



Attractive workplace for all: a contribution to the Lisbon strategy at company level

National report for Sweden

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Bibliography

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Lisbon strategy at national level

Reception of the Lisbon strategy

The Lisbon strategy has been well received and supported in Sweden. The Swedish policies are generally in line with the Lisbon strategy and not controversial among the political parties. The Swedish reform programme has also been considered as one of the best (no 1 in 2005 and no 2 in 2006) in the CER studies. The awareness of the term Lisbon strategy in the general public is low, however. Primarily only politicians, high level bureaucrats and leaders in the labour market organisations have some kind of awareness and good understanding of the Lisbon process as a concept and what it stands for. The policies pursued by the government in support of the Lisbon strategy are seen by the public as expressing the policy of the Swedish government rather than a policy resulting specifically from the Lisbon process.

Government policies primarily considered as commitment to the Lisbon strategy are the economic policy, with the observation of budget discipline and the growth oriented industrial policy, and the labour market policy with increased mobility and labour market training and sustainability. The policies relating to sustainability is expressed when it comes to for example energy, environment and transport. For all of these there are generally accepted political goals. However, there is a controversy regarding what means are most effective in reaching these goals. There is some concern from the unions that environmental and social policies might be weakened because there is too much priority on competitiveness and growth. The employers (Svenskt Näringsliv) have focused on those parts of the Lisbon Agenda where Sweden in their view is lagging behind, such as mobility in the labour market, reducing taxation and stimulating entrepreneurship, investments in human capital and R&D.

Communication of the Lisbon Strategy

The Lisbon Strategy was well covered in the media when the policy was first introduced. It was also widely reported in connection with the Swedish presidency in 2004 and in connection with the added element of sustainability. In addition to those two occasions reporting of the strategy mainly occurs in connection with the publication of the Swedish progress reports.

The Lisbon strategy is also communicated regionally in connection with the so called RTP, the Regional Development Plan. RTP is the Swedish government's instrument for regional development. Each region has a RTP partnership that formulates a regional development plan and initiates activities to implement the plan. The distribution of the EU structural funds in Sweden is to a large extent linked to the RTP process. The regional development work does also include the local municipalities. A limited number of municipalities have developed local strategies supporting the Lisbon strategy.

Besides the public institutions the main operators of the Lisbon strategy are the labour market organisations. The affiliation rate of trade unions and employers' organisations is high in Sweden and the labour market organisations play an important role in the formation of labour market policies.

In September of 2005 the government organised a seminar to discuss the national action plan for the Lisbon strategy. A large number of NGO: s participated and the seminar underlined the need to develop dialogue and consultation between the government and different stake holders.

The Government also made an effort in getting a tri-part agreement together with the unions and the employer confederation. This was unsuccessful mainly because the employers felt that "their" issues in the Lisbon strategy did not get enough attention and that the unions brought in issues that were not part of the strategy. Another complication was that some issues were either regulated by collective agreements on sectoral level or changes in Labour Law and taxation, neither of which the central labour market organisations had any influence over.

Assessment of the Lisbon Strategy

The Lisbon strategy is not controversial in Sweden. The economic policy guidelines are well accepted and in line with mainstream economic thinking in Sweden. Likewise the labour market policy is well in line with the widely accepted view on the labour market in Sweden. There is, however, differing views between the governing majority parties and the opposition regarding the most effective way to implement the strategy.

The social partners (LO, TCO, SACO and Svenskt Näringsliv) have treated the strategy in different ways. Each one has in different ways linked Lisbon issues to their own programmes and activities. Svenskt Näringsliv highlights the issues concerning R&D, strengthening the competitive advantages, a competitive business environment and encouraging private initiative, entrepreneurship, enhancing work attractiveness and making work pay, flexibility combined with security, employment friendly labour cost development, investment in human capital and adapting training and education.

For the unions priorities are on employment policies, growth and job creation, training and R&D and an inclusive working life. Specific issues raised by the unions are

- improvement of the matching process on the labour market, especially making the National Labour Market Agency more efficient
- strengthening life-long learning and redeployment systems in response to restructuring
- actions to raise the numbers of hours worked by limiting the number of part-time and precarious work and active measures in the work environment to limit the rate of short- and long term sick leaves

To the unions the service directive is problematic in its implications for the collective bargaining system. The service directive is considered by the unions a part of the Lisbon process.

Impact of the Lisbon Strategy

The most important sign of support for the Lisbon strategy can be found in the area of wage negotiations. Wage driven inflation was for a long time a problem in the Swedish economy. In 1997 a new agreement was reached between the key organisations in the private sector and in 2000 a new law on mediation and a National Mediation Office was introduced. Since then wage development has contributed to a good economic growth and growth of real earnings. This situation continues based on a consensus among the main unions and employer organisations. A Government Commission presented an evaluation of the new system in 2006 and confirmed the intention of the employer organisations and unions to continue with the existing bargaining system where the export industries are pace setters in the wage development.

In spite of an economic growth above the EU average unemployment has remained high, and the government has not yet (July 2006) reached the set targets of maximum 4 percent open unemployment and minimum 80 percent of the adult population in gainful employment. The government has therefore included special measures to reduce unemployment in the budget for 2006 that go beyond the targets in the Lisbon strategy. Sweden has reached all the targets in the European Employment strategy.

Through an initiative from leading industrialists and trade unions agreements have been reached between the industry, trade unions and the government on programs to develop some key industries in Sweden. A joint program was presented in April 2006. The industries covered by the program are: automotive, ICT, forest based industries, engineering, pharmaceuticals and bio-tech and aircraft and space industry.

National and company-level policies: case studies

Orientation 1: Fostering employability

All in all the Swedish skill situation in relation to new demands and changes in working life is fairly good. Public policies on skills and employability in the Swedish labour market face challenges in

- continuing rising the general competence level in sectors with low skilled employees and new professional demands, introduction of ICT etc
- an increasing number of long term sick leaves and needs for getting people back to work through rehabilitation or other means
- restructuring (out-sourcing, off-shoring, closures) and more efficient ways of redeployment of redundant employees
- an ageing population leading to imbalances in the labour market over the coming years

Basic support for adult training and education are among others

- a legislation giving employees the right to take leave of absence without pay for adult education
- the right for each adult lacking formal comprehensive school education to get complementary training
- state subsidies for complementary training courses on higher levels
- an infrastructure of municipality learning centres and private companies supplying training opportunities for adults

General targets in the framework of the Lisbon strategy are among others

- 80 percent employment and maximum 4 percent unemployment
- quality in the educational system, personal development and life-long learning for all
- supporting a longer working life
- reducing the number of sick leaves to half 2008 through rehabilitation and an increased financial responsibility for the employers and by this giving the employer an incentive to get long-term sick leavers back to work
- regional partnerships on growth and competence development

Supporting policy measures on a national level through legislation and national resources are

- using the ESF funds in the framework of regional partnerships supporting companies in business analysis and competence development – Target 3 activities for the competence development of individual employees
- changes in rules and resources for the social security system and increased co-operation between the Social Security Administration and co-operation with the Labour Market Board
- financing substitutes (long term unemployed) for personnel on leave for training purposes (public sector and health care) leading both to more training options for the already employed and a possibility for the substitutes to get into the labour market (orientation 3)
- supporting the development of validation systems to appreciate tacit or not formally accepted skills

- supporting development of systems and methods for distance learning/e-learning
- development programmes supporting increased mobility on regional and local level
- labour market measures to support geographical mobility (expenditures for moving and/or having double settlements)

Training and competence development are also regulated through collective agreements and other joint ventures between employers and unions;

- redeployment agreements securing competence development or other measures for those being laid off through company changes and cut-downs
- agreements stipulating rights for employees to get necessary training for occupational health and security, changes in operations and tasks etc
- establishment of competence development funds and other joint ventures between employers and unions securing resources

Orientation 2: Increasing the labour market participation of underrepresented groups

Equality among men and women is one of the important labour market policies. Measures are built on the Equality Act stipulating that

- a) discrimination because of sex (wage formation, recruitment and promotion etc) is forbidden and employers in breach can be taken to court
- b) employers (with over 10 employees) shall provide a plan for increasing the equality in the work place

The Equality Act is being monitored by the Equality Ombudsman with the right to take initiatives against employers that are not observing the law.

Supportive actions on a societal level are

- national targets on child care stipulating that municipalities shall make public or private pre-schools available for each child (voluntarily) over the age of one year
- the right to 390 days parental leave with remuneration through the social security system.

Policies in the framework of the Lisbon strategy to further support equality between men and women in the labour market – bearing in mind that Sweden has one of the highest employment rates for women in the EU (78 percent for men and 74 percent for women) – are oriented towards terms of employment, wages, sick leave and career development. Measures are

- raising the income level in the parental leave system and through this encourage men (often with higher incomes) taking their part of parental leave
- better quality and lower costs (presently a fee-ceiling) in the child care system

Getting young people into higher education and/or the labour market is highly prioritised. A national target is set on getting 50 percent of young people into post-graduate education. The municipalities have a law-binding responsibility in supporting those up to 20 years of age, either with training, practice or jobs. Job practice is a mandatory part of the

comprehensive school. Young people are guaranteed work, practice or training in a time frame of 100 days. About 50 percent of the young between 20 and 24 are employed (not studying or unemployed)

Measures in the framework of the Lisbon strategy are

- subsidies for hiring long-term unemployed young people
- career guidance and the setting out of individual action plans through the labour market agencies
- establishing an apprenticeship system and initiating a dialogue with the social partners in developing agreements that facilitate the introduction of young people
- introducing a system for long term unemployed young people with earlier school failure to get complementary training

Orientation 3: Integration into the labour market of people at risk of exclusion

Long-term unemployed form a high priority group in the labour market policy. 30 percent (60 000) of the unemployed have been unemployed for over twelve months. In 2004 11,4 percent of the men and 8,75 percent of the women had not received any kind of job or program. A number of measures are being taken to get these into the labour market:

- temporary jobs as substitutes in the public sector for regular employees on training
- employment support subsidies to employers employing long term unemployed on special terms (up till 18 months)
- work practice (making it possible to try a job with unemployment benefits up till 6 months)
- establishing so called “plus-jobs” – irregular jobs for quality improvement in parts of the public sector
- co-operation between the Labour Market Agencies and staffing service companies in order to get professional unemployed to work

For long-term unemployed with physical disabilities there are a number of other measures like continuous wage subsidies, special work at Samhall AB (a company providing professional services on a commercial basis but with public support) or different kinds of non commercial, non public job solutions.

The basic support to long term unemployed are being performed at the local Labour Market agencies. Throughout the country supporting long term unemployed through coaching and using one or more of the above measures has been a high priority. The strategy for organisational development in the Labour Market Board has been to rationalise normal matching and searching processes (internet and call center solutions) to free personal resources for supporting long-term unemployed.

The proportion of early school leavers in Sweden is estimated to just below 10 percent (9,3 percent male and 7,9 percent female) of people under 24 years of age (not achieved examination in the comprehensive school, ISCED level 2, and not taking part in any further training). Youth unemployment in general is a rising political issue,

Discussions on a new program for the upper secondary school system include developing different kinds of apprenticeship programs as part of the supply of different educational choices. (Further information under orientation 2).

Orientation 4: Make work pay – make work attractive

Wage differentials are comparatively small in Sweden. The ratio between the bottom and the top deciles is 2, 1 (16 500 SEK in relation to 33 100 SEK). The average women wage is 92 percent of the male wage (standard adjusted measurement).

There is a law against wage discrimination. Wage discrimination cases that have been taken to court have not been very successful due to the difficulties in proving that the wage differential is based on sex rather than other factors.

There are no minimum wages set by the government. Minimum wages are set by collective agreements and differ from industry to industry. The main role for the government in wage setting is to provide an organisation for mediation in labour market conflicts.

The issue of profit-sharing is not a prominent one in Sweden. It is a common phenomenon for top executives and there is a strong criticism from unions, politicians and the general public on the large corporations for paying outrageous sums to executives. Profit-sharing systems for all employees do exist in a limited number of large corporations but is not a common element in the labour market. In the large corporations that do have profit-sharing systems they tend to be of a long-term nature. Profit-sharing systems used by smaller companies are often short-lived and designed to solve short-term problems rather than being part of a long-term strategy agreed upon by the management and the unions.

Profit-sharing systems are either unilaterally introduced by the management or are based on a local agreement. The union headquarters normally do not get involved in the introduction or design of profit-sharing systems.

The unions and employers have for the past ten years been focusing on individual wage-setting. There has been a general trend away from pay-scales and general pay-increases towards individual pay-setting. It is a dominating attitude among employers that pay should be differentiated at local level in order to take into account both the profitability of the company and the performance of the individual. This is seen by management as a more effective way of performance related pay rather than having a profit-sharing system. There are no special government incentives for profit-sharing systems. However, profit-sharing systems with at least three years delayed pay-out do get a reduction of wage tax of ten percent points.

Orientation 5: Towards a balanced flexibility

Working hours in Sweden are regulated by the Law on Working hours (1982:673 and amendments). The standard working week is 40 hours. There are rules on overtime (200 hours per year) and rest periods (min. 11 hours per every 24 hour). Most of the rules in the law can however, be replaced by collective agreements reached by national unions and employers organisation. Such agreements are very frequent and cover most industries.

One problem is the high level of part-time work. Around 200 000 persons or 5 percent of the labour force work part-time. Three quarters of the part-time employees are women and of those three quarters work less hours than they would like to do. The volume of voluntary part time is related to the comparatively high proportion of women in the work force.

Involuntary part-time workers are primarily found in the service sector, health care, retail shops, hotels and restaurants. The occurrence of part-time is based on the ambition of the employer to match staff with customer demand. The government is currently considering introducing legislation to give part-time workers a right to full-time work.

Flexible working hours are a common phenomenon on the Swedish labour market. Most collective agreements have special provisions in order to take account of the situation in each industry. The normal situation is that the employer wants more flexibility and that the unions are trying to defend the member's interests of combining work and family life

and of being able to plan their life. Time bank arrangements based on local agreements are not uncommon but there are no national statistics on the frequency.

Fixed-term contracts are common, and a problem mainly among young employees. Fixed-term contracts can normally be applied up to one year. Employment that lasts over 12 months is normally transferred to permanent employment. The legislation regulating fixed-term contracts is currently under review.

The increased demand from employers for flexibility has given rise to a market for agency work. Staffing services is a growing industry. The larger agency companies are covered by collective agreements and do not constitute a problem from the working condition point of view. There are, however, in some sectors marginal agency companies that do offer sub-standard working conditions, not least for immigrants.

Orientation 6: Business creation and entrepreneurship

The Swedish labour market is traditionally dominated by large enterprises and by a large public sector. Since 1992 the private sector employment has, however, grown from 55 to 66 percent of the total number of employees. The number of entrepreneurs (owners and managers) is 356 000 or 8 percent of the labour force which is low compared to other EU countries. The low level of entrepreneurship has been observed for several years. How to support entrepreneurship and the development of SME:s is one issue over which there are political differences – from taxation policies to rules and regulations especially in the labour market. Measures have been taken by the present government. In 2004, 41 600 new companies were started which is the highest number for twenty years and up 5 000 from the year before.

The government has presented reforms, in order to increase the number of entrepreneurs. The reforms so far include a new system for venture capital in early stages, tax reforms relating to small companies and special efforts to inform at schools about entrepreneurship and the starting of companies. Research on entrepreneurship is also promoted. A program to simplify rules and regulation affecting SME:s has also been introduced.

Measures have been taken to increase the number of entrepreneurs among researchers and to stimulate the transformation of research results to business activity. Special programs are also in force to stimulate entrepreneurship among women and immigrants. Other programs are focusing on local cooperatives, particularly in remote areas with high unemployment.

There are special opportunities for unemployed persons who want to start their own company. They may receive unemployment benefits during the first six months of starting a company.

Information on how to start a company is provided via internet by the Swedish Agency for National and Regional Growth. Service to entrepreneurs is also provided by all local governments. Besides the service from the public sector there are also private sector initiatives that receive public support. As an example Jobs and Society is a voluntary organisation providing support to entrepreneurs free of charge. Jobs and Society is funded by public and private donations.

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