INDUSTRIAL RELATIONS IN EUROPE
FOSTERING EQUALITY AND CROSS-COUNTRY CONVERGENCE?

CONFERENCE ORGANIZED BY THE INTERNATIONAL LABOUR OFFICE
IN COOPERATION WITH THE EUROPEAN COMMISSION
CONVERGENCE TOWARDS BETTER WORKING AND LIVING CONDITIONS: THE CRUCIAL ROLE OF INDUSTRIAL RELATIONS IN SWEDEN

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The Swedish Industrial Relations System: Main features

- **Powerful social partners** enjoying considerable autonomy from the public authorities. **Balance of power between labour and capital.**

- **Main actors for regulating the labour market**, notably wage formation, working conditions, training but also social protection system

- Fundamentally bipartite, the centralized and coordinated collective bargaining system and the high representability of trade unions at company level promote the emergence of a negotiated compromises aiming at balancing flexibility and security (**regime of negotiated flexibility**).

- Swedish **labour law is for most part optional** and can be amended via collective agreements.

- **Social dialogue** is well developed and regular consultations between public authorities and the two sides of industries are key elements regarding the design of educational, employment, and social policies.
Powerful social partners

Union (a) and employer organisation (b) density in the EU, 2014

Source: Visser, ictwss_v5.1 & Maria do pillar.
Industrial Relations System: fostering equality and convergence towards better working and living conditions

Outcome

• Already at the time of its entry into the EU in 1995 Sweden had attained several of the EU2020 objectives,
• Particularly regarding:
  • **Labour market access**: Highest employment rates for women and older workers, gender convergence in terms of labour force participation and working time. Globally, the Swedish institutional framework favours sustainable working conditions and a relatively long working life.
  • **Gender equal opportunities**: in 2015 Sweden had the highest Gender Equality Index and has maintained its first position since 2000.
  • **Educational attainment**: Significantly higher than in most European Member States. In 2016, 41 per cent of the adult population (25–64 years of age) had a tertiary education (EU28 average 30.7 per cent), clearly above the EU2020 target. Developed life long-learning facilities and highest share of employees participation training & adult education
Labour Market Access


Employment profile by gender across the life course

Employment Profiles Across the Life Course
Industrial Relations System: fostering equality and convergence towards better working and living conditions

**Outcome**

- Sweden has a compressed wage structure with **high wage floor and one of a lowest wage dispersion and wage inequality** (lowest share of low-wage earners in the EU) among modern economies.
- The regime of **negotiated flexibility** and high representability of trade unions at the local/company level favour **fair and decent working conditions** and **high job quality** (Sweden has a good record regarding job quality/job satisfaction)
- The relatively high wage floors and high investment in R&D have also prevented the development of low paid/low-skilled jobs in Sweden and **favoured the development of, and the demand for high skilled jobs**.
- Globally, Sweden has experienced a **clear pattern of skills upgrading** and not a **polarisation** of its job structure as in some other countries like the US or the UK.
Social protection: the role of social partners

• In spite of some reforms limiting the extent of its de-commodification, the Swedish Welfare state remains clearly universal and inclusive in nature and still enjoys a high level of political and public support.

• The role of the social partners is not only confined to the regulation of the labour market but extend to the realm of social protection.

• Collective agreements at the industry level (and even at the company level) extend and improve the statutory universal basic social protection in the form of higher replacement rates and/or longer periods of entitlement, for example regarding unemployment and sickness benefits, parental and training leaves and occupational pensions.

• More than 90 per cent of employees are covered by these collectively agreed insurance schemes.
Conclusion

• With its comprehensive welfare state and developed social dialogue, Sweden remains one of the EU member states with the least inequality, not only in terms of wages and disposable income but also regarding gender equal opportunities, access to education, access to the labour market and social protection.

• Central pillar the Swedish Model, the Swedish industrial relations system contributes to Sweden’s economic resilience and sustained social cohesion.

• In my view the more balanced power between the two sides of industry, the developed and consensual social dialogue explains largely Sweden’s good performance and high score on many social and economic indicators and constitute a central instrument for fostering convergence towards better working and living conditions.
Thank you