

# Sweden

## Introduction

The development of trade unionism in Sweden can be dated back to the latter part of the 19th century. The trade union movement found a niche in the old craft guilds, such as typographers, bookbinders, carpenters, and bricklayers. Under the influence of socialism, trade unions joined blue-collar workers together for a “joint struggle against capitalism.”

The first real trade union was established in 1869 in connection with a strike by bricklayers. Then, in the 1880s, trade unionism finally caught on among Swedish blue-collar workers. Gradually, the local trade unions joined together to form nationwide organisations. The Swedish Confederation of Trade Unions (*Landsorganisationen*, or “LO”) was established in 1898. The LO gathered all types of blue-collar workers, but was not interested in organising white-collar employees. White-collar employees considered themselves closer to their employers than to the blue-collar workers and therefore did not respond to the word “socialism” and the call to join the struggle against capitalism as the blue-collar workers did. Rather, white-collar workers preferred to stay politically neutral and to establish trade unions of their own.

White-collar trade unions became a force for the first time in the 1930s, when the Central Organisation of Salaried Employees (*Tjänstemännens Centralorganisation*, or “TCO”) was established. The Swedish Confederation of Professional Associations (*Sveriges Akademikers Centralorganisation*, or “SACO”) was founded in 1947 as a politically unaffiliated federation of independent trade unions and professional organisations.

The formation of employer organisations developed as a reaction to the organisation of the employees. However, the decisive factor for the establishment of the Swedish Employers’ Confederation (*Svenska Arbetsgivareföreningen*, or “SAF”) in 1902 was a countrywide, political, general strike for universal suffrage that same year.

Throughout the 1990s, the organisational structure of trade unions was modified and new trade unions were established. The changes can be regarded as a reflection of the restructuring of the consultation system that has taken place over the last 20 years. Additionally, the process and parties involved in wage setting have been slowly decentralised. For many years, Sweden had one of the most centralised

collective bargaining wage systems in the world. However, today's structure of unions – representing blue-collar workers, white-collar workers, and professionals separately – is slowly changing towards a more modern structure.

## **Trade Unions**

### **The General Role Of Trade Unions**

Trade unions are the foundation for modern Swedish collective labour law. Over time, trade unions have developed methods for collective regulation of the terms and conditions of employment. They have also carried through new legislation that has given them a stronger position and more extensive powers in relation to employers as well as to employees.

The Swedish labour market is heavily organised. The overall rate of unionisation is around 75% of the working population, but, recent statistics indicate that the rate is decreasing. The latest figures (2007) indicate that 76% of blue-collar workers and 75% of white-collar employees are organised into trade unions. Unionism is divided into three main federations: one for blue-collar employees, one for white-collar employees, and one for professionals. In the blue-collar sector, workers belong to some 20-odd industry-wide unions, most of which are industrial, federated into the LO. With a membership of about 1.7 million, the LO accounts for approximately 40% of all employees in Sweden. White-collar employees are unionised to a great extent as well. Industry-wide unions, mainly belonging to the TCO, organise the majority of them. The TCO consists of 17 unions, with a total membership of 1.2 million employees.

Among professionals, the unionisation rate is somewhat lower in the private sector than in the public sector. The majority of unionised professionals belong to national craft unions amalgamated into a central federation (“SACO”), with a total membership of 580,000 employees. SACO consists of 24 associations. Its members are people who hold university degrees and other higher-education qualifications and are mainly divided between the government (36%), central government (22%), and private (40%) sectors.

## **Constitution Of A Trade Union**

The Employment Co-determination in the Workplace Act (1976:580) defines an employee organisation as a combination of employees that, pursuant to its by-laws, is charged with safeguarding the interests of the employees in relation to the employer. Trade unions in Sweden are independent and democratic organisations. The right to establish a trade union is protected by the Swedish Constitution. Legally, trade unions are to be considered as non-profit associations. For example, the LO is structured by branch unions, which are divided into local departments. The division of branch unions within the LO is built on the “industry union principle,” which means that all members within a certain industry belong to the same union. A determining factor for the internal legal relations and the functional allocations within trade unions is the organisation regulations. Branch unions are the parties to the collective bargaining agreement. A local department can agree on a local collective bargaining agreement with an employer, but will need the approval of the board of the branch union.

## **The Scope Of Trade Union Rights In Businesses**

The rights for local unions to consult with an employer in certain cases are laid down in the Employment Co-determination in the Workplace Act. The Act grants trade unions a certain measure of influence over decisions affecting their members. The obligation to consult with the unions may cause delays for a company, even though the unions’ actual mutual consent is not necessary. However, in some cases, the unions can veto decisions that affect its members.

The first part of the Co-determination Act affirms the right of employers and employees to belong to employer’s associations and trade unions respectively, and prohibits any direct or indirect restrictions on this right. Other important provisions in the Act give unions the following rights:

1. **The extended right to consult:** The extended right to consult requires an employer that is bound by a collective bargaining agreement to initiate consultations with the relevant local union before making a decision concerning major changes at the workplace in general or for individual employees who are members of the union.

2. The right to be informed: If an employer is bound by a collective bargaining agreement or - in the absence of any such agreement - if any of the employees are union members, the employer shall inform the relevant local union about financial and production aspects of the development of the company's operations and about personnel policy guidelines in force. Where bound by a collective bargaining agreement, the local unions are also entitled to inspect accounting records and other documents whenever necessary for the protection of their members' interests.
3. Interpretative precedence: The Act's special provisions for interpretation enable the union to impose its opinion in disputes concerning collective bargaining agreements on co-determination issues and concerning the duty to work until a court decides otherwise.
4. Veto right: An employer that intends to engage a subcontractor or intends to outsource certain assignments must initiate negotiations with the union concerning the work in question so that the union has an opportunity to investigate whether the subcontractor is applying illegal employment conditions. In such cases, the central union normally has the right of veto to prevent an employer from engaging a subcontractor who is believed to, inter alia, act in conflict with the general practice in the industry.
5. If an employer is not bound by any collective bargaining agreement, it is still obliged to consult with the relevant unions in certain cases if any of the employees are union members and the matters under question have a major impact on those employees. For example, the employer must consult with the relevant unions before terminating the employment of an employee who is a union member, irrespective of whether the termination is due to redundancy or personal circumstances. The employer must also consult with the unions before transferring part or all of its business.

## **The Function Of Trade Union Representatives**

Under the Trade Union Representatives (Status in the Workplace) Act (1974:358), if bound by a collective bargaining agreement with an employer, the local trade union branch is entitled to appoint trade union representatives at the employer's workplace. Furthermore, the union branch is, in principle, free to determine the number of representatives that are to be appointed in the workplace. Within rather

wide limits, these representatives are also entitled to paid leave to perform their duties. The amount and timing of this leave is decided in consultation with the employer. Union activities that relate to the representative's own workplace may be performed without any loss of pay. To a limited extent, remuneration is payable by the employer for union activities outside working hours. In the event of a dispute between the employer and the union, the opinion of the union will prevail until there is a court decision.

The purpose of these rules is to facilitate union work for the trade union representative and for the trade union on the whole as well as to activate the right of co-determination in small places of work.

## **Works Councils**

Sweden does not recognize the concept of "Local Works Councils." The employees' influence over the company and the employees' power to exercise the rights of employees are guaranteed by the Co-determination Act and the Act on Board Representation for Employees in the Private Sector (see below).

## **The Interaction Between A Works Council And A Trade Union**

Given the fact that local Works Councils do not exist in Sweden, there is no interaction. For several decades, trade unions have been given far-reaching authority and the power to exercise the rights of employees.

## **Trade Union Employee Protection Rights**

Trade union representatives may not be discriminated against or prevented from performing their union duties. On the contrary, trade union representatives should have access to certain premises or space for these activities and shall be granted a leave of absence for trade union purposes. Additionally, a trade union representative is entitled to reinforced employment protection if his or her work is considered to be especially important for the trade union at the workplace. Employers are prohibited from deteriorating the trade union representative's employment conditions because of his or her assignment. This prohibition is in force both during the assignment as well as after the assignment has been completed.

## **Other Types Of Employee Representation**

The Act on Board Representation for Employees in the Private Sector (1987:1245) generally applies to private companies with an average of at least 25 employees during the previous financial year. Under the Act, local trade unions bound by a collective bargaining agreement with an employer are entitled to appoint directors to the employer's board of directors. The union is entitled to appoint two members and two deputies. In companies with 1,000 employees or more, the union is entitled to appoint three members and three deputies. However, the number of employee members of the board may never exceed the number of other members of the board. The purpose of the Act is not to give employees control over the company, but to make it possible for them to gain insight into the management of the company and to exercise influence over it. The employee members of the board have the same rights and duties as other members of the board; however, they are not allowed to participate in matters regarding collective bargaining agreements and offensive actions.

The local unions have also been given particular rights under various labour law acts, such as the right to control the overtime worked under the Working Time Act and the right to agree on deviations from certain sections of the Annual Leave Act.