



mesmer+

Mapping European Social Economy:
Employment, Social Dialogue
and the European Pillar of Social Rights

Country report

SWEDEN

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Introduction

This report is a part of the MESMER+ project. The MESMER+ project aims to establish a better and up-to-date critical description and understanding of the representation and participation of the social economy in the social dialogue institutions as organised in nine countries, including Sweden. The report maps how inclusive the social dialogue institutions are towards social economy players in Sweden as well as how the social economy players make their voice heard within national industrial relations systems.

The existing employment rules in Sweden are mainly connected to the industrial relation system, regulated in the Employment (Co-Determination in the Workplace) Act (1976:580). The act regulates all relations between employers and employees including the right to information, the terms of collective bargaining agreements and dispute negotiations and legal proceedings when these are necessary.

The social partners in Sweden traditionally resolve many issues by means of collective bargaining agreements, without central government intervention (that is, through bipartite initiatives). Thus, in the Swedish model, a tripartite approach to social dialogue is rare in the realm of core labour market issues but is used in broader policy development such as for example the digital transition or general labour

market development. The involvement of the social economy sector in industrial relations and social dialogue in Sweden is still limited compared to that of traditional social partners, trade unions and employer organisations. In Sweden there is a lack of awareness and understanding of the social economy which leads to a low visibility of the social economy, both in the media and in the statistics. Sweden lacks databases, official statistics and reliable data about the social economy.

The collaboration of independent employers' organisations is arranged through cooperation between seven employers' organisations which represent different parts of the social economy. These employers' organisations could collaborate more closely and demand to be included as representatives of the social economy, regarding both industrial relations and social dialogue with the government. Furthermore, representatives from the social economy need to give a mandate to the employers' organisations.

This country report is part of the MESMER+ project that delves into the intricate dynamics of social dialogue and the social economy in eight member states and one candidate country, including the pertinent case of Sweden. The research is primarily anchored by two

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fundamental questions: first, the level of inclusiveness that social dialogue institutions exhibit towards social economy players, and second, the efficacy with which social economy participants make their voices heard within the national industrial relations systems. The overarching objective of the research is to provide a contemporary and comprehensive depiction of the representation and engagement of social economy entities in the sphere of social dialogue institutions. To achieve this in the case of Sweden, this country

report is structured to present a multifaceted view of the current landscape, presenting the industrial relations system, the functioning of social dialogue and an overview of the social economy representation landscape. The methodology adopted for this investigation comprises insights from grey literature, inputs derived from a policy lab organised on 30 August 2023 in Stockholm, and data from semi-structured interviews.

Table 1: LIST OF INTERVIEWS CONDUCTED

Organisation	Position in the organisation	Representative role in social dialogue and/or other institutional bodies
Fremia	Negotiating legal lawyer	Employer organisation
Fremia	Labour law expert	Employer organisation
Swedish Church as well as ECOSOC	EU expert	Ecosoc, SE
SGI Europe (Fremia)	Head lawyer	Employer organisation
IF Metall / LO	Ombudsman	Trade Union
Forum	CEO	Civil society organisation
Hela Sverige ska leva	CEO	Civil society organisation

This data collection method ensures a nuanced and well-rounded understanding of the intricate interplay between social dialogue and the social economy within the unique context of each member state.

The report starts with an introduction and description of the industrial relations and social dialogue system in Sweden, including legal framework, main actors, and

level of actions. The report also includes a description of the social economy in Sweden. The report finishes with an in-depth description of the way the social economy is included in industrial relations and social dialogue in Sweden, including representation, participation, relationship, opportunities and obstacles as well as the trade union and employer perspectives on the inclusion of the social economy.

/02

Industrial relations: national context

In Sweden, the social partners (trade unions and employers' organisations) play a central part in creating the conditions for sustainable growth and full employment, mainly through collective bargaining agreements and within the social dialogue. Most industrial policy interventions in Sweden are formulated as horizontal interventions, and the largest social partners (the largest trade unions and employers' organisations) are primarily involved in the industrial policy formulation process by responding to referrals at the national, cross-sectoral level. The existing main agreement (*Saltsjöbadsavtalet*) was negotiated in 1938 between the social partners and gives them the right and responsibility to regulate pay and employment conditions.

It should be noted that the existing employment rules are applicable to both private and public sectors, as reinforced by Employment (Co-Determination in the Workplace) Act (1976:580). The act regulates all kinds of relations between employees and employers, including the former's right to information and the terms of collective bargaining agreements as well as dispute negotiations and legal proceedings where these are necessary.

The reason that industry set the pace is that high nominal wage increases during the 1970s and 1980s drove up inflation while real wage increases were poor. To protect the economy, export capacity and competitiveness, it was decided to regulate the wage trend by making the Industrial Agreement a guide for the rest of the labour market. The *Saltsjöbadsavtalet* has enormous significance for the Swedish model, as it was formed through this agreement; the labour market partners must shape the labour market through collective agreements and thereby apply the legislation.

Something that also had a big impact is the December Compromise of 1906 between Svenska Arbetsgivareföreningen (SAF, today *Svenskt Näringsliv*) and *Landsorganisationen i Sverige* (LO), where SAF recognised the employees' right to be members of and work in trade unions; LO recognised the employers' company and work management rights as well as free employment rights.

Together with Germany, Denmark and Finland, industrial relations in Sweden are regarded as organised corporatism. Compared to other EU countries, Sweden industrial relations score high

regarding democracy, growth and equity.

Trade unions in Sweden have traditionally been strong and the trade union density is among the highest in the world. This is often explained by the so-called Ghent system: an insurance system with union-led unemployment schemes funded partly by (payroll) taxes and partly by fees paid by the members of unemployment funds. In Sweden, the unions cover 70% of employees, although this high level of union membership has fallen from its peak of 85% in 1993. There are three main union confederations – LO, TCO and Saco – which are divided along occupational and educational lines in line with the traditional way in which Swedish employees are grouped, and there is considerable co-operation between them.

/03

Social dialogue

3.1 HOW HAS THE SOCIAL DIALOGUE EVOLVED OVER TIME TO DATE?

The evolution of social dialogue in Sweden has been shaped by a combination of historical, political and economic factors. The term refers to the process of negotiation and collaboration between labour unions, employers and the government to address issues related to labour rights, working conditions and economic policies.

The foundation of Sweden's social dialogue can be traced back to the late 19th century when labour unions began to emerge. Workers organised themselves into unions to address poor working conditions and low wages in industries such as mining and manufacturing. These early labour movements laid the groundwork for future negotiations and cooperation between workers and employers.

The *Saltsjöbaden* Agreement of 1938 was a significant milestone in Sweden's social dialogue history. It established a framework for collective bargaining between labour unions and employers. The agreement recognised the right of workers to organise and negotiate with employers through their unions. It also laid out principles for wage negotiations and dispute resolution.

After World War II, Sweden experienced a period of economic growth and prosperity, often referred to as the "Swedish Model". During this period, the government played a significant role in regulating labour markets, income distribution and welfare policies. Social dialogue continued to be a cornerstone of Sweden's economic and social policies, with strong unions negotiating with employers to establish wage and labour market agreements.

In the 1980s, Sweden faced economic challenges, including high inflation and unemployment. The government introduced market-oriented reforms, including deregulation and privatisation, which had an impact on the labour market and social dialogue. These reforms led to debates and adjustments in the Swedish social model, but social dialogue remained an important aspect of labour relations.

In recent decades, Sweden has continued to adapt its social dialogue system to changing economic and labour market conditions. There has been an emphasis on decentralisation, allowing more flexibility in wage negotiations at the company level. Labour market reforms have aimed to address issues such as youth unemployment and the integration of immigrants into the workforce. Sweden has also faced challenges related to globalisation and technological

advance, which have influenced the nature of work and labour relations. It is important to note that the evolution of social dialogue in Sweden has been influenced by Sweden's unique political and economic context. Sweden's system of "Swedish Model" social dialogue has traditionally involved a high degree of cooperation and consensus between labour unions, employers' organisations and the government, with a focus on achieving social and economic stability.

3.2 CURRENT LEGAL FRAMEWORK

The existing employment rules in Sweden are applicable to both private and public sector and are mainly connected to the industrial relations system (as described above), regulated by the Employment (Co-Determination in the Workplace) Act (1976:580). The act regulates all kind of relations between employers and employees, including the right to information and the terms of collective bargaining agreements as well as dispute negotiations and legal proceedings when these are necessary.

The institution of the social dialogue is crucial in terms of understanding the Swedish welfare model. The institution of collective bargaining between the employers' organisations and the trade unions represents a pattern of robust historical interaction on the national and local levels. In the context of neoliberal tendencies and individualist aspirations, the social dialogue remains an important institution in Sweden. Still, the government legislates on labour law and the work environment, which concern working life conditions. Fair working conditions and a good working environment contribute to high productivity in the Swedish economy, which

is distinguished by high labour force participation and a high employment rate. The government is also responsible for unemployment policies, which are mainly directed through the Public Employment Service (*Arbetsförmedlingen*). Furthermore, the Ministry of Health and Social Affairs is responsible for social welfare issues, such as public health, health care and the care of older people. The ministry's area of responsibility also includes social insurance, which provides financial security to people when they are sick or elderly, and when children are young. The ministry also works on rights for people with disabilities and on issues related to the premium pension system. It is also responsible for sport, youth policy, civil society, faith communities and burial and cremation services.

3.3 LEVELS OF SOCIAL DIALOGUE AND THE DOMINANT ONE: WORKPLACE, SECTOR, NATIONAL

The social partners in Sweden traditionally resolve many issues by means of collective bargaining agreements, without central government intervention (that is, through bipartite initiatives). The parity model follows two phases: first comes the negotiation phase, during which representatives of trade unions and employers sign a collective agreement. Then follows the management phase, during which the signatory parties to the collective agreement decide to jointly manage the fund and create a joint institution where they are represented in a balanced way. Thus, in the Swedish model, a tripartite approach to social dialogue is rare as concerns core labour market issues, but is used in broader policy development such as for example the digital transition or general labour market development. Social partners are reluctant to

see government intervention in these matters given that the self-regulatory tradition through collective bargaining is deeply rooted. The perspective of an absent tripartite approach in Sweden results in the fact that tripartite committees, high-level groups or other multi-stakeholder committee or governmental hearings and consultations are rarely used in Sweden. However there are still some examples of a tripartite approach such as within the so-called Job Pact aimed at finding shared solutions to improve labour market participation among young people.

The Swedish model entails the government and the social partners bearing shared responsibility for the development of the labour market, such that the social partners' involvement in the industrial policy process increases the coherence and coordination of policies, especially those related to the labour market. For example, the government has conducted discussions with the social partners as to how the Swedish model could be further developed to make the labour market more inclusive and flexible.

The key level for collective bargaining in Sweden is the industry level, although, within the industry-level framework, around 91% of employees have part of their pay determined by local-level negotiations, and 28% have all their pay determined locally. The overall level of coverage of collective agreements is high – estimated at 88%.

Regarding representation in the social dialogue with the government, there are few initiatives taken to include sectoral participation.

3.4 MAIN ACTORS: SOCIAL PARTNERS, RECOGNITION AND CRITERIA FOR REPRESENTATIVENESS

Due to the long historical roots of centralised industrial relations, there were originally only two major social partners (besides the state), namely the Swedish Trade Union Confederation (LO) and the Swedish Employers' Confederation (SAF). In 2001 the latter changed its name to the Confederation of Swedish Enterprise (*Svenskt Näringsliv*, SN)

Currently, the country has three main trade union confederations: the Swedish Trade Union Confederation (LO) which organises blue-collar workers, the Swedish Confederation of Professional Employees (TCO) and the Swedish Confederation of Professional Associations (Saco), and one major employers' organisation confederation: the Confederation of Swedish Enterprise (*Svenskt Näringsliv*). Due to these central confederations' relatively important role, the social partners' involvement in the process of formulating industrial policy interventions in Sweden is generally cross-sectoral.

Trade unions have a strong all-encompassing central and local organisation. This centralisation prevents fragmentary union coverage, promotes bargaining power and facilitates solidarity wage policies, while an extensive network of local union branches well integrated into national unions brings the unions closer to their rank-and-file members.

Although there is a sector-specific involvement, most industrial policy interventions in Sweden are formulated as horizontal interventions.

3.5 MAIN PRACTICES AND RELATED OUTCOMES

Industrial relations and social dialogue in Sweden are based on the existence of a conflict between capital and labour as well as between owners and workers. This is the basis of the agreement, which means that there is little room for the involvement of the social economy – where this conflict rarely exists. So, since 1938, the room for social economy dialogue in industrial relations has been small.

Social partners in Sweden do play a role beyond industrial policies. In addition to their role in collective bargaining, social partners are also involved in the design of policies in broader fields, including the green and digital transitions. In Sweden, social partners are involved in tripartite dialogue with the government, which means that they have a say in the design of policies that affect the labour market and the economy more broadly. For instance, the government regularly consults with social partners on issues such as labour market regulations, social welfare policies, and education and training policies. In recent years, social partners in Sweden have been increasingly involved in discussions on the green and digital transitions. They have advocated policies that support the development of sustainable industries and technologies, as well as policies that promote digitalisation and innovation in the economy. Furthermore, social partners in Sweden have been playing a political role beyond collective bargaining. Although they are not political parties, they are considered key stakeholders in the policy-making process and have a significant influence on the formulation and implementation of policies.

Social partners are also involved in public debate and are often consulted by the media and other stakeholders on a range of issues.

/04

Social economy

4.1 BRIEF HISTORY

The social economy in Sweden has a history that is closely tied to the country's broader social and economic development. The roots of the social economy can be traced back to the 19th century when various social and cooperative movements emerged. Workers' cooperatives, agricultural cooperatives and mutual benefit societies were established to address the economic and social challenges of the time, such as poor working conditions and poverty. In the late 19th and early 20th centuries, the cooperative movement gained momentum. Consumer cooperatives, where consumers collectively own and manage retail stores, became widespread. These cooperatives aimed to provide affordable goods to working-class people.

Labour unions played a crucial role in the social economy's evolution. They advocated workers' rights, higher wages, and better working conditions. The labour movement grew stronger over time and became an influential force in shaping labour laws and policies.

After World War II, Sweden embraced a social welfare state model. The government played a central role in providing comprehensive social services, including healthcare, education and social security. The social economy played a complementary role in delivering

many of these services. For example, cooperatives and non-profit organisations provided healthcare and eldercare services.

The social economy in Sweden diversified in the latter half of the 20th century. It expanded beyond traditional cooperatives to include a wide range of non-profit organisations and social enterprises. These organisations served various purposes, from providing social services to promoting cultural activities and environmental initiatives. Overall, the social economy in Sweden has a deep-rooted history, and it continues to evolve in response to changing societal needs and economic dynamics. It plays a vital role in complementing the welfare state and promoting social cohesion, economic sustainability and community well-being.

Overall, the involvement of the social economy sector in industrial relations and social dialogue in Sweden is still limited compared to that of the traditional social partners. However, there are signs, due to the focus on the sector by EU institutions, of a growing recognition of the importance of the social economy in Swedish economy and society. Some efforts, especially at a regional level, are being made to involve social economy actors in the policy-making process and in shaping the country's economic and social policies, yet

in a limited way. Some examples of this are regional networks of social economy organisations which promote civil dialogue, or public-social partnership agreements at municipal level which promote social change together with the social economy. Overall, Sweden's social partners – employers' organisations and trade unions – play a crucial role in shaping the country's economic and social policies, not only in the realm of industrial relations but also in broader fields such as the green and digital transitions. Still, employers' organisations representing the social economy do not have room for social economy-specific policy influence.

Pressure from the EU boosted the process and led to the launch of a cross-ministerial working group in 1997, which included representatives from social economy organisations, researchers, and regional and local authorities, and resulted in a definition of the social economy in 1999. However Sweden has traditionally regulated social economy entities independently from any reference to a broader phenomenon, i.e. the social and solidarity economy, the social economy or the third sector.

4.2 BRIEF MAPPING

4.2.1 Official definition

In Sweden the definition of the social economy is rarely used, although there is an official definition (Ministry of Culture 1999) that states (translated by author):

Social economy refers to organised activities that primarily have societal purposes, are based on democratic values and are organisationally independently from the public sector. These social and economic activities are mainly

conducted in associations, cooperatives, foundations, and similar forms of associations. Activities within the social economy have the benefit of the public or members, not profit, as the main driving force.

The definition was introduced because of Sweden's membership of the EU and has been used since then, and no other definition has been presented officially. The main actors included in the social economy are cooperative societies, mutual companies and associations in the non-profit sector.

4.2.2 Legal forms in national law

Legally, there are two legal acts regulating the social economy in Sweden: the Economic Associations Act (1987, revised in 2018) and the Foundation Act (1994).

However, as in other part of Europe, there are four main legal forms of associations in the social economy: economic associations (cooperatives), non-profit associations (associations), foundations and mutuals. Collective labour agreements negotiated by social partners also apply to social economy entities, but some employers' organisations do have a specific focus on the social economy (for example *Fremia* and *Arbetsgivaralliansen*).

An economic association (co-operative) is a type of business in which the members' liability is limited to the capital invested in the association. An economic association can be started by at least three people, companies or associations. The legal aspects of an economic association are defined in the Economic Associations Act (1987, revised in 2018). Cooperatives may also take the form of a limited company if the

cooperative principles are clearly stated in the statutes of the company. Economic associations are used for all types of cooperatives, such as agricultural, forest, consumer, workers' and housing. In Sweden there are approximately 41,400 economic associations employing around 90,000 people. Of these, 33,800 are housing cooperatives employing 6,000 people. Housing cooperatives are economic associations with special law requirements.

A non-profit association has a non-profit objective or operates non-profit-making activities; it may not have as its objective to further the economic interests of its members by operating commercial activities. Such an association must be formed by at least three persons determining its aims and name. It can operate a business if any profit is applied to its objective, for example, goes back into sports activities available to young people. There is no legislation specifically for non-profit associations. There are 165,000 such associations, employing 75,000 people, in Sweden.

The purpose of a foundation is to support a specific purpose by making use of an asset, such as money or real estate. A common purpose can, for example, be to award scholarships or to support research. A foundation can also support several different purposes. Most foundations must be registered with the County Administrative Board. A foundation in Sweden must not have any owners or members, must be governed by a foundation ordinance that specifies how the assets are to be used and who the beneficiaries are, must have a name that includes the word "Foundation", must operate over a certain given period and must be a legal entity. The legal aspects of

a foundation are defined in the Foundation Act (1994). Few foundations can be included in the definition of social economy: a study of foundations in Stockholm in 2005 shows that only 5% of them can be regarded as a part of the social economy. There are 20,000 foundations in Sweden, which employ 25,000 people.

The mutual sector in Sweden consists mainly of insurance companies. Swedish mutual insurance companies have often been connected to various popular movements and have thus obtained quasi-monopoly rights for writing certain kinds of insurance. This has been important as a means of obtaining economies of scale and creating efficient organisations, and has allowed them to compete with their joint-stock rivals. Mutuals have also remained important players in the insurance market by keeping policyholders' interests in focus through creative product diversification and by expanding nationally to reach customers outside their original base. Mutuality has also protected them against hostile take-overs that weakened the stock corporations. Mutual insurers not only survived as independent companies but also were a success. The Insurance Operations Act that was adopted in 1948 has become known above all for the introduction of several new principles that came to govern the Swedish insurance market. There are nine mutual insurance companies in Sweden, employing 15,000 full-time equivalents.

4.2.3 Main sectors where SE entities can be found

Cooperatives within the social economy are active in all sectors of the society, but most (60%) are found in the welfare sector (such as childcare, work integration, education, assistance and healthcare). Nevertheless retail, manufacturing and agricultural cooperatives employ 65% of the employees in the cooperative sector in Sweden. Housing Cooperatives have a special form of economic association and are five times bigger than all other cooperative entities combined, but employ just 1/12th of the workforce.

Mutuals are only active in the insurance sector in Sweden. Associations are mainly to be found in sports, politics and recreation (75%).

4.2.4 Share of employment

In Sweden there is a lack of awareness and understanding of the social economy, which leads to low visibility both in the media and in the statistics. Sweden lacks databases, official statistics and reliable data about the social economy. Therefore, it is difficult to attain a complete picture of the size or actors involved. In 2016, the author mapped the size of the social economy in Sweden based on several sources, showing that it employs 4% of total Swedish labour force.

There is no dedicated sectoral social dialogue for the social economy in Sweden. The lack of awareness and understanding of the social economy can be attributed to several factors. One of the main reasons is that the social economy sector is relatively small compared to other types of enterprise (limited companies by

shares). As a result, it has traditionally received less attention from policy-makers, researchers and the media. Another factor is the lack of a clear definition and understanding of what the social economy is and what types of organisations fall under this umbrella. In Sweden, there is no single legal form or registration requirement for social economy entities, which can make it difficult to identify and measure their contribution to the economy and society. This can also lead to inconsistencies in how social economy entities are classified and measured in official statistics. Moreover, there has been a lack of coordinated efforts to promote the social economy and raise awareness of its role and potential. While there are some national and regional networks and initiatives that bring together social economy actors, they often operate independently and have limited resources and reach. The low visibility of the social economy in the media and in statistics has implications as regards recognition and support. Without adequate data and visibility, it can be difficult for policy-makers to understand the contributions of the social economy sector and to design policies that support its growth and development.

4.3 ACTORS

There are various social economy organisations that support the social economy in the Swedish panorama, but apart from the employers' organisations *Fremia*, *Arbetsgivaralliansen* and *Svensk Scenkonst*, which are employer organisations that theoretically may be involved in industrial relations and social dialogue for the sector, there are no organisations that may be involved in the social dialogue or industrial relations at national level.

Fremia was established in 2021 as a merger of the KFO (Cooperatives) and IDEA (non-profit) employers' organisations. It has about 5,400 member companies with about 130,000 employees. The organisation is represented in most sectors of the Swedish labour market in the fields of trade, industry and services, healthcare and service, geriatric care and housing service, day-care centres, pre-school and school as well as non-profit-making organisations. Fremia is involved in sectoral collective bargaining with trade unions.

Arbetsgivaralliansen is, like Fremia, an independent employers' organisation for non-profit and idea-based organisations, mainly consisting of sports organisations, religious communities and health and social care organisations. Arbetsgivaralliansen brings together 3,400 organisations with about 38,000 employees, and is involved in sectoral collective bargaining with trade unions.

Coompanion is an advisory organisation that supports the start-up and development of cooperatives and other entities in the social economy. It is the main provider of advice on entrepreneurship within the social economy. Coompanion has 25 offices spread across the country. Counselling and communication services are financed by *Tillväxtverket* (the Swedish Agency for Economic and Regional Growth) as well as by regional councils and sometimes by cooperative members. The services are free of charge for the clients.

Svensk Kooperation (Cooperatives Sweden) promotes the cooperative form of enterprise by

increasing knowledge, disseminating cooperative ideas and driving opinion formation. It also represents member companies in matters concerning the cooperative company structure, and arranges unique training and experience interchange for cooperative and mutual companies. The organisation was created in 2017 and, for the first time since the 1930s, brings together producer, consumer and housing cooperatives as well as mutual companies, both established and newly started, in Sweden, and today comprises around 60 members.

Skoompi is a national organisation for work integration social enterprises with 130 enterprises as members. They represent approximately 50% of all WISEs in Sweden.

FAMNA has 50 members from the non-profit sector and aims to highlight the added value and the quality that non-profit providers bring to health and social care in Sweden.

/05

Social dialogue and the social economy

5.1 PARTICIPATION OF THE SOCIAL ECONOMY IN INSTITUTIONS FOR SOCIAL DIALOGUE

Overall, the involvement of the social economy sector in industrial relations and social dialogue in Sweden is still limited compared to that of traditional social partners, trade unions and employers' organisations. However, there are signs of a growing recognition of the importance of the social economy in Sweden's economy and society, and efforts are being made to involve social economy actors in the policy-making process and in shaping the country's economic and social policies, mainly through informal networking.

Formally there is no consultation body for the social economy connected to social dialogue, although there is a gathering called *Nationellt organ för dialog och samråd mellan regeringen och det civila samhället* (NOD). NOD is a platform for cooperation between civil society and the government. It was set up by the government and civil society in February 2018. Its aim is to help public actors and civil society to cooperate, and to provide relevant organisations with meeting points to support dialogue. NOD is active in facilitating meetings and dialogues in all areas of society and is a resource for method development

and the arranging of consultative meetings on specific societal issues. The platform also administers long-term processes and dialogues. NOD consists of a board (with representatives from the government and the civil society), an operational office and the civil society organisations that have joined the structure. The representatives to NOD are elected yearly. In the *Partsgemensamt forum* (PGF), representatives of the government and civil society discuss how the conditions for civil society organisations can be improved. The forum is convened and administered by NOD. However, the forum is independent and detached from NOD's operations. Responsible parties for the forum are the government and civil society.

The collaboration of independent employers' organisations is arranged via a cooperation between the seven organisations: *Arbetsgivaralliansen*, BAO (Bank Institutes' Employers' Organisation), *Fastigo* (the real estate industry's employers' organisation), *Fremia*, *Sinf*, *Skao* (the Swedish Church's Employers' Organisation) and *Svensk Scenkonst*. Most of these employers' organisations represent different parts of the social economy. Fremia has decided to emphasise this side of its work and increase its representation of

the social economy in different policy areas. Through membership in an employers' organisation, members are also involved in and have an influence on expert advice, e.g. on civil society issues, cooperative development, welfare and personal assistance.

The Swedish government invites partners, including occasionally also the independent employers' organisations, to expert councils. In the expert councils, the responsible minister invites various parties for talks, for example on legislative proposals. Another example is industry councils and operating committees, where employers' organisation members can discuss the issues and exert influence.

5.2 TRADE UNION AND EMPLOYER PERSPECTIVE

The trade unions have their roots in the people's movement, which has had an enormous impact on Swedish democracy and the political arena we have today. Furthermore, it has shaped and created the conditions for labour market regulation based on an employee perspective. Social economy entities are strongly guided by values and protect the democratic principle. In Sweden, the trade unions and the social economy actors share the same view of democracy, including the importance of social and economic democracy. However, cooperation between trade unions and the social economy is limited. Nevertheless, it is worth mentioning is that a trade union owns the mutual insurance company *Folksam* as well as the cooperative housing company *Riksbyggen*.

Members' ability to influence the social dialogue are limited for social economy organisations. In relations with government and meetings with politicians, through industry organisations and employers' organisations, there is room for the sector to exert influence and be heard, but in many cases, it stops after that. In rare cases of conflict between the social economy and the private sector, for example recently regarding reserved contracts in procurement, it is the private sector that is listened to. When it comes to employment regulations, the private sector has LAS and the public sector has LOA, but part of the social economy (non-profit/civil society) has no specific regulations tailored to the sector apart from collective agreements. Social enterprises and social economy actors have different prerequisites from profit-making private companies and would need legislation specifically adapted to their structure and economic conditions. They have limited or no ability to influence industrial relations or social dialogue.

Social economy entities are not counted as social partners, a term which usually refers exclusively to employers' organisations and trade unions. On the other hand, as employers, they can influence the social partners through membership in an employers' organisation. An individual employer can certainly reach its own collective agreement with a trade union, but the tendency to deviate from any central collective agreement is small. Some attempts have been made to broaden the representation of the social economy, but the existing structure is protected by the actors involved and a new order would threaten the existing structure of power.

This said, the employers' organisations are the main actors through which the social economy can operate in social dialogue. Through their ownership of companies and mainly by representing employees, trade unions certainly gain an influence, although certainly not primarily with an interest in the characteristics of the social economy, but for the sake of their members, i.e. opportunities and conditions. So, the employer side of the social dialogue should be the side on which the actors of the social economy sit in the Swedish industrial relations and social dialogue system.

5.3 RELATIONSHIP BETWEEN SOCIAL PARTNERS AND THE SOCIAL ECONOMY

From the employers' perspective, the social dialogue is becoming sectoral, regional and vertical, e.g. through local negotiations with trade unions and subsequently possible central negotiations through employers' organisations. The situation may become national and horizontal through e.g. a dispute. Through representation in governmental consultations, in interest policy collaboration, the situation may become cross-sectoral and national.

There is an increased understanding among trade union of collective agreements for the social economy, civil society and WISEs. On the other hand, understanding is limited, as there is no wish or possibility to deviate too far from the private sector's contractual regulations. The recognition has grown through the diligent work of Fremia and Coompanion. However, there is room for even greater understanding and recognition.

The social economy is particularly marked by the democratic principle with the main purpose of making a difference, e.g. to prepare people who are far from the labour market to return to work and to reinvest any profit in the business. The understanding shown by the legislator is limited, e.g. in terms of the conditions for participating in public procurement, as the actors operate on the same terms as others in the market, but also in terms of the conditions for operating as an employer, as the terms are the same as for others in the labour market, based on a labour and work environment legal perspective.

5.4 OPPORTUNITIES AND OBSTACLES FOR INCREASED PARTICIPATION OF THE SOCIAL ECONOMY IN THE SOCIAL DIALOGUE

The given decision-making and pace of the industrial relations in Sweden are barriers to increased participation of the social economy in the social dialogue, since it is based on traditional structures not including the social economy. Another thing that makes it difficult for the social economy is that the concept is broad, and different parts of the social economy have different interests in the dialogue. There is a general lack of understanding and knowledge about the social economy's conditions and activities in politics. Even within the sector, the definition of what the social economy means varies.

The reality in Swedish industrial relations and social dialogue is that the actors of the social economy are often forgotten. For example when developing the LAS reform (on Swedish Employment Protection), the legislator invited the social partners but forgot

to invite the social economy, including the social economy employers' organisations. In all central negotiations, there is a need to describe the social economy. During contract negotiations, but also customary negotiations, social economy employers' organisations must diligently remind counterparties of the members' preconditions, history and structure.

The Swedish model may be structured with two sides, but it spans three sectors, including the social economy. Social economy representative actors wish to be able to influence the legislator based on the social economy's opportunities and conditions, and to some extent it is possible through operational committees, delegations, and industry committees as well as industry organisations.

Due to the industrial relations system in Sweden, most industrial policy interventions in Sweden are formulated as horizontal interventions, with only the largest social partners primarily involved, and the social economy is included only to a very limited extent. Overall, the involvement of the social economy sector in industrial relations and social dialogue is still limited compared to that of the traditional social partners – trade unions and employers' organisations. The independent employers' organisations that have social economy members are also underrepresented in the social dialogue.

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Conclusion

6.1 BEST PRACTICES AND RECOMMENDATIONS

The representation of employers' organisations and recognition by the other social partners are prerequisites of a better recognition of the social economy in the industrial relations system. This is true both for local negotiations with employers, and for central negotiations where employers' organisations for the social economy (mainly *Fremia*, *Arbetsgivaralliansen*, *Fastigo* (HSB), *Svensk Scenkonst* and the Swedish church) represent the members. Coompanion, which exists across the whole country, is a vital part of influencing policy for the social economy's benefit. Another good example of possible platform for increased social economy inclusion in social dialogue is NOD, which is the aforementioned body for national dialogue between the government and civil society.

A better understanding of the social economy on the part of trade unions, employers' organisations, authorities and policy-makers (on all levels – local, regional and national) is an important adjustment to the institutions of social dialogue that would be needed to enable the full recognition of the social economy (its distinctiveness) and the participation of its representative organisations. The employers' organisations need to collaborate more closely in this manner and demand to be included as representatives of the social economy, as regards both industrial relations and social dialogue with the

government. Furthermore, representatives from the social economy need to give a mandate to the employers' organisations. The employers' organisations need to construct a system based on members' needs to define their political voice.

From a trade union perspective, all these issues are very important; the foundation is wages, but social dialogue issues are of utmost importance. There is a need to connect the dialogue to the local and regional levels, as well as the perspective of social economy actors.

Seen from the EU level, the inclusion of the social economy in the social dialogue in Sweden is vague. Therefore, the government has the task of securing representation and making the social economy more visible. Often the social economy is left out of social dialogue and regulation in Sweden. The Swedish state lacks the knowledge or will to support or include the social economy in regulative structures.

The social economy sector needs to organise itself so that it can participate with one voice and make sure that it is visible. To conclude, there is a need and will to make the role of the social economy increasingly visible as well as to ensure representation of the social economy in the social dialogue and industrial relations.

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Interviews:

Eight interviews, but with regard to GDPR we do not mention their names in this report. They are leading people from employers' organisations (5), trade unions (1) and social economy organisations (2).

A policy lab was conducted on 30 August 2023 in Stockholm with eight participants from employers' organisation (4) trade union (3) and the social economy (1).



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