SEK was paid out disability allowance. Out of this, 54 % went to women and 46 % to men.
Assistance allowance	Assistance allowance is available to persons suffering from major and lasting functional disabilities not due to normal ageing. The allowance is to be used for the employment of personal assistants. Assistance allowance is paid at a standard rate per hour. In 2005, it was SEK 212.	Assistance allowance was introduced in 1994. Since then the numbers of recipients has increased steadily. In 2005, 14.3 billion SEK was paid out in assistance allowance. 46 % went to women and 54 % to men. Over 6,000 women and 7,000 men received assistance allowance in 2005.
Allowance for care of close relatives	Persons staying home from work to look after a seriously ill person in the home or in a care institution are entitled to an allowance. Generally, the allowance is payable for a maximum of 60 days. The full compensation rate is 80% of the caregiver's income.	Out of a total of 72 million SEK in allowance for care of close relatives in 2005, 69 % went to women and 31 % to men. Approximately 7,000 women and 3,000 men received the allowance in 2005.
Car allowance	Car allowance is aimed to help people with permanent functional	2,800 recipients received 347 million SEK in 2005

	disabilities to be more mobile. Car allowance for the purchase of a car may be granted every seventh year.	
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Source: The Swedish Social Insurance Agency 2006

The figure below shows the number of days in a year with sickness cash benefit, vocational rehabilitation and sickness or activity compensation (ohälsotalet). The days with sick leave paid by the employer are *not* included, that means the first 14 days of sick leave is not included. The table therefore accounts for longer periods of sick leave. The figures in the table show that the number of days with sick leave peaked in 2002 and 2003 but has decreased since. Women have a much higher number of days with sick leave than men and the difference has increased since 1998.

Figure 3.17 Number of days per year with sick leave per individual 16-64 years



Source: The Swedish Social Insurance Agency, 2007

3.8.2 Family and children benefits

Sweden has a generous parental allowance system where the parents can stay home for 480 days per child. The system is often a matter of debate since women take out a majority of the days, which has consequences for the labour market situation of women.

Table 3.7 Families

	Legal coverage	Actual coverage
Parental cash benefit for the birth of a child	480 days to be used by either of the parents. 60 days are reserved for each parent. The benefit can be	In 2005 577000 persons received parental benefits. Women received 77 % of the

	used until the child is 8 years old. In 390 days the benefit is 80 % of normal wage. In 180 days the allowance is SEK 180. For parents that haven't worked for 240 days prior to the birth the benefit is SEK 180 during the entire period. The benefit can be taken out as either 100%, 75%, 50%, 25% or 20% of the full amount.	expenditures and men 23 %. The same year women took out 80 % of the days with parental leave and men took 20 %. 17,7 billion SEK were paid out in parental leave in 2005.
Pregnancy cash benefit	An allowance to pregnant women who have heavy jobs and can't work during pregnancy. The woman can receive the benefit for 50 days prior to the expected birth date. In especially dangerous jobs women can receive pregnancy benefit for a longer time. The pregnancy allowance is usually 80 % of normal wage	In 2005 23 % of the pregnant women used the pregnancy benefit. The expenditures were 397 million SEK.
Father days	The partner of the woman is allowed 10 days off in connection with the birth. The father days are usually compensated with 80 % of normal wage	In 2005, 75 % of the partners used the father days. 590 million SEK were paid and out of these 3 million were paid to women.
Child allowance	A grant paid for every child until the age of 16. A grant of SEK 1,050 (In 2007). The child benefit is tax-free and paid out to the mother unless the parents wish to split it. There is an extra allowance for parents with more than one child	In 2005 the expenditures for child benefits were 21,5 billion SEK
Temporary parental cash benefit	For children up to the age of 12 parents can stay home when the child is ill for up to 60 days per year and child. Another 60 days can be used to visit health care facilities or when the child has a disease.	651,000 persons used parental allowance to take occasional care of a child in 2005. Out of 4,4 million days women stayed home 64 % and men stayed home 36 % of the time.
Care allowance	Parents may receive care allowance for their child if the child is in need of special supervision or care for a period of at least six months until the child reaches 19.	2.3 billion SEK was paid out in care allowance in 2005, of which 89 % went to women and 11 % to men.
Child pension and surviving children's allowance	A child is entitled to a child pension and surviving children's allowance if one or both of its parents are deceased.	The size of child pension depends primarily on the parent's income and the number of children in the family. As a supplement to or substitute for child pension, the child can under certain circumstances receive surviving children allowance of 1,313 SEK per month and deceased parent (2005)
Maintenance support	When a child lives permanently with only one parent, the other	In December 2005, the Swedish Social Insurance Agency paid

	parent must pay maintenance support. A child is entitled to maintenance support from the Swedish Social Insurance Agency if: • the parent liable for maintenance support fails to pay or pays less than SEK 1,273 a month • paternity has not been established • the child has been adopted by only one parent	maintenance support to 288,000 children. This corresponds to 13 % of all children in this age group (under 20).
Housing allowance	Families with children and young households without children (under 29) can receive a housing allowance. The amount of allowance depends on the composition of the household, cost of accommodation, size of dwelling and size of income.	Housing allowance is mainly paid to single parents, most often women. In December 2005, 214,000 households received housing allowance. In 2005 3.6 billion was paid out in housing allowances to 275,000 households.

Source: The Swedish Social Insurance Agency 2006

In 1974 the maternity allowance was changed to a parental allowance that made it possible for both parents to get paid to take care of the child. In 1974 0,5 % of the parental allowance was taken by the fathers. Since then there has been a slow increase in the number of days in the parental allowance taken by the father. In 2006 men took 20,6 % of the days with parental allowance. The men have however doubled their out take in the past 10 years, in 1996 10,6 % of the parental allowance days were taken by men. Since 2002 60 days of a total of 480 days are reserved for each parent. This measure was taken to increase the use among men.⁸⁹

In 2006, the ceiling in the parental leave benefit increased from SEK 24,800 (€ 2,676) to SEK 33,000 (€ 3,561) a month. The aim of this reform was to motivate more fathers to use extra days for parental leave. The Swedish Social Insurance Agency has examined the effects of the increased parental leave benefit so far. The analysis is mainly based on parents with a gross annual income of SEK 295,000 (€ 32,000) or more. Some general tendencies emerge in relation to the take-up of parental leave and use of benefits.

- In general, the use of parental leave benefit follows a seasonal pattern.
- Men with an income exceeding the former income ceiling have increased their use of parental leave benefit during the summer months.
- Women earning an income exceeding the former income ceiling have increased the use of parental leave benefit during the entire year.
- Men have used more days of parental benefit as a result of the increased income ceiling; however, the difference in days used between men and women has not decreased, due to the fact that women with a high income simultaneously increased their take-up of parental leave days.

⁸⁹ The Swedish Social Insurance Agency: <http://www.forsakringskassan.se/omfk/analys/barnfamilj/foraldrap/#ju>

- From the children's perspective, the reform has a positive outcome since both men and women are taking an increased number of parental leave days; thus, children spend more time with their parents at home, which was not the case before.⁹⁰

The number of children in childcare has increased in the past decade. In 1990, 57 % of children in the age group 1-6 years were within municipalities' childcare, the corresponding figure in 2005 was 84 %.⁹¹

Compulsory school begins at the age of seven in Sweden but prior to that almost all six-year-olds attend voluntary preschool classes designed to prepare them for the first grade. For children 1-6 there are regular preschools, family daycares homes and open preschools. Children in school can attend leisure-time centres, family day-care homes and open leisure-time activities. The fees for child care can not exceed 1260 SEK for the first child 840 SEK for the second child and 420 SEK for the third child in child care. There is no fee for the forth child.⁹²

3.8.3 Employment promotion and unemployment

The new Swedish government has recently implemented major changes in the financial aid to unemployed people. There have also been changes in the structure of the unemployment funds. The purpose is to get unemployed people in to work faster and to reduce expenditures.

- The number of qualifying days in unemployment insurance will be extended from two days to seven days in total.
- The individual unemployment insurance contribution will match the unemployment rate in the particular economic sector: high unemployment implies a higher insurance cost and vice versa. However, the government has stated that no fund will have to raise contributions by more than SEK 300 (€ 32) a month.
- Part-time employed persons will obtain unemployment benefit for a maximum of 75 days.⁹³

Another big change in the social security system is the initiative to make the membership of an unemployment fund mandatory for employees. 700,000 people in Sweden are not members of any unemployment insurance fund and the numbers have fallen due to a rise in the fees for membership. According to the Swedish Unemployment Insurance Board (IAF), since January 2007, the number of members in the unemployment insurance funds has fallen by about 210,000 people to 3,576,001 members at the end of April. The Minister for Employment plans to impose the new mandatory fund in July 2008.⁹⁴

⁹⁰ The Swedish Social Insurance Agency: <http://www.forsakringskassan.se/sprak/eng/>

⁹¹ SCB: http://www.scb.se/statistik/LE/LE0201/2004A01/LE0201_2004A01_BR_X10ST0401.pdf

⁹² The Swedish National Agency for Education <http://www.skolverket.se/sb/d/1327#paragraphAnchor6>

⁹³ The Swedish Government: <http://www.sweden.gov.se/sb/d/8684/a/81385>

⁹⁴ IAF: www.iaf.se

The Swedish unemployment insurance consists of two components, a general basic insurance and a loss of income insurance. The base amount is accessible to a person who is not a member of an unemployment fund, or has not been a member for a sufficiently long period to meet the terms. Benefit according to the basic insurance is SEK 320 (€ 34) gross per benefit day for a person who worked full time regardless of previous income. For a person who worked less than full time, the benefit payment is reduced proportionally. Benefit is paid for 300 days (at most five days a week) at most with an exception for parents to children under 18 years who can receive benefits for 450 days. There is a five-day qualifying period before the benefit is paid.⁹⁵

To obtain income-related unemployment insurance the unemployed person must have the membership in an unemployment fund. The income-related insurance is paid for a maximum of 300 days (450 days for parents) at most five days a week with a qualifying period of five days. The income-related insurance is paid at 80 % of the previous daily income during the 200 first benefit days up to a ceiling of SEK 850 (€ 90) gross per day. This corresponds to a gross amount of SEK 680 (€ 72). During the following 100 days (250 days for parents) the insurance is paid at 70 % of the previous daily wage. The maximum gross benefit is still SEK 680 (€72) per day. The daily income is equal to 1/22 of the monthly wage. If an unemployed person refuses a job referral without a good reason, the insurance compensation can be cut down in steps, the first time with 25 % for 40 days, the second time with 50 % for 40 days and discontinued the third time.⁹⁶

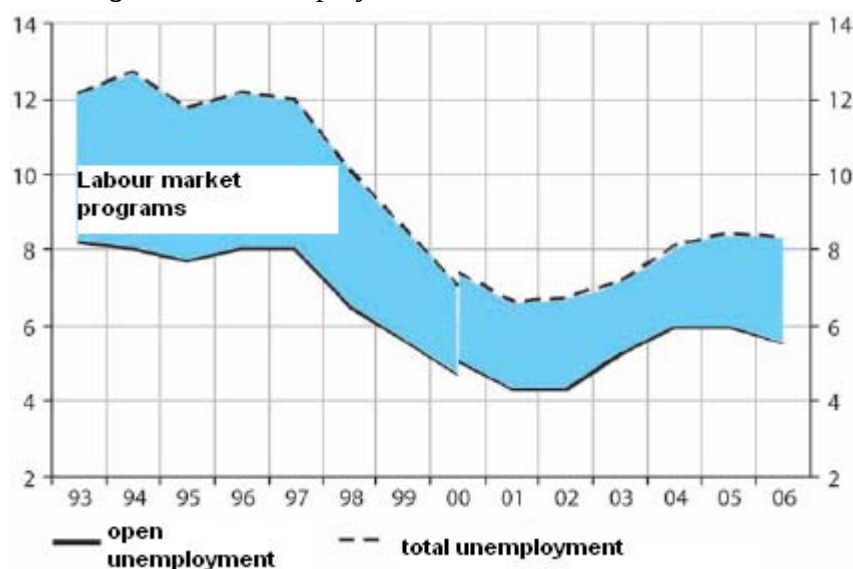
The number of people that received unemployment benefit declined with 25 % between 2006 and 2007. During 2007, 417,000 individuals received unemployment benefit. The total expenditures for the unemployment insurance decreased with 28 % and were 19,4 billion SEK in 2007. The reason that the expenditures have decreased more than the number of recipients is that the reimbursement rates has decreased. During 2006 and 2007 the average time for a person to receive unemployment benefit was 84 days.⁹⁷

⁹⁵ Lindquist & Wadensjö 2007

⁹⁶ Ibid.

⁹⁷ IAF: <http://www.iaf.se/iaftemplates/NewsPage.aspx?id=1171>

Figure 3.18 Unemployment rates in Sweden 1993-2006



Source: The National Mediation Office

Note: The gap in the curve in 2000 stems from a change in measurement methods

The labour market programmes have been modified to a large extent by the new centre-right government. Many programmes have been abolished and new programmes have been launched. The target groups in the new programmes are: long-term unemployed people, youths and newly arrived immigrants. The new programmes were presented in the 2007 spring budget.⁹⁸

Job and development guarantee for long-term unemployed people is replacing the former 'activity guarantee'. The aim is to develop individually designed measures to get the participant in this programme to enter work as soon as possible. The reform include three phases, personal coaching, access to unemployment policy programmes, such as job training and employment subsidy and in the third phase, if the unemployed have not been able to find a job after 450 days within this programme, the unemployed person will be assigned an 'appropriate' job that corresponds to all personal skills, i.e. the unemployed is more or less forced to take a job. Participants in the job and employment guarantee programme with unemployment insurance will receive a compensation corresponding to 65 % of their previous wages (maximum SEK 680 (€ 74 per day). Others will receive SEK 223 (€ 24) per day in 450 days at most. This guarantee is estimated to include 62,000 people and will cost approximately SEK 9,8 billion (€ 1,1 billion) in 2008. An important target group is people with functional disability that reduces the capacity to work.

Job guarantee for young people aged 16-24 includes those who have applied for jobs for a period longer than three months. The job guarantee starts with an intensified support for job search. Subsequently, there will be a combination of active matchmaking and increased efforts, such as work-experience placement or education. The compensation to youths, who qualifies for unemployment benefits, will probably be 70 % of their previous wages after 100 days and after additional 100

⁹⁸ The Swedish Government 2007 Spring Budget: <http://www.regeringen.se/sb/d/8989/a/80529>

days or more it will be 65 %. Others who do not qualify for unemployment benefits will be compensated with a so-called 'development insurance' equivalent to student aid. The reform is estimated to involve 30,000 youths and will cost SEK 2,8 billion (€ 300 million) in 2008. In addition, the government aims also to reduce the social contribution (payroll tax) with 50 % for young people between 18 and 25 to make it easier to enter the labour market.

Step-in jobs for newly arrived immigrants aim to fasten the process for immigrants to enter work by providing incentives for employers to hire and combine job search while studying Swedish. The programme also prompts municipalities to offer 'Swedish for immigrants' (sfi) at an early stage. The step-in jobs are employment opportunities subsidised by the government. It corresponds to 75 % of the payment cost within the private sector and 50 % within the public sector. Additionally, the government will strengthen the employment service's resources to convert immigrants' employment skills and exams.

There has been a change in classification of labour market programmes in 2007. There are now two groups of programmes:

- *Programmes with activity support* (program med aktivitetsstöd). This category includes among other programmes; labour market training, internship, start up grants for self employment, job guarantee for young people and Job and development guarantee for long-term unemployed people
- *Work with support* (arbete med stöd). This category contains among others; substitute training employment, special support to disabled people and Step-in jobs for newly arrived immigrants.

The first category had on average 59,000 participants per month in 2007, corresponding to 1,3 % of the labour force. The second category, work with support employed on average 99,000 people per month in 2007, corresponding to 2,2 % of the labour force. The participation rates for labour market programmes have declined substantially in the past year. The reduction is the result of a better situation on the labour market in general but also to a reduction in the budget for the programs, imposed by the government.⁹⁹

3.8.4 Old age and survivor benefits

A new pension system was imposed in Sweden in 1999. The main idea with the new pension system was that the amount of the pension should be connected to the life long income and not to the fifteen years with the highest earnings as it was in the previous system. One of the major differences with the new system is that it is very beneficial for the employee to postpone retirement and work longer. Another change in the incentives in the pension system is that is more beneficial to have a lower income for a longer time than to have a high income for a shorter time, even if the total life income is the same. The reason for this is that there is a

⁹⁹ the National Labour Market Board: <http://www.ams.se/admin/Documents/ams/arbdata/arblos/2007/arb0712r.pdf>

ceiling in the system and that the employee doesn't get any contribution to the pension account for wages over a certain limit.¹⁰⁰

Everyone born after 1954 get his or her whole pension from the new system. People born before that get a pension that is a mix of the both systems. The new pension system has three elements, income pension, premium pension and guarantee pension. The income pension is the main contribution to most employees' pension and is based on the annual wage of the employee. The premium pension is 2,5 % of the total pension that the employee can allocate in authorised security funds. The size of the premium pension is therefore dependent both on the individual's income and the growth on of the chosen funds. The guarantee pension is a security system for citizens with very low or no income.

The pension system is financed partly with employer fees and partly with the income tax. According to a study done by Pensionsforum¹⁰¹, the marginal effects of the new pension system are high. The implication of this is that an income increase does not have a big effect on the size of the pension. This is the result of the progressive tax system, the housing benefit for people with low incomes and the guarantee pension. A person that chooses to postpone the retirement for two or perhaps four years can receive substantially larger pension payouts after retirement. This was one purpose with the new pension system since there are concerns that there will be a future labour shortage.

Table 3.8 Old age and survivor benefits

	Legal coverage	Actual coverage
Housing supplements for pensioners	The housing supplement consists of ; housing supplement for pensioners (btp) and special housing supplement for pensioners (sbtp)	In 2005, 11 billion SEK was paid out in housing supplement. 75 % to women and 25 % to men.
Survivor's pension for adults	Survivor's pension provides financial security to persons whose close relatives have died. The benefit is paid as a form of income-based pension, determined by the previous income of the deceased. This benefit is mainly received by widows.	In 2005 370,000 widows received on average 3,400 SEK each

Source: The Swedish Social Insurance Agency 2006

3.8.5 Other benefits

Sweden has an extensive financial aid system for students. The financial aid is partly loans and partly grants. The financial aid for students comprises students at college/university or adult secondary education. The total amount of the student grant is SEK1,841 (€ 192) per week where SEK 1,209 (€ 121) is a loan and SEK

¹⁰⁰ Pensionsforum: <http://www.pensionsforum.nu/Lönar%20det%20sig.pdf>

¹⁰¹ Pensionsforum: <http://www.pensionsforum.nu/Lönar%20det%20sig.pdf>

632 (€ 66) is a grant. The students can also receive extra loans/grants if they have children or are over 25 and have previous work experience. College or university students can receive student aid for up to 240 weeks. Students are entitled to financial aid up to the age of 54 but with restrictions from the age of 45.¹⁰²

The percentage rates of students that finance their education with loans have decreased in the past decades. In 1988 the percentage of students that financed their education with loans was 90 %. The same figure in 2006 was 71 %. Especially young students under 25 years of age have decreased their loaning. The amount of money that is loaned is very sensitive to the business cycle. In times of low unemployment, students tend to finance their education with work instead of loans. In times of high unemployment, students tend to loan money to finance their education.¹⁰³ Students in Sweden are also entitled to housing allowance in case their incomes are low.¹⁰⁴

Persons without possibilities of other financial support may be eligible for social assistance paid out by the municipalities. 219,000 households received social assistance sometime during 2006, which corresponds to 6 % of the households in Sweden that is 6,700 less than in 2005. In 2006 the total expenditure for social assistance was SEK 8,7 billion (€ 910 million). 20% of all single women with children received social assistance. The average amount received was SEK 39,800 (€ 4,151) during the whole year.¹⁰⁵

3.9 Social dialogue and workers' participation

The general approach of the collective agreements in Sweden are that wages and working conditions are settled in the collective agreements and the regulation on notice is mainly regulated in the Employment Protection Act (Lag om anställningsskydd 1982:80, LAS).¹⁰⁶ An important part of this regulation states that the employer cannot freely choose whom to dismiss in times of work redundancy. LAS states that in times of downsizing the workforce, the employee that was hired most recently should also be noticed first. There are, however, some exemptions from this rule for small and middle-sized companies in order to make the act more flexible. LAS act also regulates the notice period before the employee can be laid-off depending on period of tenure. The Co-Determination Act (Lag om medbestämmande i arbetslivet 1976:580, MBL) states that employers must inform and consult employees about the development of the companies' activities, profitability and their personnel policies.

According to the Swedish Confederation of Professional Employees (TCO), the social dialogue in Sweden is well functioned at a central as well as a local level. This is a result of both the trade unions extended coverage of Swedish work places and the result of employers being well organised. Also the co-

¹⁰² The National Board of Student Aid: <http://www.csn.se/en/2.135/2.624/2.625/2.700/1.2814>

¹⁰³ The National Board of Student Aid: http://www.csn.se/polopoly_fs/1.3043!varfor_lanar_inte_destuderande.pdf

¹⁰⁴ The Swedish Social Insurance Agency: <http://www.forsakringskassan.se/privatpers/>

¹⁰⁵ The National Board of Health and Welfare: <http://www.socialstyrelsen.se/Publicerat/2007/9649/Sammanfattning2007-44-8.htm>

¹⁰⁶ LAS: <http://www.notisum.se/rnp/sls/lag/19820080.HTM>

determination in the Workplace Act supports a social dialogue, as it makes room for trade unions to have influence on the decision-making and regulations on the area covered by this act. This further enables and facilitates the presence and organisation of so-called co-operation groups (samverkansgrupper) at the work places.

TCO perceives a disadvantage in the right to direct work (arbetsledningsrätten) since it involves the employers having a one-sided decision-making power on every aspect that is not regulated by law or agreements. It has turned out, according to TCO that employers tend to take advantage of this by defining more and more working condition matters to comply with this right to direct work, and especially staffing matters, including the issue of how many employees the work places should have (i.e. how much workload the employees have).¹⁰⁷

The Swedish Confederation of Trade Union's (LO) general view on the social dialogue is that it is unbalanced. The dialogue within the industry sector, particularly paper and pulp industry is functioning in a much better manner compared to other sectors. Within the private service sector, such as hotel and restaurant and real estate management the dialogue is managed inadequately. Within the municipal sector the social dialogue is quite good, but resources needed to solve problems is lacking. During the 1990s the social dialogue turned downwards, but has improved during the last years. However, according to LO, the current social dialogue has not the same qualities as in the 1980s. Thus, there is more work to do.¹⁰⁸

According to the Confederation of Swedish Enterprise (Svenskt Näringsliv, SN), social dialogue has a strong effect on the development of working environment. Due to a long lasting and extensive dialogue between social partners for more than 60 years and a development of common organisation (Prevent) dealing with work environment issues, Sweden experience high standards on work environments.¹⁰⁹

3.9.1 Amendments of industrial actions

An important milestone was established in 1996, when the blue- and white-collar unions as well as employer organisations settled the so-called 'Industrial Agreement'. The agreement covered the industrial sector and was mainly a 'code of conduct'. It represented an attempt to establish consensus around timetables for negotiations, the role of mediators, and rules for conflict resolution. The Industrial Agreement has served as a model for similar agreements in the public sector. As of 2002, over 50 percent of the labour force is covered by IA-type agreements (please see chapter 1 for further information).

Another crucial development was the establishment of the new National Mediation Office (MI) in 2000. This established an independent party at the labour market, which could actively promote an efficiently-functioning wage formation process. The MI also received increased powers of authority to take action in connection with wage bargaining rounds. The National Institute of Economic Re-

¹⁰⁷ Interview with TCO

¹⁰⁸ Interview with LO

¹⁰⁹ Interview with Svenskt Näringsliv

search (Konjunkturinstitutet, KI) was given the task of annually producing reports on the economic conditions for wage formation.¹¹⁰

LO announced this summer that it might be time for a new central agreement between the social partners. On this background, SN has invited LO and the organisation for salaried employees in the private sector, Council for Negotiation and Co-operation¹¹¹, to deliberations. This could imply a new foundation for the social dialogue and conflict management in Sweden since the old agreement from the 1930's.

The central agreement between SAF (since 2001 the Confederation of Swedish Enterprise) and LO was signed in 1938 in Saltsjöbaden, because the social partners wanted to avoid governmental interference with new labour market regulations. Since then, the 'spirit of Saltsjöbaden' has been the guideline for the social dialogue. Until the 1970's the government did not intervene much with new regulations concerning collective agreements on the labour market, but e.g. the Co-determination Act in 1976 (MBL) and the Employment Protection Act in 1982 (LAS) increased the trade unions' bargain power in collective negotiations.

The many collective negotiations during 2007, which are now almost settled in the private sector, have demonstrated, according to SN, that the industrial actions on the labour market are rather disproportionate. The core is that the employers do not afford conflicts with the trade unions. Thus, the employers would like to see a transformation.

SN distinguishes in particular a need of modifying the right of conflicts and the Employment Protection Act. Furthermore, the confederation believes that the present regulations on the labour market are not sufficient equipped for a new reality and the globalisation demands more flexible solutions. The confederation does not want to return to the previous central negotiations, on the contrary the responsibility for wages and working conditions lays on the unions and employer associations within the affected industry.

LO shares the opinion that there is a need of a new understanding between the social partners to handle the global challenges on companies and employees. In addition, LO believes that it should be the social partners' task to set the conditions on the labour market. The invitation from the Confederation of Swedish Enterprise is in line what the board of LO has discussed regarding the preconditions to achieve a broad understanding on the labour market.

However, Wanja-Lundby Wedin stated that the central agreement can be amended, but this discussion will not lead to changes of the right to industrial actions. LO and its members will now internally discuss the invitation from the employer side and how to react. In addition, Mari-Ann Krantz, the Chairman of PTK (and also for Unionen¹¹²), declared that new negotiations should not imply any

¹¹⁰ The Riksbank: <http://www.riksbank.com/templates/YearList.aspx?id=10633>

¹¹¹ The Council for Negotiation and Co-operation is covering 27 unions for salaried employees in the private sector, [PTK](#)

¹¹² Unionen, the Swedish white-collar trade union, is a merger between the Salaried Employees' Union (HTF) and the the Swedish Union for Technical and Clerical Employees (Sif). Unionen is Sweden's largest trade union in the private sector and the largest union for white-collar workers with approximately 500,000 members, www.unionen.se.

deterioration for their members. Furthermore, she is keen to sustain ‘the existing good balance on the labour market’.

These statements are naturally a part of the game prior to the approaching negotiations. Since the old central agreement, signed by the social partners in 1938, many changes have occurred. The fast changes in the global economy and structural changes demand an amendment of the central agreement. One subject that has been discussed during this year of collective negotiations is the right of industrial actions and the principal of proportion (proportionalitetsprincipen), i.e. the unions’ right to go on a strike although they are not directly involved in a conflict.

The trade unions fear that the centre-right government possibly will implement new labour market acts. For example, some statements have been made by Maud Olofsson, the Minister of Enterprise and Energy, to prevent the unions right from blockading a work place that do not have any union members or collective agreements, and to abbreviate the principal of proportion.

Simultaneously, Prime Minister Fredrik Reinfeldt has stated that the government will not interfere with new regulations on the labour market and want the social partners to secure well-functioning collective agreements that take responsibility for the inflation and the competitiveness of the Swedish economy.

3.9.2 Social dialogue and working conditions

Swedish research has not given much attention to the relationship between working conditions and social dialogue, which probably depends on Sweden having a long tradition of social dialogue, a high level of union representation, and a generally high awareness of occupational health and safety. In addition, the specific relationship between working conditions and social dialogue is not well documented by social partners, whereby few studies covering this matter have been found.

However, both qualitative and quantitative research concludes that the size of enterprises is an important factor when examining the existence and level of social dialog related to working conditions. Small enterprises appear to be lacking this kind of dialogue to a greater extent than larger ones. The most interesting finding is that the most common problem is related to having a dysfunctional systematic work environment organisation (SAM). Since SAM emphasises that there is co-operation between employers and employees on work environment related issues, this could to some extent imply a lack of social dialogue focusing on the work environment. In addition, taking into consideration that the survey found that many enterprises have a management and employees that do not engage in matters on work environment, this is a natural consequence.¹¹³

According to TCO, one example on successful social dialogue can be seen within the physical work environment, in fact, TCO considers the physical work envi-

¹¹³ AV: <http://www.av.se/teman/sam/>

ronment at Swedish workplaces as world leading.¹¹⁴ This is a result of the tripartite cooperation from the 1950s. The actors involved were trade unions' and employers' central organisations and the government, and the social dialogue was held on a national level. Subjects discussed were physical health risks, occupational accidents, noise, chemical health risks and ergonomics. These actors saw the needs of an expanded employee protection. More and more problems were identified through research, and further legislation (the Work Environment Act) and supervising authorities, as the Swedish Work Environment Authority, were established as a result.

According to SN there has been a long-standing and extensive cooperation between social partners across sectors, within sectors and at a local level concerning work environment issues in Sweden, which has strongly contributed to that the working environment in Sweden is of high standard. The area of work environment is a typical area of cooperation between social partners.¹¹⁵

For example, the cooperation across sectors within the framework of Prevent is one good example on preventative work regarding education on work environment and also the support to R&D within the framework of AFA Labour Market Insurance Company is important to improve the work environment. Prevent is Scandinavia's leading provider of knowledge and training in the field of health and safety. Prevent is a non-profit organisation and its principals are the SN, LO and PTK. The solutions the organisation develops have the approval and support of the trade unions, employers and sectoral organisations.¹¹⁶

In co-operation with the AFA Labour Market Insurance Company, which is owned jointly by the trade union and employers' organisations, Prevent keeps a close watch on the injury and illness figures to ensure that the partners respond promptly to trends and tendencies in the field of the work environment. Prevent works to promote healthy, sound and safe workplaces by arranging for the provision of knowledge and methods suited to each workplace.

3.10 Work and family

In the past 40 years the possibilities of combining work and children has improved radically in Sweden. The combined effect of increased possibility to work part-time, expansion of the parental allowance system, and the public childcare has among other things resulted in high employment rates among women. There are however still differences in how the labour market situation is affected among men and women when they get their first child. The most obvious difference between men and women with children is the rate of part time work. Among men it is less common with part time jobs among men with children than without children. Among women the situation is the opposite, women reduce their work time when they have children.

¹¹⁴ Interview with TCO

¹¹⁵ Interview with SN

¹¹⁶ <http://www.prevent.se/>

As seen in table 3.24 below, women with children work part time to a substantially higher degree than men with children. The figures in the table include all employed, also those absent for parental leave. This fact reflects in the high percentage of women with children 0 years old working full time. In this category many women are on parental leave. The difference in working time seems to be largest when the children are 1-2 years old in this category 50 to 57 percent of the women work part time. Among men with children ages 1-2 only 7 to 9 percent work part time. This difference is likely to have great impact on career opportunities of women. Especially since the part time working continues for a long period. Between 29 to 44 percent of women with the youngest child being 7-10 years old work part time. The same figure for men is around 5 %. There is a tendency for women with 2 or more children to work part time to a higher extent than women with one child. Men with children work part time to a lower extent than men in general.

Table 3.9 Percentage part time work among parents

Age of the youngest child	Women		Men	
	Full time	Part time	Full time	Part time
1 child				
0	82	18	95	5
1-2 years	57	43	92	8
3-6 years	58	42	91	9
7-10 years	71	29	94	6
2 children				
0	73	27	92	8
1-2 years	50	50	93	7
3-6 years	52	48	94	6
7-10 years	63	37	95	5
3 children or more				
0	60	40	96	4
1-2 years	52	48	91	9
3-6 years	47	53	93	7
7-10 years	56	44	95	5
Total population 20-64 years	65	35	89	11

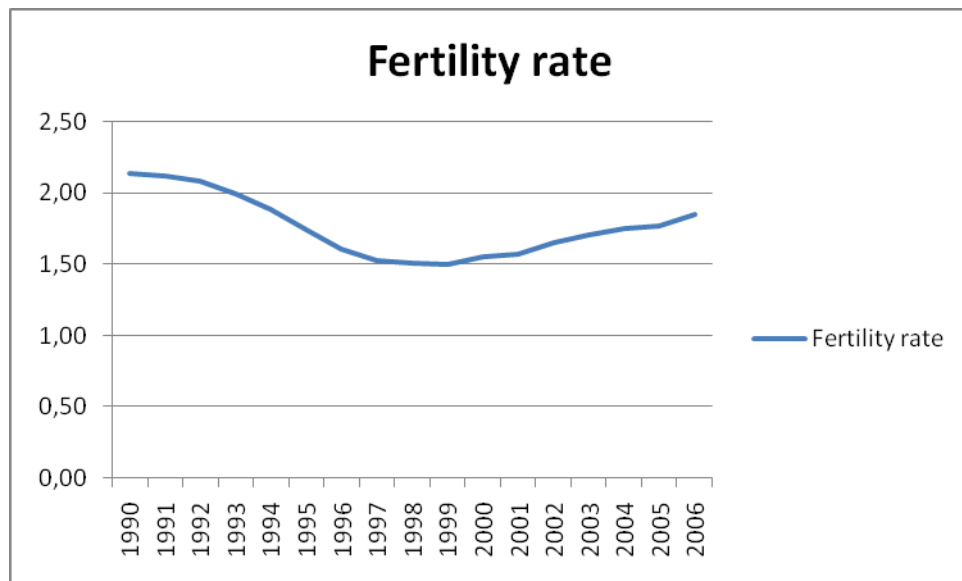
Source: Statistics Sweden, 2007

In 2006, 77 % of women with children less than 7 years of age were employed the same figure for men was 92 %.¹¹⁷

As seen in figure below the fertility rates have varied from 2.14 children per woman in 1990 to the lowest number since the estimations started, 1,5 children per woman in 1999.

Figure 3.19 Fertility rate

¹¹⁷ Statistics Sweden LFS, 2006



Source: Statistics Sweden, 2007

In study by Mr. Andersson, published in *The European Journal of Population* in 2000, register data was examined to study how different types of attachment to the labour force and income affected women's propensity to give birth. The study showed that women with low income and students had a lower probability than other women to give birth in the years 1985-1995. The effect on low income on childbearing was strongest among first time mothers. Andersson found that an increase in the number of mothers with low income and students in the period partly could explain the falling birth rates. The structure of the parental benefit system where reimbursement rates are dependent of previous income is according to Andersson also likely to reduce fertility rates in times of a slowdown in the economy.¹¹⁸

3.10.1 Unpaid work

The most current study of unpaid work in Sweden was conducted in 2000/01. This study showed that women in general spent 28 hours and men 20 hours in unpaid work per week. Unpaid work is accounted as all the time a person spends in productive work, without getting paid for, and which could be performed by someone else and have the same result. Women has decreased their time spend in unpaid work since the previous study in 1990/91 but men has not changed their time in unpaid work. The amount of unpaid work in the household differs substantially between different groups. The group with the highest amount of household work is cohabiting women with children, with over 40 hours per week spent with unpaid work in the household.¹¹⁹

Unpaid work in the household has been an issue subject to a lively debate in the past couple of years. There are different views on how the work in the household should be more evenly spread between men and women. The centre-right government introduced a tax deduction for certain services in the household sector,

¹¹⁸ Andersson G. 2000

¹¹⁹ Statistics Sweden: http://www.scb.se/statistik/publikationer/LE0202_2006A01_BR_X10ST0601.pdf

for instance cleaning and babysitting. The tax deduction is expected to reduce the amount of unpaid work in the household and increase the number of companies in the service sector.¹²⁰ This tax deduction has, however, been criticised for favouring high-income earners and for making families hiring housemaids instead of making the men take on a larger part of the work in the household.

3.11 Child labour and forced labour

Sweden is a country with strict regulations on child labour. Children below 13 are not allowed to work, with a few exceptions, for example light work assignments within a family farm or small-scale retail. There are strict time limits for young workers. The time limits and regulations for breaks and rest gradually get less strict when the worker becomes older. For example, workers between 16 and 18 are only allowed to work 8 hours a day, 40 hours a week. They are not allowed to work night shifts. A person between 16 and 18 is not allowed to have dangerous jobs.¹²¹

Full-time child labour is unusual in Sweden. One reason for this is the obligation for children to attend compulsory school from 1st to 9th grade, between the age of 7 and 15. However, most of the young people (approximately 98 % in 2006) continue to the gymnasium for three years after finishing the 9th grade. Thereby most children are full-time pupils, whereby child labour (and especially on full-time) is a relatively rare phenomenon in Sweden.

It is hard to find information on child labour due to the limited amount of time children generally spend working. Usually children work only during the summer. The limited contact with the labour market probably influences their degree of knowledge and/or surplus to find out about their rights, whereby unfair/illegal working conditions seldom are updated/acknowledged.

The sectors where young workers under 18 are most prevalent are retail and the restaurant sector. In 2004, retail had 2,300 young workers under 18 and restaurants had 2,000 young workers.¹²²

3.11.1 Human trafficking and forced labour

In Sweden, prostitution is regarded as a form of exploitation that is harmful both to the prostitute and to the whole society. Since 1999 it is forbidden to purchase, or attempt to purchase, sexual services. A person prosecuted for this crime can be punished with fines or can be sent to prison for up to six months. Since the legislation was imposed there has been a downfall in street prostitution according to the police and social services. The number of men that buy sexual services has also decreased according to the same sources.¹²³

¹²⁰ The Swedish Government, Proposition 2007: <http://www.regeringen.se/content/1/c6/09/03/21/9533c5be.pdf>

¹²¹ LO: <http://www.lo.se/home/loung/home.nsf/unidView/C1B0CAD8183A87B3C1256E86004B5007>

¹²² The Children's Representative in Sweden (BO):

<http://www.bo.se/Files/publikationer,%20pdf/Upp%20till%2018%202004.pdf>

¹²³ The Swedish Government. <http://www.regeringen.se/content/1/c6/04/28/97/4ba5b1b7.pdf>

According to the Ministry of Industry, Employment and Communications¹²⁴ the law deters potential traffickers from establishing in Sweden. Even though, approximately 400-600 women and children are victims of trafficking arrive in Sweden every year. Most of them come from the Baltic countries, Eastern Europe and Russia. The women and children that are victims of trafficking are often raped and sexually abused in brothels and sex clubs. In some cases the trafficker deliver women to Swedish border towns where they are sexually abused before being send back to their home countries.

In 2002 a law against trafficking of human beings for sexual purposes was imposed in Sweden. In 2004 that law was extended to include all sorts of trafficking of human beings, also for the purpose of forced labour of exploitation for removal of organs. If a person is sentenced for trafficking the punishment is imprisonment for two to ten years.

In 2004 the law was changed to give victims and witnesses of trafficking the legal right to stay in Sweden during the legal process against a trafficker. Previous to the change in the legislation, the police experienced problems with victims of trafficking going back to their home countries, which aggravated the legal process against the trafficker. The change in the law permits victims of trafficking to stay in Sweden during the legal process against the trafficker. The victim is also entitled to health care and social welfare during the stay in Sweden.

The Swedish government has initiated the National Act Program for Combating Trafficking in Human Beings. The program consists of two parts, one that works against prostitution and trafficking for sexual purposes, the other part works against trafficking for the purpose of forced labour, removal of organs and other forms of exploitation. The measures in the programs concentrate on discouraging demand, to protect and support the victims of trafficking. The program will also try to develop the work within the police, social services and the justice system. In addition to that the National Act Program for Combating Trafficking in Human Beings will work to improve the conditions in the home countries of the trafficking victims when it comes to human rights and even out political, economical and social inequalities¹²⁵.

¹²⁴ Ibid.

¹²⁵ Ibid.

4 Linkages, trade-ins and trade-offs between elements of working and employment conditions

This chapter will discuss the main linkages between the specific elements described in chapter 3. Firstly, we will focus on the relation between part time employment and gender issue, and, in addition, the discussion on flexibility. Secondly, the social dialogue on collective agreements and its main characteristics will be explored. Even though Sweden has high labour market standards, several groups are exposed in the Swedish labour market model, which are discussed in the final section in this chapter.

4.1 Influences and dependency between elements

4.1.1 Part time and gender relations

There is an ongoing debate in Sweden on part time work and its effects on inequality between the sexes. As seen by statistics earlier in this report (see chapter 3) women work part time to a much higher extent than men, and part time work is especially common among women with children. The difference in the amount of part time work between men and women is seen as a problem with many consequences. Part time employment affects the size of the total earnings, which can lead to problems with supporting oneself through own work.

Women only earn 70 % of men's annual earnings, much due to part time work. A person that works part time is also affected in relation to the transfer system. Future pension gets lower when one works part time, health insurance and unemployment benefits also becomes lower for a part time worker in relation to a full time worker. In addition, people that work part time tend to have inferior career opportunities.¹²⁶

A large share of part time work is involuntarily. Previous chapter show that 25 % of both male and female part time workers had a part time job because they could not find a full time job. A large part of the women worked part time to take care of the family while men worked part time due to training, sickness or disability.

There are several different views on how the problem of the discrepancy in work time between men and women should be diminished. The previous left wing government made a proposition to change the law so that a work contract should refer to full time work and that people who have worked part time for a period should have the right to full time work on the employees command. There is however

¹²⁶ SOU 2005:105: <http://www.regeringen.se/content/1/c6/05/40/46/150d6861.pdf>

some exemptions to the proposed act of right to full time work. A seventh of the total number of employees with an employer is permitted to work part time. Some additive exemptions could also be made if there is an agreement between the social partners.

This proposal was not received well by employer's organisations, such as the Confederation of Swedish Enterprise (SN). They have the opinion that such a rule would, among other things, increase the costs of companies, increase unemployment and make it harder for vulnerable groups such as immigrants and young people to enter the labour market.¹²⁷

The Equal Opportunities Ombudsman (JämO), was, on the other hand, positive to the proposal and in their comment on the referral they appreciated that the rule on full time contracts would lead to higher rates of employment. JämO also held the view that the proposal would increase the equality between the sexes by improving women's labour market conditions and increase women's income.¹²⁸

The new centre-right government is negative to an act on right to full-time work. The proposal is hence not likely to come into force as long as the centre-right government is in majority. The government instead wants to reduce the marginal effects for part-time workers to start to work full-time. The marginal effects include increased taxes on higher income, reduced housing benefits and increased childcare fees when an employee goes from part-time to full-time work. According to the Minister of Finance, Anders Borg, these effects have the result that part-time workers do not earn enough when they go from part-time to full-time work. The solution to getting more women into full-time work is, according to Mr. Borg, to reduce taxes for low-income earners to make it more favourable to increase work time. The new government has also reduced the possibility to receive unemployment benefits for part-time unemployment, thus increasing pressure on part-time unemployed to find a full-time job.¹²⁹

LO believes that increased equality when it comes to household work is the main solution to tackle the high rate of part time work. They have a long term vision of a general work time-shortening to six hours per day but in a short term view they think that it is necessary for women to increase their full time work, both to increase equality and to meet the demand of increased working hours as the population gets older.¹³⁰

It stands clear that the inequality in working time between men and women is an obstacle in the way to obtain equality between men and women. The necessity for increased working hours to prevent a future labour shortage is also an argument to increase women's full time work. But increased working time among women also has a negative side. Many women work part time to take care of children, and reduced part time work among women results in longer days in childcare for children and a smaller amount of time spend with their parents. This argument speaks

¹²⁷ SN: http://www.svensktnaringsliv.se/multimedia/archive/00002/YTT2005-346_2841a.pdf

¹²⁸ JämO: http://jamo2.mon.pi.se/remissvar/remiss_5231844.asp

¹²⁹ The Swedish Government: <http://www.regeringen.se/sb/d/7675/a/82663>

¹³⁰ LO: <http://www.lo.se/home/lo/home.nsf/unidView/BC495C36261691A7C125706800260B3A>

in favour of shorter working time for both men and women to increase children's time with their parents and reduce the inequality on the labour market.

4.1.2 The path towards increased flexibility

The unemployment in Sweden increased dramatically in the beginning of the 1990's. Prior to the 1990's Sweden had a history of very low unemployment and the trade unions had a strong position in the collective agreements. With increased unemployment rates the positions between the social partners has changed. The high unemployment rates have also prompted changes in the Swedish labour market. The Swedish labour market model has a tradition of very high security for the employees and low flexibility. The high unemployment rates have changed the labour market in several ways, among other things it has called for other types of matching processes between unemployed and employers.

In 1992 the law against private labour intermediation was abolished and since then the number of interim agencies have increased rapidly. Interim agencies employ a large proportion of workers with a weak connection to the labour market and for many it can be a chance to get their first job. Work with an interim agency does, however, not provide the same security as an open-ended contract and can lead to problems when an employee with a fixed-term contract for example wants to get a bank loan or a contract for an apartment.

The number of employees with temporary contracts has increased in a steady pace in the past ten years and women, immigrants and young people have a higher rate of temporary contracts than the rest of the population. The temporary contracts are in some cases as long as three years or more and these long temporary contracts are also fairly common. Most temporary contracts are involuntarily; employees would rather have an open-ended contract than a fixed term contract. The temporary contracts are, however, sometimes the only possibility for an unemployed person to get hired.

The employer organisation, SN, prefers the Danish flexicurity model to the Swedish model. The Danish model's main characteristics are high security in relation to social security and a lower degree of regulation concerning legislation on dismissal. SN believes that implementing the flexicurity model in Sweden would lead to lower unemployment and higher growth. But the relatively 'enterprise-friendly' centre-right government has decided not to suggest less strict protection for employees.¹³¹

LO, on the other hand, holds the opinion that increased flexibility in form of a higher degree of temporary contracts can lead to higher unemployment rates. The reason for this is, according to LO, that the unemployment rate is defined both in terms of length of employment and inflow to unemployment. The rate of unemployment therefore becomes higher when the employment contracts are shorter. According to LO there are two possible realities in the Swedish economy:

¹³¹ SN: http://www.svensktnaringsliv.se/multimedia/archive/00002/Tryggare_kan_ingen_va_2136a.pdf

- One possibility is that the current industries demand a very high rate of flexibility or short term contracts to be able to measure up to the new preconditions of a globalized world. In this case, is it not possible to reduce the amount of short term contracts without increasing inflation.
- Another scenario is that the high rates of unemployment have shifted the position between the social partners to lean more towards an advantage of the employer side. In this case the numbers of fixed term contracts are high because the demand for labour has been low in the past decade and the employers have had the possibility to hire employees according to their own set of conditions. If this scenario would be the most accurate picture of the current situation, it would, according to LO, be possible to reduce the number of temporary contracts without increasing unemployment.¹³²

It would be desirable on from the workers perspective to reduce the amount of temporary contracts since most temporary contracts are involuntarily. But it could be a risky business since it is unclear if the workers with temporary contracts would experience a higher rate of unemployment if the possibilities to hire workers on a temporary basis would be reduced.

4.2 Collective bargaining and coverage

Most Swedish employees are affected by collective bargaining. There do not exist any official statistics on this matter, but the largest Swedish trade union, the Swedish confederation of Trade Unions (LO) has appreciated that approximately 90% of the employees are regulated under some kind of collective bargaining agreement. This figure has been relatively stable under recent years and no obvious trends can be detected in this field.

The withdrawal of the Employers union organisation (SAF) from the central wage negotiation scene in 1989 has effected the collective bargaining situation. The general tendency in the 90's has been a development toward more decentralised negotiations, but with assistance from the central private national Mediation Institute when conflicts occur. Even though collective bargaining is no longer conducted on the highest national level it is seldom performed principally on the most local company level.¹³³

The fact that the bargaining is usefully not performed on local level has triggered a debate on how the regime could be changed in order to be more flexible and meet the needs of specific sectors or companies. Recently there has occurred a debate between the social partners on so-called 'opening clauses'. The Organisation for Technical Enterprises (Teknikföretagen) did in the summer of 2006 articulate a will to enable partners on a lower organizational level to agree on a less beneficial agreement than the one reached at central level, in times of economic crisis.

¹³² LO: <http://www.lo.se/home/lo/home.nsf/unidView/AACE58FD9CD53974C12572FA003FAEF2>

¹³³ Elvander, Nils, 2002

Using the German labour market as an example, they wish to include 'opening clauses' to the central agreements and thereby make it possible for partners to make agreements on for instance wage concessions or working time extensions to avoid layoffs in companies/sectors suffering from economical difficulties. This reform in the collective bargaining regime could, according to the organisation, amount to a higher degree of job stability and a better structural preparation for economical recession.¹³⁴

The reaction to this proposal among employee organisation like for instance SIF and LO has been sceptical, and they have expressed concern that this reform may lead to a lower degree of employee influence and that the measure is one further step in a strategy to handle collective bargaining at a lower organizational level and there through circumvent the larger employee organisations.¹³⁵

At present there is accordingly no possibility to make these types of agreements on a lower organisational level that is in conflict with the central agreement. In some mutual accepted agreements on central level, the social partners have however left some parts of the conditions to the local partners, to decide. Under recent years there has been a trend toward a higher share of employees regulated by so-called 'figure less' agreements.

According to this system of collective bargaining the social partners on higher organizational levels do not agree on an absolute level on wage increases, this is instead decided on a local level to reflect circumstances for the specific company/sector. In 2006 10 % of the work force (mostly white-collar workers) was regulated by this kind of agreement. In some sectors this was however significantly more common. The highest rate of 'figure less' agreements are found among national service employees where as many as 40 % of the workers are regulated by 'figure-less' contracts.¹³⁶

Even though completely figure less collective agreements is still relatively unusual, it is common among white collar employees to have collective agreements that do not normally guarantee a minimum wage increase and instead leave the matter of wage open for individual wage bargaining. There is also a variance between different agreements on how large the guaranteed wage increase is in comparison with the impact of individual wage setting. There is at present a lack of comprehensive studies on the relation between individual wage setting and wage increase. In 2003 the Swedish Confederation of Professional Associations (SACO), did however perform a study on the consequences of individual wage bargaining for academic workers. The report showed a positive connection between individual wage setting and higher wage increase. Further the report suggested that the positive connection was even stronger among female workers.¹³⁷

The year 2007 has been a very important year for bargaining rounds, which approximately 500 (of about 600 in total) collective agreements are to be negotiated,

¹³⁴ The Organisation for Technical Enterprises: <http://www.teknikforetagen.se/upload/sve/Oppningsklausuler.pdf>

¹³⁵ Swedish Confederation of Trade Unions Magazine (LO tidningen): 'De vill kunna förhandla bort avtalen', February 2007, http://lotidningen.lo.se/?id_item=6074 and SIF, https://www.sif.se/Templates/News_3384.aspx

¹³⁶ Ekonomifakta:

http://www.ekonomifakta.se/sv/Publicerat/Artiklar/2006/Vanligt_med_lokalt_inflytande_över_lönebildningen/

¹³⁷ SACO: <http://www.saco.se/templates/Article.aspx?id=1609&stepslanguage=SV>

encompassing the whole of the public sector and most of the agreements in the private sector. A total of three million wage earners, or around 80% of all employees, has been affected, whereby the bargaining round of 2007 is going to be one of the most extensive rounds in decades.

Sector agreements are often bargained in between the rounds, however, not registered officially, whereby there is no data available on how many agreements that have been negotiated. The average pay rise, in November 2006, according to the National Mediation Office (MI), was 2.9% for the Swedish economy as a whole (expressed as the percentage change from the corresponding month in 2005). Within the private sector, the corresponding figure was 3.0% for blue-collar and 3.5% for white-collar workers.

4.2.1 Industrial action

Since the change of government in autumn 2006, LO and other trade unions have, reacted strongly against the ongoing political amendments and restrictions in both the unemployment and the sickness insurance. LO consider the government's policies on these issues as a problem for employees, which could jeopardise the Swedish labour market model.

Regarding the union coverage on a general level sociologist Anders Kjellberg at Lunds University reveals in a recent report that the membership levels among the trade unions have dropped with 5 % from 77 % in 2006 compared to 72 % in 2007. Not since the depression in the 1920's has so many in such a short period of time left the trade unions. Ten years ago 82 % of the employees were members of a trade union, since then union density has dropped with about 1% until this last immense decrease.¹³⁸

The amendments of the unemployment funds (increased membership fees) and the fact that trade union member fees are no longer tax-deductible, measures of the elected centre-right four-party government are likely factors behind this drop. Especially young employees, neglect trade union membership, as they increasingly weigh the costs and the benefits of a membership. The decrease is broad and is equally distributed among white-collar, blue-collar and men and women.

Many media observers predicted that due to the mentioned amendments above the collective bargains in 2007 would face hard negotiations than the previous year resulting in more conflicts than before, especially since the number of re-negotiations was very high.

According to the statistics from MI nine strikes have taken place in the private and public sector in Sweden during 2007. Six of them were legal and three were illegal. Bringing pressure on employers to sign collective agreements and actions of sympathy towards other unions are the most common reasons for these industrial actions. The total number of employees involved is 3,599 and the total number of workdays affected is 13,068.

¹³⁸ Kjellberg, 2007

The most extensive strike involved 1,440 members of The Salaried Employees' Union (HTF) and lasted for 4 days (which corresponds to 7,200 workdays). The strike affected cabin crew on Scandinavian Airlines and was triggered because collective agreement negotiations failed over wages and working conditions. A second extensive strike happened in April when the Swedish Building Workers' Union (Byggnads), a trade union organisation for employees in the construction sector closed down all activity on 46 building sites.¹³⁹

An internationally well-known conflict, The Laval dispute, was resolved on 18 December 2007 when the European Court of Justice (ECJ) delivered its verdict. The parties involved were the Swedish Building Workers' Union (Byggnads) and the Latvian company Laval. The case was surprisingly ruled in favour of the Latvian company, leaving implications for the Swedish labour market and the social partners yet to be discovered. The Advocate General previously stated that Byggnads was right, however stressing that the right to conflict had to be proportional. With the verdict, it is illegal to supplant foreign collective agreements in favour of national ones unless it can be proven that they are worse than the national.¹⁴⁰

The trade unions are now worried that this will allow foreign companies with lower wages and worse conditions to compete with Swedish companies, thus placing the Swedish labour market model under pressure. The Swedish Minister of Employment, Sven-Otto Littorin, although stressing that the implications of the verdict are still to be investigated claims that a changing of the labour law may be necessary.

Another major case was when the European Court of Human Rights (Europadomstolen) has ruled an important case with implications for the social partners. The court's ruling in this case allowed five workers the right not to pay the wage-monitoring fee to the trade union. The five workers, not members of a trade union, appealed to the court that the charge of the monitoring fees on their wages had violated their right to negative freedom of association. The workers argued that the fees represented the equivalent of forced trade union membership and had contributed to general union activities.¹⁴¹

4.3 Vulnerable workers and discrimination

Sweden has extensive laws against discrimination in working life. There are also several independent government authorities that combat different forms of discrimination. The Equal Opportunities Ombudsman (JämO) works against sexism, there are also the Ombudsman Against Ethnic Discrimination (DO), the Disability Ombudsman (Handikappombudsmannen), and an Ombudsman Against Discrimination on grounds of Sexual Orientation (HomO).

The ombudsmen generally have three duties, to help individuals exposed to discrimination to safeguard their rights, to supervise employers and institutes of higher education, to ensure that they fulfil the requirements of the law and finally

¹³⁹ MI: www.mi.se

¹⁴⁰ The European Court of Justice: <http://curia.europa.eu/>

¹⁴¹ The European Court of Human Rights: <http://www.echr.coe.int/ECHR/>

to inform and train the public against discrimination. The ombudsmen receive and investigate complaints of discrimination from individuals. After investigation, the ombudsmen can try cases in court. The authority can also make settlements with economic compensation for the injured party. A third option for the authority is to invite the defendant to a deliberation to discuss voluntary changes of rules or attitudes that are perceived as discriminatory. Regarding complaints in working life, and if the person making the complaint is a member of a trade union organisation, the law requires that the union has priority to bring the matter to court.

Another mission of the ombudsmen is to comments on proposals for amendments to current legislation.

4.3.1 Discrimination in the hiring process

In a Working Paper from The Institute for Labour Market Policy Evaluation (IFAU)¹⁴² the prevalence of discrimination in the hiring process was studied. The authors used data from an Internet-based CV database from the Swedish Employment Service to investigate how several factors, which may be used as a basis for discrimination, affected the number of contacts enrolled people receive from firms. These factors were ethnicity, gender, age and employment status.

The number of contacts an enrolled person got was standardized to adjust the results for differences in factors such as education, labour market experience, region and occupation that could affect the chance of getting a contact from a firm. When number of contacts was adjusted for there were differences in the number of contacts that could not be explained in difference in education, experience and other underlying factors.

- In most cases, applicants with non-Nordic names got fewer contacts. Applicants with Arab and Asian names were specifically discriminated against in number of contacts from firms. For example, a person with an Arab name had 28 % less chance to get contacted by a firm than a person with a Swedish name. The negative effects of a non-Nordic name were especially strong for applicants older than 40 years and for those who applied for highly qualified jobs. The negative effect of a non-Nordic name was also prevalent for people born in Sweden.
- To be unemployed had a negative effect on the number of contacts from a firm.
- Women with high education or applied for highly qualified jobs got less contacts than men in the same situation. The result was the opposite for women with low education or women applying for low qualified jobs. They got contacted to a greater extent than men applying for the same jobs.

Age also had a negative effect on the number of contacts by a firm but these results were not as certain as the other results above. The authors also investigated if the number of contacts of a firm were correlated with the chance to get a job. And the results showed that searchers who received more contacts had a higher probability of actually getting hired. This study indicates that discrimination is existent

¹⁴² IFAU: <http://www.ifau.se/upload/pdf/se/2007/wp07-19.pdf>

on the Swedish labour market. A foreign name in itself seems to be a factor that results in fewer contacts from possible employers and not to be born outside Sweden.

4.3.2 Disabled workers

In an extension of the Labour Force Survey from Statistics Sweden¹⁴³ especially conducting disabled people, questions about discrimination were asked. 14 % of the disabled persons said that they have had experience of discrimination within five years prior to the study. The same figure for people with reduced ability to work was 21 %. For people without disabilities 5 % said that they had experienced discrimination. The table below shows that disabled people with reduced ability to work experience discrimination to a higher extent than disabled people without reduced ability to work. The table reveals that discrimination of people with reduced ability to work is fairly common. Almost 7 % say that they have been discriminated against in a hiring process due to their disability. 6 % say that they have been laid off from work due to their disability. There are much weaker signs of discrimination against disabled people without reduced ability to work. Anyhow, 2,4 % have experienced discrimination in the hiring process in the past five years prior to the study. People with reduced ability to work are clearly a vulnerable group on the labour market in Sweden.

Table 4.1 Discrimination against people with disabilities

	Disabled people without reduced ability to work	Disabled people with reduced ability to work
Have not received a job I was qualified for due to disability	2,4 %	6,7 %
Have been passed over when applying for promotion due to disability	1,3 %	3,4 %
Have been unfairly treated in the pay setting due to disability	1,5 %	5,9%
Could not participate in training due to disability	1,5 %	4,1 %
Have been dismissed from work due to disability	4.3.2.1.1 0,7 %	6,2 %

Source: Statistics Sweden 2006

4.3.3 Homo- and bisexual workers

There is a special law in Sweden against discrimination against homo- and bisexual persons in the working life (1999:133). The law prohibits discrimination in the hiring process, and for the employer to disfavour a homo- or bisexual person due to their sexual nature. The law also prohibits indirect discrimination by using a

¹⁴³ SCB: http://www.scb.se/statistik/publikationer/AM0503_2006A01_BR_AM78ST0702.pdf

criterion or standard that appears to be neutral but in the reality disfavour people of a certain sexual nature.

It is more common for homo- and bisexual persons to have experience of discrimination and harassment on the work-place than it is for heterosexual persons. Different surveys show different results but a general appreciation is that around 20 % of homo- and bisexual people have had experience of such treatment at work. The same figure for heterosexuals is around 10 %. Many homo- and bisexual persons feel that they cannot be open with their choice of partner at work. Up to 50 % of homo- and bisexual workers choose not to be open about their sexual nature at the work-place.¹⁴⁴

4.3.4 Harassment and discrimination on account of sex

In the end of the 1970's the notion of sexual harassment was established in Sweden. Since 1998 the laws on the area has developed and become stricter. In 1998 an obligation for an employer to investigate accusations of sexual harassment came into practise. Since 2005 it is forbidden for an employer to discriminate applicants or employees on account of sex or through sexual harassment. In a survey from 2005 18 % of women and 6 % of men have been exposed to sexual harassment or discrimination due to their sex in the year previous to the survey. Discrimination of women is fairly common on Swedish work-places. Few cases are, however, reported to the authorities and the tendency to make legal charges for discrimination is low.¹⁴⁵

4.3.5 Young workers

The unemployment among young people in Sweden has been high (approx. 15 %) since the beginning of the 1990's and the debate about young people's problems to enter the labour force has been vivid, especially around the elections in 2006. The previous government stated a goal that 50% of a generation should move on to higher education. That has lead to an extensive expansion of the Swedish universities and other kinds of higher education. The increase in numbers of academics has lead to increasing numbers of unemployment also in that part of the labour forces.¹⁴⁶ Even though, the unemployment among academics is lower than the unemployment among groups with lower education. In 2005 the unemployment among academics under 25 years of age was about. 6 %. According to a report from the Institute for Labour Market Policy Evaluation (IFAU) has the situation for young people on the labour market changed from the beginning of the 1990s till 2006 in three ways:

- Young people attend longer educations in a higher extent
- Less young people participate in the labour force
- Young people have more difficulties finding work

¹⁴⁴ Homo :http://www.homo.se/upload/homo/pdf_homo/Rapportarbetsliv2004.pdf

¹⁴⁵ The Equal Opportunities Ombudsman (JämO): http://www.jamombud.se/docs/konskapsoversikt_sextrak_rev_jan07.pdf

¹⁴⁶ IFAU 2007:18

There is also a tendency for young people to attend higher education later in life. The situation for young people on the labour market has recently improved due to a general boom in the economy and falling unemployment rates.

Among young people in the labour force, 16,5 % of the 16-19 year olds and 12,5 % of 20-24 year olds were unemployed in 2006. That should be compared to participants in the labour force ages 16-64 where 5,4 % were unemployed in 2006.¹⁴⁷ Even though the unemployment rates are higher for young people than for the older population the length of unemployment spells are shorter than for older unemployed. In the third quarter 2007 the average length of unemployment among 16-24 year olds was 11,8 weeks. The average number of weeks a person had been unemployed in the general population ages 16-64 was 24,8 weeks.¹⁴⁸

Young workers in Sweden generally experience more insecurity in their work position than older workers. According to statistics from the Labour Force Survey 2006 from Statistics Sweden, the rate of temporary work was much higher among young workers. As seen in the table below, 65 % of young female employees had temporary contracts. That should be compared with the population ages 16-64 where 15 % had temporary contracts. The rate of temporary contracts among young men is lower than among young women. The high rate of short-term employment contracts among young people can result in difficulties with getting loans and high insecurity in the private economy among the employees

Table 4.2 Type of contract. The prevalence of temporary work and permanent posts among different age groups

	Women age 16-24	Men age 16-24	All employed age 16-64
Fixed-term contracts	65 %	50 %	15 %
Open-ended contracts	34 %	47 %	75 %
Self-employed	1,3 %	3,5 %	10 %

Source: These figures are calculated from Statistics Sweden LFS 2006 . Existing age groups were 16-19 and 20-24, they were merged and a percentage rate was calculated from the statistics which was given in thousands.

Young workers also have part-time jobs to a higher extent than the population in general. The table below shows that part-time jobs are specifically prevalent among young women where almost 60 % have part-time jobs.

¹⁴⁷ Statistics Sweden LFS, 2006

¹⁴⁸ Statistics Sweden LFS, 2007

Table 4.3 Working hours per week

Working hours per week	Women age group 16-24	Men age group 16-24	General population age 16-64
1-19 hours	29,0 %	17,1 %	4,7 %
20-34 hours	28,6 %	15,3 %	18,2%
35+ hours	41,4 %	67,2 %	76,9 %

Source: Statistics Sweden LFS, 2006

There are indications on that young people are exposed to more risks at work than older employees. In 2005 10 % of young men and women ages 16-24 had been involved in a work related accident in the past 12 months prior to the study. That figure is higher than for the population in general where 8,1 % of the men and 4,4 % of the women had been involved in a work related accident. Young people have stressful and monotonous jobs in a higher extent than the population in general. In 2005, 10,4 % of the population in general reported that they had a stressful and monotonous job. For younger workers in the age group 16-24, 22,5 % of the men and 25,0 % of the women stated that they had a stressful and monotonous job (Statistics Sweden, ULF 2005). These figures show that stressful jobs are very common among young people.

4.3.6 Immigrants and migrant workers

The recent economic development has increased the general demand for employees. This has resulted in a strong increase in employment among people born outside Sweden. Figures from the National Labour Market Administration (AMV) demonstrate that among the 26,000 newly arrived migrant workers applying for jobs, 33 % have an academic education, 27 % have completed upper secondary education and 40 % have finished compulsory school.

Several thousands have qualified skills matching demanded occupations in sectors, such as health- and medical care, manufacturing industry, construction, education and transport etc. Thus, the labour market situation for foreign-born people has improved. However, the employment among people born outside Europe is still much lower, 60 %, compared to 82 % among Swedish natives. It is mainly younger people, those between the ages of 20 to 24, who experience a higher employment. The employment among migrant workers from Europe is slightly better, 66%. There is clear relation between labour participation and how long you have stayed in Sweden; the employment is approximately 50% for those immigrants who have been in Sweden shorter than 5 years.¹⁴⁹

There are several programmes to overcome the labour market and social exclusion for migrant workers:

- ‘Step-in jobs’ (Instegsjobb): A reform combining work and language training and gives the employer a ‘discount’ when employing a migrant worker

¹⁴⁹ AMV: <http://www.ams.se/go.aspx?c=227>

- ‘Assessment of professional skills’ (Yrkeskompetensbedömning): within three months, after a migrant worker is approved permit residency, an assessment of the individual skills is carried out to match the employee with a qualified job.
- ‘New start jobs’ (Nystartjobb): by decreasing the pay on social security contributions, an incentive is giving to employers to hire migrant workers and others, who have been excluded from the labour market an extensive time
- ‘Internship’ (Prova på plaster): a kind of internship directed to unemployed people, who have limited experience of working life.
- ‘Work place introduction’ (Arbetsplatsintroduktion): individual support during the start of an employment.¹⁵⁰

The “new start jobs” reform is a success so far, since 1 January over 12,000 have been employed through this programme. But the “step in jobs” is a failure; only 167 people have gained access to the labour market since 1 July. The Minister of Employment, Sven-Otto Littorin, is disappointed with the result and will look into what went wrong. Bo Bylund, the Director General of the National Labour Market Board (AMS), states that this is too early to say and believes that it takes time to launch a new programme with many actors involved.

Social partners agree that the labour market and social exclusion by employees born outside Sweden has to be improved. Not at least since employers face problems in finding skilled labour. However, the social partners have different techniques on how this should be tackled.

According to Karin Ekenger, labour market expert at the Confederation of Swedish Enterprise more Swedish companies will hire employees outside Sweden due to the lack of labour. But, she believes that the regulations for labour migration is too complicated and has a negative impact on several companies’ development and competitiveness. The Confederation believes that the system has to be more transparent and flexible. However, the organisation is positive to the government’s suggestion that the companies will receive more influence in the process of labour migration.

LO does not oppose labour market immigration, but is not keen to loose its influence in this matter. LO perceives a risk that the companies will possibly employ people in conditions not corresponding to the collective agreements, and believes there will be an increase in the number of cases where employees have been misused. Consequently, the trade unions should be represented in this process, according to LO, and thus prevents a potential degenerated situation on the labour market

¹⁵⁰ The Swedish Government: <http://www.sweden.gov.se/sb/d/2798/a/69938>

5 Conclusion and prospects

This final chapter is divided into three sections. Firstly, we will conclude on the trends in the specific areas discussed previously in this report and what is characteristic for the labour market in Sweden. Thus, we will disclose the main findings on decent work in Sweden. The following two sections elaborate on two crucial contemporary and future challenges for the Swedish labour market; including both a discussion on the supply and demand of labour force and how Sweden is tackling globalisation and flexicurity.

5.1 Decent work in Sweden

In a benchmarking perspective, the Swedish labour market experience good conditions of freedom, equity, security and human dignity. However, there is a huge difference in assessing the Swedish model globally and nationally. Obviously, Sweden has high labour market standards compared to many other countries, but that do not imply that there is no national challenges to overcome. Hence, we will now make a concise summary of the main findings on the state of decent work in Sweden.

- Unemployment rates have fallen rapidly in the past years and in the beginning of 2007 it was approximately 4 % compared to about 8 % in 1996. Employment has increased with several percentages.
- The amount of temporary employment has increased, especially among women and young people. This is a negative trend, from the employees' position, since most employees would prefer a permanent job.
- On-call contracts are much more common among women than men and the rate of temporary contracts has almost doubled among women between 1994 and 2005.
- Women work part time to a high extent in Sweden, in 2006 40 % of female employees worked part time compared to 12 % among men. Women decreased their full time work and increased part time work in between 2003 and 2006 when unemployment rates were high. Men have not changed their type of employment in the same extension. It seems to be a tendency that women's labour market participation changes more dramatically than men's in times of high unemployment.
- Even though women to some degree work part time to take care of children, 25 % of both men and women who work part time do so because they could not find a full time job. This form of underemployment has increased in the past few years.
- Self-employment is relatively common among immigrants in Sweden. There are indications that immigrants choose self-employment due to difficulties in finding a regular job. The indications of this is that native self-employed workers have higher wages than immigrant self employed workers. Immi-

grants with regular employment also earn more than immigrants that are self-employed.

- Work in the informal economy has increased in the past years. This seems to be the result of changing attitudes towards work in the informal sector. The revelation of politicians buying services without paying tax for them is likely to have affected the population and that some find the VAT too high.
- In the past ten years, 1996-2006, the average wage has increased from SEK 16,900 to SEK 24,400, which is an increase of 44 %. That corresponds to a general wage increase of 3,7 % per year. The wage increase has however been different between white-collar and blue-collar workers. This has led to a widening gap between the incomes among workers with high and low education. When the wage increases are summed up over the past ten years the wage for blue-collar workers has increased with 39 % and the same figure for white-collar workers is 47 %.
- There is no general trend towards increased or decreased working time in Sweden. Women have shorter average working time than men, 32 hours per week compared to 38 hours among men.
- Stress at work has increased in the period. In 2006, 12 % of women and 7 % of men suffered from a stress related disorder.
- The largest expenditure among the social protection benefits are old age pensions. Sickness and health care expenditures are the second largest expenditure. Costs for disability benefits have increased substantially between 1997 and 2005, from 3,7 % of GDP to 4,8 %.
- The sickness insurance system has recently been through changes with lower reimbursement rates and more comprehensive possibilities to control employees with sickness benefits as a result.
- The parental benefits are extensive in Sweden. A family is entitled to 480 days of child benefits per child. 80 days are reserved for each parent. In 2005, women took out 80 % of the days with parental benefit and men took 20 %.
- The expenditures for the unemployment benefit have decreased dramatically between 2006 and 2007. The total cost for the unemployment benefit has decreased with 28 % in one year, both due to a decrease in the number of unemployed and due to decreased reimbursement rates.
- The number of newborn children has varied to a large extent in the past decade. The fertility rate is to a high extent dependant on the business cycle and in times of high unemployment and low incomes among women, the fertility rates fall.
- There do not exist a national vocational training system. This matter is sometimes determined by collective bargaining on sectoral or company level, but not always. An important development in this matter occurred in 2004 when many blue-collar workers got included to the adjustment agreement regime. Giving these workers the possibility to get access to training in times of redundancies.

In general, the conditions of decent work are of high standards. The social protection system is well developed. There are several labour market programmes to support employment and there is also a relative high safety net if you become unemployed. However the unemployment benefits have decreased lately, but are aimed to support more people obtain employment by giving tax reductions and grants to companies. The social dialogue in Sweden is characterized by vigorous debate

between social partners and the government. The Swedish model is based on vital social dialogue and active labour market policies. Thus, the working conditions are in general well developed. The social partners have a central role to play to agree on collective agreements and to solve common challenges for the Swedish economy and labour model, such as the impact of globalisation, work force supply and demand, and the issue of finding a balance between security and flexibility, i.e. flexicurity. These issues will be further discussed in the two following sections.

5.2 Labour force supply and demand

Like many countries in the developed world Sweden is facing both a contemporary and future labour shortage. The population becomes older and will thus need more health care and pension for an expanded period of time. There are several different solutions on this crucial challenge:

The most obvious way to cope with labour shortage is to encourage the *older people to work for a longer period*. The Swedish pension system has been modified to stimulate people to obtain higher pension if they stay in the work force after the age of 65.

A second approach to increase the amount of worked hours in the population is to encourage especially women to work *full time* to a higher extent. In 2006, 40 % of women worked part time and part time work is especially common among blue-collar workers. Sweden has a history of high employment rates among women since the 1970's and few women decide to stay home full time with children. Many women, however, choose to work part time after the children are born. Not all of the part time work is voluntarily; there is a large quantity of underemployed workers in the labour force that work part time although they would rather have a full time job. This category is liable to increase their amount of hours worked in a situation where demand for labour is increasing. There is also a discussion in Sweden to legalise part time workers right to full time contract, which is controversial among many stakeholders and also a discussion about having a kind of flexibility within the work force, e.g. in sectors like retail, hotel and restaurants.

The unemployment rate among the *young people* has been high in the past decade but there are tendencies that the unemployment is falling more rapidly among the young than among the older part of the population. The education system has been expanded in the past years and the new entrants on the labour market are generally well educated. In a future labour market situation, where shortage of work force is a fact, it is likely that young people will finish their education more rapidly than today. With a more optimistic labour market outlook the well-educated young people will most likely be a very important resource to expand the sum of hours worked.

Labour force immigration is another way to tackle future labour shortage. This matter has been up to debate in Sweden and will probably be an important issue in forthcoming years. In relation to the probable labour shortage a new bill was proposed by the government in 2007. The aims with the measures presented in the

bill were to enhance the entry of migrant workers to the labour market. The following propositions were made in the bill:

- employers will have the opportunity to recruit workers from non-EU countries;
- migrant workers can be employed on condition that no qualified employee is available in Sweden or within the EU for the positions in question; furthermore, migrant workers should obtain the same working conditions and wages as defined in the respective collective agreement.
- qualified workers within professions with a labour shortage should be able to apply for job-seeking asylum in Sweden;
- rules on seasonal work will fall under the laws on residency and work permits;
- persons who have been denied asylum can, alternatively, be granted a time-limited residence permit in the country and a work permit;
- the National Labour Market Administration will no longer analyse labour market demand, as the Swedish Migration Board (Migrationsverket) will monitor and handle all cases of labour immigration.

The amendments on the regulation concerning labour immigration are a step towards securing the labour supply in the forthcoming years.

Immigrants already living in Sweden is a source of labour that has not been fully engaged in the work force. Unemployment is more common among immigrants than natives and immigrants are also self-employed to a larger extent than natives. The higher unemployment rates among immigrants can to a certain degree be related to discrimination. In a future where employers will experience difficulties in finding workers it will probably be too expensive to discriminate against any group on the labour market. It is hence possible that vulnerable groups, to this date subject to discrimination, will have improved opportunities on the labour market.

The number of *people with long-term sick leave* has been high in Sweden in the past years. It will be of great importance to get as many people in this group as possible back in the labour force to avoid labour shortage. The largest cause for work related disorders for women and the second largest cause for men in 2006 was stress. This is an insinuation that employers should improve the work environment in relation to stressful situations to be able to keep the labour force from absence due to a stress related disorder.

Better opportunities on the labour market will most likely not only affect vulnerable groups on the labour market. As the unemployment rates fall, employees will most certainly experience that their bargaining position will improve. When the employers have to compete for workers the wages will most likely increase. This situation will put pressure on the Central bank to keep the inflation low. The balance of power between the social partners is also probable to shift in relation to the supply and demand chain of work force. During a boom in business cycle the trade unions will likely increase the bargaining power and vice versa. However, the effect of the labour shortage is not the only factor that affects the balance between the social partners; the impact of globalisation on the production is also a matter likely to affect relation between the partners.

5.3 Globalisation and flexicurity

Sweden is a natural actor on the global economy and subsequently has to cope with those challenges it implies. According to the report 'The Globalisation of Swedish Economy' from 2007 by the Confederation of Swedish Enterprise (SN) the Swedish economy is highly internationalised and has been particularly strong during the last fifteen years.¹⁵¹ The 1980's became a period of extensive deregulation in Sweden. As a result of this, by the end of the 1980's, Sweden was a full participant in a world of free capital movement and highly liberalised service trade. Hence, the Swedish industry learned to exist and develop in global competition. In the period after 1990's, internationalisation has taken a huge step. The main reasons behind this are:

- Free movement of capital
- Lower trade barriers and free right of establishment in the internal market of the EU
- New technology and better-functioning markets contribute to fragmentation of the value chain
- New technology contributes to the growth of the competitive sector
- Integration of large, advanced low-cost countries into the world economy

In the 1990's, the Swedish economy was in the beginning of an intensified period of globalisation. It has fundamentally changed the prerequisites for Swedish economy. During the past two or three decades, the companies operating in Sweden have increasingly had the entire world as a field of operation. This applies to all dimensions of companies' activities: production, employment, sales and ownership.

There is also a clear tendency that internationalisation is most extensive in the largest companies. Globalisation has meant that a growing share of Swedish companies has foreign owners. The number of foreign-owned companies in Sweden was 2,563 in 1990 and increased to 10,435 in 2005. If we consider those companies that are Swedish-owned, these have increasingly transferred their activities abroad. As a whole, these changes mean that the strategic decisions surrounding production, investments and employment in Swedish economy are being taken in an ever-increasing degree against the background of a global perspective, and decision-making is often done outside Sweden.

It is not possible for a high-wage country like Sweden to compete with low costs countries. This means that the positive economic development in Sweden requires an ability to attract and develop advanced economic activity, which is capable of bearing high wage costs. This will happen in competition with other industrialised countries with the same ambition. In this respect, it is as yet unclear whether Sweden is headed in the right direction. With regard to attitudes among the social partners and the public, the overall answer seems to be positive. The Confederation of Swedish Trade Unions (LO) believes that globalisa-

¹⁵¹ SN: http://www.svensktnaringsliv.se/multimedia/archive/00008/Globaliseringen_av_sv_8069a.pdf

tion is a reality we are living in that we to cope with and adapt to. The Confederation of Swedish Enterprise is strongly positive about the opportunities globalisation creates for the companies and the Swedish economy as such.

The increased globalisation and competition has immense impact for the Swedish labour market. The national borders are diminishing in several aspects. For example, due to the four free movements within EU, and the above mentioned development the Swedish model has to adapt to a new reality. One major example demonstrating this issue is the Laval case. In May 2004, Laval un Partneri, a Latvian construction company located in Riga, posted workers from Latvia to work on Swedish building sites. The work was undertaken by the subsidiary company Baltic Bygg AB and included the renovation and extension of school premises in the town of Vaxholm near Stockholm.

In June 2004, Laval/Baltic Bygg and the Swedish Building Workers' Union initiated negotiations to conclude an application agreement (*hängavtal*) to the collective agreement for the building sector. Laval refused to sign an agreement; as a result, Byggnads initiated a blockade of the building site on November 2004. The Swedish Electricians Union joined the demonstration to express solidarity with Byggnads. Laval brought proceedings relating to the legality of the collective action to the Swedish Labour Court, which subsequently asked the European Court of Justice (ECJ) whether Community law prohibited such collective action.

European Parliament and Council Directive 96/71/EC¹⁵² concerning the posting of worker in the framework of the provision of services stipulates that the guarantees given to posted workers are to follow the law or administrative action in the building sector by collective agreements or negotiations that have been declared unanimously appropriate. Swedish Law refers to the terms and conditions of employment in relation to the matters listed in the directive, with the exception of that relating to the minimum rate of pay.

In May 2007, the Advocate General, legal advisor to the ECJ, issued his judgment on the case and highlighted that:

- the exercise by trade unions of a Member State to take collective action to reach a collective agreement with a foreign service provider falls within the scope of Community law;
- the fact that Swedish law leaves it to the social partners to define the terms and conditions of employment cannot in itself constitute inadequate implementation of Directive 96/71/EC;
- Directive 96/71/EC and the freedom to provide services do not prevent trade unions from attempting to demand a service provider from another Member State to subscribe to a payment rate determined according to a collective agreement in the country where the services are provided;
- collective action must be motivated by public-interest objectives, such as the protection of workers and the fight against social dumping, and must not be carried out in a manner that is disproportionate to the attainment of those objectives;

¹⁵² <http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=CELEX:31996L0071:EN:HTML>

- regarding proportionality of collective action, the Swedish Labour should determine whether the terms and conditions of employment laid down in the collective agreement for the building sector involve a real advantage significantly contributing to the social protection of posted workers.

The Laval case was determined on 18th December 2007 when the European Court of Justice (ECJ) delivered its verdict, which states that industrial action has limits in relation to free movement of services. The case was surprisingly ruled in favour of the Latvian company, limiting the trade unions right to take industrial action to force foreign companies to sign Swedish collective agreement. This leaves implications for the Swedish labour market and the social partners.

The Swedish trade unions were chocked by the final judgement from the ECJ. Surprisingly because the Advocate General previously stated that the Swedish Building Workers' Union had right to take industrial action. The trade unions are now worried that this will allow foreign companies with lower wages and worse working conditions to compete with Swedish companies, thus placing the Swedish labour market model under pressure.

After the judgement the unions will have some problem defending the collective agreements. One problem for foreign companies it that there do no exist a legislative minimum wage in Sweden. In addition, they have limited insight of some times legal complicated, collective agreements. This may imply that Byggnads has to develop a simplified agreement useable for foreign companies, where minimum wages will be mentioned.

First Vice President and Negotiating Secretary of LO, Erland Olauson, stresses that the judgement does have a substantial impact for the unions and their collective agreements. However, as so long as Byggnads adopts the collective agreement where wages is clearly mentioned Mr Olauson believes, the unions still have the right to take industrial action against foreign companies. LO also demands that the government take initiative to amend the Directive on the Posting of Workers.

Lars Gellner at The Confederation of Swedish Enterprise welcomes the restriction on the right to take industrial action which limits free movement of services. The action has to have a legal objective, says Mr. Gellner. According to him, the judgement's focus on the 'danger' for employment and working conditions is crucial for judging the right to take action. In the Laval case, there were no Swedish employees' contracts in danger, Mr. Gellner stresses.

The Swedish Minister of Employment, Sven-Otto Littorin, although stressing that the implications of the verdict are still to be investigated claims that a changing of the Swedish labour law may be necessary. He states that the judgement does affect negatively the unions' right to take industrial action. The Swedish Labour Court will finally decide the case, applying the guidelines that the ECJ establishes in its judgment. Meanwhile, the Minister has invited trade unions and employer organisations to discuss how to find a solution on this crucial matter.

There seems to a conflict between Swedish labour market model and EU legalisation. Whatever the common solution might be, we will probably observe that the

Swedish labour market, with sectoral collective agreements as the core, will continue to exist, however forced to adapt to the global dynamic economy and fears competition.

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