

THE MAIN FEATURES AND NEW DIMENSIONS OF LABOUR RELATIONS SYSTEM IN SWEDEN

Meryem KORAY(*)

S U M M A R Y

This study, based on the study and research in Sweden, touch on the main features of Swedish Labour Relations System under certain groups, and try to reach some conclusions. Swedish Labour Relations System, because of the widening of organizational relations and gaining new dimensions, and because of the political efficiency of Labour Movement and social bargainings at the political level, carry on a dominant character in the socio-economic system. The new dimensions of The System brought by the new legal reform during 70s. enhance The System on one hand, and give way the new demands regarding more radical changes in socio-economic system on the other hand. These new developments and dimensions create new and serious questions within the system which is to a great degree accepted by the parties. As a consequence, and briefly, Swedish Labour Relations System show a unique structure and development strengthened It's interesting character with these new questions and problem areas.

From the beginning of industrialization process, some specific factors such as a—) the rapid growth in economy, b—) the permanent

(*) Yar. Doç. Dr., D.E.Ü.İ.İ.B.F., İşletme Bölümü

policies of social democratic governments, c—) conformist and pragmatic values in the society originated some distinguished features in Labour Relations in Sweden. Around the turn of the century the parties of labour relations became organized and accepted each other as a partner. For instance the first agreement, which is known as «December Compromise», between Central Employers' Organization-SAF (1902) and Central Workers' Organization-LO (1898) had been signed in 1906.

The organization in labour relations combined with political organization helped the clarification of the interests of the parties and supported the political democracy. Labour Movement in Sweden by being well organized as trade unions and Social Democratic Workers' Party came into force after the achievement of political democracy and dominated the social policies applied by the governments. The political efficiency of labour movement with the help of economic growth actualized the just distribution and allocated the growth to the social-welfare policies.

After the «December Compromise» the parties of labour relations by accepting each other and their representative roles created a mutual responsibility and avoided from state interference in wage negotiations.

From the beginning up till now some distinctive features of labour relations in Sweden built up a good reputation for the system and contributed to the socio-economic stability. These features can be grouped as a—) the great acceptance of the socio-economic system, b—) the superiority of organizational relations, c—) the duality and continuity of negotiations at different levels.

— The Great Acceptance of The Socio-Economic System

The fundamental character of socio-economic system in Sweden was established at the beginning of industrialization. This system, which was mainly drawn by two elements as capitalist economy and social-democratic policy, constituted the main framework of the parties of industrial relations.

Because of the social-democratic approaches in the two wings of labour movement, and because of liberal approaches in employers'side, the parties accepted this system as a fundamental framework for their existence, policies and also for their demands. Due to this acceptance, they designed their roles and functions very rationally,

They were aware of their power in different areas, so they followed different policies. The power of labour organizations by being well organized and having close links with Social Democratic Party originated their political influence. By means of political influence, they turned to legislative procedures in order to get further steps in working-life. On the other hand the employers aimed to reach collaboration-peace-efficiency at the work-places by means of collective negotiations. By using this very functional instrument they acquired possibility to deal with productivity problems.

Trade unions, with the approval of well known paragraph «32 of SAF Statute», relinquished the management rights to the employers. The employers preserved the rights in the matters of hiring, dismissal, organization and distribution of the work. Thereby the unions limited their functions to great extent with the wage negotiations. Additionally the parties agreed on some procedural agreements dealt mostly with the settlement of labour disputes. This restriction of direct negotiations directed the trade unions to be active in policy-making level. They demanded some comprehensive improvements in working and social-life and exerted their efforts to the political influence.

After the establishment of political democracy, a second step called as «social democracy» was presented by the labour movement, The goal of social democracy included social security, equalization, and elimination of socio-economic gaps in the society. Therefore social democratic policy oriented to the improvements in working conditions and living standards.

With keeping reformist ideology The Social Democratic Governments built up a balanced strategy focused on economic growth and just distribution. It was considered as an ideological base that effective and competitive industry is a prime goal for a successful welfare policy (Asard, 1980). This policy was determined and applied by Social Democratic Governments, but in a great collaboration with trade unions.

Today about 90 % of Swedens' industry is privately owned and the industry and commerce are highly internationalized. The productivity especially in manufacturing is significantly high and technological change is very rapid. Rationalization and efficiency are the basic elements of industry.

On the other hand, the dimensions of social-welfare are significantly remarkable in various areas from legislation to the creation of new job opportunities. Progressive income taxes beside relatively low company taxes, solidaristic wage policy beside centralized wage bargainings, greater use of legislation and the expansion of public sector activities were main instruments of this policy.

Labour Market Policy

The one of the distinctive features of labour relations in Sweden is Labour Market Policy. Since several decades the expenditures and the applied measures of labour market policy showed a continuous extension. The budget of National Labour Market Board, composed by the representatives of the three parties, in 1982/83 was 14.442 m.SEK. For the time being Labour Market Policy uses more than 3 % of Gross National Product and 8 % of the National Government's Budget (Meidner, 1983).

The active measures of labour market policy is divided in three fields: 1—) Employment service. 2—) Labour demand measures. 3—) Labour supply measures. The unemployment rate is around 3.5 %. Totally about 780.000 persons have been registered as a job-seeker in 1982/83 within employment offices (AMS Report, 1982/83). On the other hand active labour force in population is actually high, about 71.7 %. Female labour participation is also notable, 66.9 % in 1983.

The active measures cover 154.000 persons in various measures, such as labour market training, job creation projects, wage subsidized employment, sheltered work. However the unemployment rate seems relatively low, with the adding of labour which is taken care by these various measures, the total amount of unemployment would be doubled. As indicated by Rudolf Meidner, there are some serious limitations within economic and political structures which confine to extend the applications of labour market policy (Meidner, June 1983).

Nevertheless, with the principle of full employment, social and economic costs of unemployment are accepted more higher than the costs of manpower policy. Thereby it is focused on the effectiveness of labour market policy instead of limiting the scope of active measures. Nowadays it is particularly worked on the unemployment among the youngers, women, elderly and disabled persons.

Consequently, under certain conditions labour movement enlarged its role from legislation to the economic and labour market policies and

the political life gained an effective position in socio-economic system in Sweden. Despite the reality that the economic structure has a great influence determining the functions of social system, in Sweden the economic system has been affected by political decisions (Von Otter, 1980).

— The Superiority of Organizational Relations

The labour relations in Sweden can be exactly called as «organizational relations». These relations cover not only industrial or private sector, but also state, county and municipalities. White-collar employees as well as blue-collar employees, public sector employers as well as private sector employers have been sufficiently organized. The high percentage of membership in trade unions, even among the white-collar employees, give a unique position to Sweden. The membership percentage is 85 % for blue-collar employees, 75 % for white-collar employees. Membership for an employee is a gainful way beside of being a traditional approach.

This high percentage of membership inevitably caused the superiority of organizational relations. The trade unions and the employers' associations are both recognized as the primary decision-making bodies in labour relations system. Especially the central bodies of these organizations have a decisive role with the peace obligation for their members. This is a system, which actually runs by, and within organizations from central to the company level.

The improvement of organizational relations

The organizational structure and the policies of the trade unions vary from one to another. Dominant character of trade unions affiliated with LO show industrial unionism, on the other hand TCO (The Central Organization of Salaried Workers) is consisted of industrial, occupational and craft unions. Similarly SACO/SR (The Central Organization of Professional Associations) is built up on the occupational and craft union principle.

At the employer side, beside SAF—which includes several employers associations, there are national agencies for state and local governments. When the state employees were given the full right of collective bargaining, National Agency for Collective Bargaining (SAV), Swedish Association of Local Authorities and Federation of Swedish County Councils were established. They negotiate with the different negotiating bodies affiliated with different central organizations. The employers of state enterprises have also their own negotiating body.

Due to the working in divergent sectors, white-collar or salaried workers' organizations needed to set up new «negotiating bodies». In 1973 various unions affiliated to TCO agreed on to organize a new «Negotiating Cartel» called PTK, for entire private sector. Another negotiating cartel (KTK) was established in 1976 by seven unions affiliated to TCO. There is also a negotiating body for state employees (TCO-S). Additionally a negotiating council plays a great role among these three bodies in TCO. There are also similar sub-organizations in the Central Organization of Professional Associations.

This kind of specialization also exist in employers' side. For instance, there are some joint groups in SAF, such as «General Group» including different branches. In the last years, employers' associations tend to negotiate with the trade unions within their branches. According to the employers the solidaristic wage policy which is supported by trade unions and governments became a decreasing factor in productivity of industry. So the employers try to find a solution to this problem by decentralizing of negotiations. LO reluctantly accepted these negotiations at the industry level, but tried to provide a coordination among the industries.

For the time being the role of organizations has been strengthened by new laws. The last legislative reforms granted some additional rights to the trade unions as the representatives of workers. The trade unions are entitled to get involved into the employment security and safety questions, to take place at the company boards, to negotiate every issue with the employers, to have all information about the company. MBL-Joint Regulation Act enhanced the significant role of the trade unions and underlined the superiority of organizational relations.

— The Duality and Continuity of Negotiations at Different Levels

Negotiations in Policy-Making Level

The labour relations essentially content permanent power struggle. The divergent ideologies, the different organizations, the legislative efforts are the products of this power struggle. But the industrialized and developed countries found the way to institute the conflict between labour and capital, and to solve the power struggle within the peaceful ways.

Labour movement in Sweden politically and organizationally found the way to get power, and used this power to transform the society toward their goals. The power struggle took place first at political level, and secondly at organizational level.

The direct negotiations with the employers seem as one part of the negotiations. The other part is not called as negotiations or bargainings, but it is very often used to signify the content of labour rights. Despite the parties assert that they don't desire state interference, this approach can be valid for wage negotiations. As briefly stated by Hammerström, trade unions usually bring an issue up and initiate its development, then the government and the parliament respond to the union requests for assistance (Hammerström, 1978).

As a consequence, in spite of their visible differences, the policy-making level is becoming one of the negotiations beside the collective bargainings. At these two levels the parties, but particularly the trade unions, put divergent demands forward, and naturally use different strategies.

Social Partnership at Policy-Making Level

At policy-making level, which is mainly composed of parliament, government and administrative authorities, and local authorities, the parties of labour relations try to affect the policies of these authorities by the means of their representatives. All these bodies are the open forums of divergent interests, and also the instruments in order to have an influence in decision-making process. The parties, by taking place in these joint bodies, counter with the different interests and usually find the way to create a common sense.

The extended relations and continued negotiations in these joint bodies make possible the institutionalization of the conflict between the parties. Thereby, by taking diversified interests into account, but also considering the impact of participative role, the parties like better to become social partners. So the well known Historical Compromise is strengthened by the means of this social-partnership.

Collective Bargainings

Collective bargaining is mostly defined as negotiation concerning pays and working conditions. But recently, because of the problems depending on the rapid economic change and the increasing needs of the workers, the content of the bargainings changed. The management confronted more serious matters and needed to solve them with the support of trade unions. Thus management, especially in highly competitive industries, turned to the more creative machinery, namely «co-operative or integrative» bargainings.

In Sweden while the negotiations at policy-making level cover a wide-range, the collective bargainings worked as only «wage negotiations». The collective bargainings reflected to great degree the classical point of view till 70s. To broaden the scope of bargainings was not the point in Sweden. The reasons of this narrow scope in bargainings can be related to the great and decisive role of the negotiations at the political level, and the endorsement of the seperated roles of the parties in working-life.

Trade unions, relying on the negotiations at political level, delivered the common questions to «societal bargainings» (Korpi, 1981). At this level they received gainful results. On the other hand, with the acceptance of limited scope of collective bargainings, the managerial rights could'nt move easily to the bargaining table.

Efficiency and technological competition problems led the employers to put some organizational changes into practise. But these changes, so called as job reforms, were mostly task-oriented changes, except the joint industrial councils. However these councils have a joint character, the decision rights were in the hands of the management, the councils were working as information and consultation bodies.

The wage negotiations show centralized character. The national agreement, indeed, put the wage and salary increases into effect, and also handle the principle of the local negotiations. After the conclusion of the central agreement, local negotiations are conducted within the framework of the central agreement under the peace obligation. This is the most important reason why the employers are willingful to sign the central agreements (VF, 1981). In the local negotiations the company management and the work-place representatives of trade unions bargain with eachother in order to adjust the central agreement to the workplace. The main issue in these negotiations is the distribution of earnings at the local level.

However the image regarding the centralized character of wage negotiations in Sweden is true, the negotiations represent a dual character, especially in private sector. The local level is where the payment of individual worker is determined. Not only because of the adjustment of central agreement but also because of locally applied wage systems, the workplace negotiations carry out significant importance. Definitely in manufacturing industry the large proportion of wages is based on piece-rate systems. Either in approval of piece-rate measures or the

application of these measures, the local negotiations play decisive role. Furthermore there are numbers of matters which are handled in daily negotiations at the workplaces.

As a consequence the collective bargaining machinery in Sweden represents two main features, first the narrow scope of negotiations, second the integrated character of central and local negotiations. Thus, in an organizational chain, the roles and functions are rather distributive in order to support organizational relations.

THE NEW DIMENSIONS OF LABOUR RELATIONS SYSTEM

In recent decades, the hot debates related to industrial and economic democracy took place in Sweden as well as in other countries. Economic growth with social-welfare policies, stable social democratic governments with tri-partite bodies, strong organizations at both side with reformist and pragmatic approaches worked together and opened the way of maturity of socio-economic system in Sweden. The maturity of capitalism caused some universal symptoms, such as high turnover, absenteeism, recruitment problems and some inefficiency problems in industrial life. Management of enterprises and Central Organization of Employers required to take initiative role to deal with these kind of problems. They installed new production systems and tried to improve the human relations at the workplaces.

On the other hand first agreement as regards joint councils was concluded in 1946 between SAF and LO. These councils were «joint industrial councils» which deal production and financial issues and operated in advisory character. In 1966 with a new agreement, personnel issues were added into their operational fields as an important subject for information and consultation (LO Papers, 1979). Again in 1966, Joint Development Council by SAF-LO-TCO was set up to deal with co-operation issues in these joint councils.

The end of 60s. were the years which trade unions desired more influence in decision-making process with the spreading of dissatisfaction among the workers. In the congress Of LO in 1971, some fundamental principles for their following programm were accepted. These principles expressed some goals like to close the gap between the work-environment end job satisfaction, to base on knowledge and experience,

to ensure a great participation into the decisions, and also to keep the trade unions independent vis-a-vis employers (LO Papers, 1979).

The Legal Reforms Implemented in 1970s.

A number of laws were introduced and came into operation during 70s. which respond the needs and demands of labour movement. These laws can be grouped in two categories. In first category, Security of Employment Act, The Promotion of Employment Act, The Status of Shop Steward Act, The Right of Educational Leave Act, The Right of Parents-Leave Act and The Working Environment Act are taking place. They are all the laws aimed to improve the working conditions, namely to get better «the quality of working life». For instance The Security of Employment Act is one of the main alteration in working life. The Act abolished the right of dismissals of employers except reasonable grounds, and extended the notice periods.

All these Laws, based on their applicable character have been mostly accepted as functional and adopted rather well to the workplaces. Naturally there are some problems come from their application. Particularly the new rights regarding educational leave and parents'leave cause some problems for the management. The managers indicate the high rates of absenteeism and turnover because of these legal rights and explain some difficulties at the planning of production process at the plants. But despite of some difficulties, these Laws are accepted as a reality and the Managers seem rather pragmatic to deal these kind of questions.

The second category of laws includes two Acts, the Joint Regulation Act (Medbestammandelagen-MBL) and The Board Representation Act. The philosophy behind of these Laws is connected to the ideology of industrial democracy. These Laws by the means of negotiations and participation at the company boards aimed to regulate more participative and democratic management at the workplaces.

MBL constituted more broadened negotiation rights and enhanced the negotiation power of trade unions. The goal of MBL is to establish a new understanding in collective bargaining and to open the way of integrative bargainings. This aim was stated by the commission which essentially innovated the Law: «The collective agreement will be capable of being used as an instrument to achieve joint regulation over new type of matters» (Schmidt, 1977).

It was presented a new starting point in negotiations by MBL. Collective bargaining right was strenghtened, and also transformed to a new meaning, namely co-determination. According this regulation the trade unions kept their independence vis-a-vis employer and gained a right to negotiate in every respect. But the meaning of Act as joint regulation or co-determination would be only fulfilled by constant efforts of trade unions.

The parties, after the MBL, concluded MBL-Agreements in all three sectors. The negotiations regarding MBL in private sector didn't give a result for a long time. But after a long period the parties agreed on an agreement called «Utvecklingsavtal-Agreement on Efficiency and Participation».

According to Utvecklingsavtal, co-determination will be exercised by local organizations through negotiations and/or local co-determination procedures, To develop the efficiency «with safeguarding employment» is accepted as common interest. Three development areas were determined by the agreement: 1— the work organization, 2— technical structure, 3— the companys' financial and economic situation and its sources.

Additionally the members of trade unions were entitled to participate for a maximum of 5 hours pers year in trade union meetings at the work places. The local trade union organizations have a right to employ a consultant for special tasks under the companys' responsibility.

Under these circumstances, there is no formal restriction to put into effect «joint regulation right», After this Agreement the parties seem to reach to a new consensus. But in spite of the law and the Agreement there are some restrictions come from both, practical life and system itself. While the boundaries between political democracy and co-determination right are considered as main question in public sector, the close relation between ownership and management in becoming a fundamental gestion in private sector.

Economic Democracy: Employee Investment Funds

Employee Investment Funds have been a new and significant development of The Labour Relations System in Sweden. In the beginning of 70s. the effects of solidaristic wage policy and wealth distribution were taken into consideration. The profit sharing systems applied in

other countries like in North America were met by scepticism in LO because of some fears, essentially, come from the principles of bargaining system (Asard, 1980). The LO Congress in 1971 put this matter into sight and it was decided to investigate this issue. A research group completed a report called Meidner Report in 1975, it was accepted in LO's Congress. The Report put forward three objectives: 1— To supplement solidarity in wage policy, 2— To counteract the concentration of assets, 3— To increase employee influence in industry (Meidner, 1978).

After the publishing of Meidner Report heavy debates started in Sweden regarding economic democracy and wage earners' funds. In 1978 Congress of Social Democratic Party the issue was handled and the aims and principles of employee investment funds were approved. One further aim concerning the increase of collective savings as a purpose of productive investments in industry was added to the proposal in this Congress.

Finally a new proposal by LO and SAP was presented in 1981. According to this Proposal the funds would obtain finance in two ways: 1— through an increase in the levy for the system of general supplementary pension (ATP), 2— from part of the profit of joint stock companies. In October 1983, The Government introduced a system of five separate employee investment funds to the Parliament. During 1984, these Funds are to be allotted 2.000 m. SEK annually through a combination of profit sharing and payroll levy. The Funds will be required to yield a real return of 3 % of the capital invested ATP system (The Ministry of Finance Press Release, 1983).

The Funds will be managed by boards appointed by the government. The majority of boards will be represent the workers' side. The Fund may own up to 8 % of the shares in one company. If the local trade union organization so require, The Funds are to transfer 55 % of the voting powers conferred by their shareholding in that company to the local organization. The build up of the employee investment funds will be completed till 1990, the development of economic democracy is to continue in other ways (The Ministry of Finance, Press Release, 1983).

Conclusion

The labour relations system in Sweden became very remarkable one with these new legal reforms and new dimensions, for the time being.

With extended relations, with close link between two wings of labour movement, the labour relations system is not only one part of the socio-economic system, but also the dominant part. This is one of the distinctive features of the system in Sweden.

Of course there are some questions related to the exercise of these legal reforms and they are the first of questions of the system. Nevertheless these kind of problems or questions seem solvable within the consensus. The second group of questions, as regards the gap between economic reality and ideological demands seem rather serious. On one hand the internal and external economic conditions, on the other hand the economic structure of the society signify some limitations for the establishment of the ideological changes. Up till now reformist approaches of the Labour Movement provided to find the optimal solutions within the given system. But the recent regulations and developments can play more stimulus role for radical changes. So this second group of questions are more critical questions of the system.

The recent demands and efforts of Labour Movement in Sweden are to a great degree the matters in suspend. These matters, such as the maturity of working class, the whole integration of working life and social life, the establishment of economic democracy, are needed to fulfillly by constant efforts. On the other hand, as much as they were put into practise, the contradiction between the interest of the parties would create more conflicting questions. What kind of ways and what kind of changes would be introduced in order to solve the problems? What kind of developments would be expected by the parties without harming the socio-economic stability? Swedish Labour Relations System, as being a unique system is still keeping its interesting and original character with the remarkable developments and these kind of new questions of the system.

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Ö Z E T

İsveç'de yapılan araştırmaya dayalı olarak hazırlanan bu çalışmada, İsveç Çalışma İlişkilerinin özelliklerine belirli gruplar altında değinilmekte ve bazı sonuçlara varılmaya çalışılmaktadır. İsveç Çalışma İlişkileri Sistemi, gerek örgütsel ilişkilerin genişlemesi ve yeni boyutlar kazanması, gerekse işçi hareketinin siyasal etkinliği ve siyasal düzeyde sürdürülen toplumsal pazarlıklar nedeniyle sosyo-ekonomik yapıda dominant bir karakter taşımaktadır. Sistemin 70'li yıllarda getirilen yeni yasal düzenlemelerle kazandığı yeni boyutlar ise, bir yandan sistemi güçlendirmekte, öte yandan sosyo-ekonomik yapıda daha radikal değişiklik isteklerine yol açmaktadır. Sistemin ulaştığı gelişmeler, kazandığı yeni boyutlar, endüstri ilişkilerinin taraflarınca büyük ölçüde benimsenen sosyo-ekonomik yapı içinde yeni ve ciddi sorular yaratmaktadır. Sonuç olarak, kısaca, kendine özgü ve ilginç bir yapı ve gelişme gösteren İsveç Çalışma İlişkileri Sistemi, yeni soruları ve sorun alanlarıyla ilginçliğini