

The Swedish model & collective agreements

A brief introduction

The Swedish labour market model in a nutshell

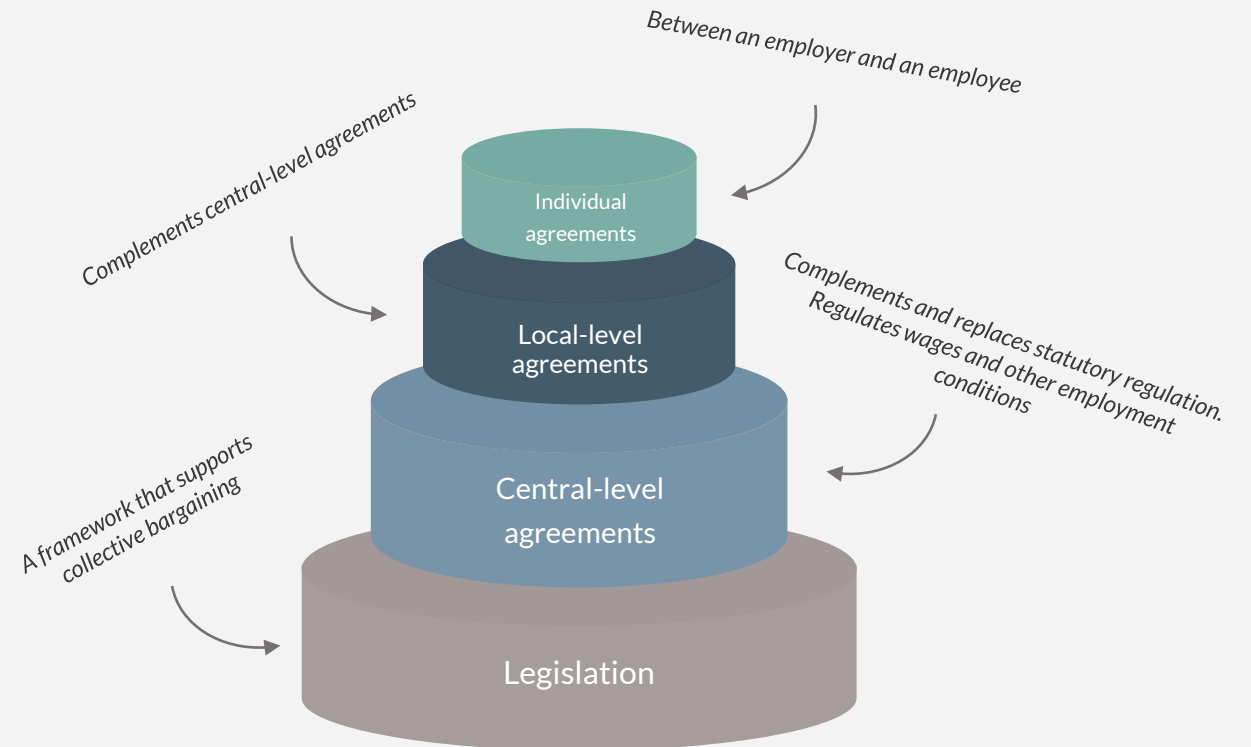
In the Swedish labour market model, the social partners (trade unions and employers' organisations) are responsible for wage formation. The social partners also have a key role in establishing other employment conditions in the labour market.

The legislation constitutes a framework that supports this model, for instance, through provisions on association and negotiation rights and the right to take industrial action.

The social partners have significant autonomy to regulate the precise conditions through collective agreements. Many statutory regulations can be replaced with collective agreements. There is no legislation on minimum wages or universal application of agreements.

Another key feature of the Swedish model is that disputes are resolved in the first instance through negotiation.

A prerequisite for the model is that collective agreements cover most of the employees on the labour market.



Collective agreements regulate wages and much more

Collective agreements on wages and other employment conditions regulate some of the most fundamental aspects of working life: wages, working time, annual leave etc.

However, the scope of collective agreements extends beyond wages and other employment conditions. The Swedish social partners conclude agreements regulating occupational pension and other collectively agreed insurance schemes that supplement the general statutory social insurance.

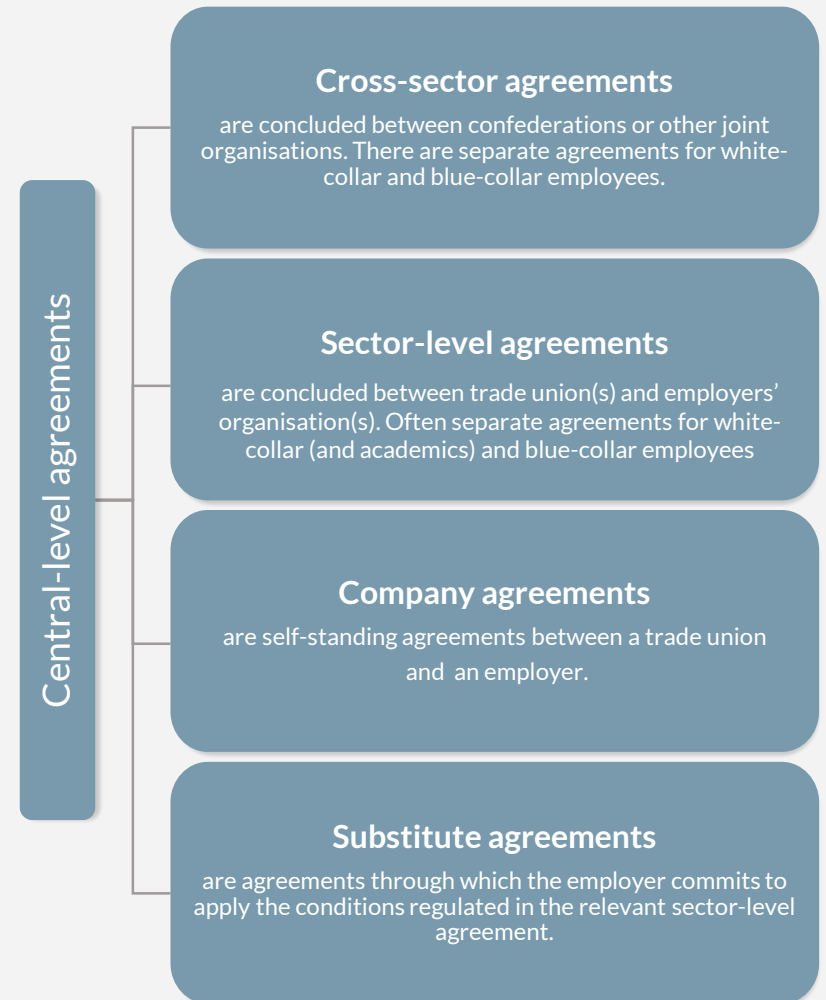
The social partners also conclude collective agreements that regulate cooperation in areas such as working environment, employment promotion, gender equality. There are also collective agreements on emergency situations and much more.

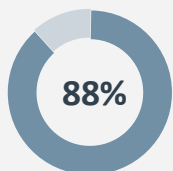
Collective agreements are concluded at central level

Collective agreements are concluded at central level, with trade union(s) on one side and employers' organisation(s) (or in some cases, a company) on the other side. Local-level agreements complement central-level agreements.

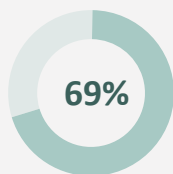
As the figure on the right shows, central-level agreements can be divided into four categories: cross-sector agreements, sector-level agreements, company agreements and substitute agreements.

In general, cross-sector agreements regulate occupational pensions and other collectively agreed insurance schemes, while wages and other employment conditions are regulated through sector-level agreements and company agreements.





of employees are covered by collective agreements on wages and other employment conditions (2021)



of employees are trade union members (2022)

Source: The Swedish National Mediation Office, Avtalsrörelsen och lönebildning 2022 – Medlingsinstitutets årsrapport, 2023

Blue-collar and white-collar employees have separate agreements

In Sweden, blue-collar workers and white-collar workers are organised in separate unions. Furthermore, white-collar employees with academic education have their own unions.

This is often reflected in collective bargaining with separate agreements for blue and white-collar employees and in many cases for employees with academic education.

Collective agreements cover all employees at workplaces with collective agreement

If an employer is bound by a collective agreement, the terms of the agreement are applied to all employees performing tasks covered by the agreement, irrespective of the employees' trade union membership status.

In contrast to many other countries, there are no statutory mechanisms for extending coverage of

collective agreements to companies not bound by such agreements.

In workplaces without a collective agreement, it is up to the individual employer and employee to agree upon conditions normally covered by collective agreements.

Collective agreements cover a large majority of employees

At central level, approximately 50 employers' organisations and 50 trade unions participate in collective bargaining concerning wages and other employment conditions. These organisations conclude over 650 central-level collective agreements on wages and other employment conditions.

Close to 90% of employees are covered by collective agreements. Trade union density rate is approximately 70% and it has remained relatively stable over the past years. White-collar employees' trade union density rate is higher (circa 74% in 2022) than the blue-collar employees' density rate (circa 59% in 2022).