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National Report

SWEDEN



WORKING, YET POOR

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ABSTRACT:

This report assesses the phenomenon of in-work poverty in Sweden in relation to the four specific VUP groups identified within the Working, Yet Poor project. It is shown that the main drivers of in-work poverty in Sweden are not related to the wage setting system as dealt with through collective bargaining as such. Rather, in-work poverty is more closely associated with work-intensity affecting workers with lower numbers of weekly working hours. The flexible labour law regulations as concerns temporary and part-time employments are thus seen as an important factor for the existence of in-work poverty. In addition, the construction of social security benefits as based on a presumption of standard employment cause challenges for non-standard worker in terms of possibilities for access to benefits as well as the amount paid if they do gain access to the benefits. Even though there are supplementary support in collective agreements, those are generally not applicable for workers subject to the most precarious forms of employments such as casual employments and platform workers. The analysis further shows how these gaps in labour and social security regulations place certain categories of workers, that are not employed in a standard employment, at risk of in-work poverty. The risks are specifically pertinent for fixed-term, part-time and casual workers living either as a single person or as the only working parent in a household with children (either as a single parent or in a couple where the other adult does not work). Lack of reliable statistics for certain groups cause limitations for what conclusions can be drawn. In order to elaborate better knowledge about the situation more detailed statistics are needed in the future. In spite of several initiatives for changes to legislation underway, which are likely to increase access to social security benefits for more workers, the issue of casual forms of employment resulting in low number of weekly working hours and thus increased risks of in-work poverty still remains to be addressed.

Table of contents

EXECUTIVE SUMMARY	7
GENERAL ANALYSIS	13
INTRODUCTION.....	13
PART I. MS LABOUR LAW LEGAL SYSTEMS AND SOCIAL SECURITY MODELS: THE ROLE OF LAW AND COLLECTIVE BARGAINING AND HOW THEY TACKLE IN-WORK POVERTY	21
1. MAIN FEATURES OF LABOUR LAW, SOCIAL SECURITY AND THE ROLE OF COLLECTIVE BARGAINING.....	21
1.1. Scope of application of the discipline	21
1.2. Constitutional framework	24
1.3. Sources of regulation	25
1.4. Recent developments: from the financial crisis to the Covid-19 pandemic.....	26
2. POLICIES AND MEASURES THAT DIRECTLY IMPACT ON IN-WORK POVERTY.....	32
2.1. Policies and measures improving individuals' working conditions.....	32
2.1.1. The right to fair and adequate wages and to a decent standard of living	32
2.1.2. Minimum wage policies.....	36
2.1.3. Additional wage increase factors	40
2.1.4. Make-work-pay policies	41
2.2. Policies and measures supporting workers' incomes in case they lose their occupation	42
2.2.1. Unemployment benefits.....	42
2.2.2. Active labour market policies and public employment services.....	49
2.2.3. Vocational training	57
2.3. Policies and measures supporting workers' earnings in case other events occur.....	62
2.3.1. Suspensions of the work relationship in case of temporary crisis, insolvency or other events regarding the undertakings	62
2.3.2. Short-term work schemes in the framework of the Covid-19 pandemic.....	65
2.3.3. Suspensions of the work relationship regarding the workers: sickness, maternity, work-related injury	68
3. POLICIES AND MEASURES INDIRECTLY INFLUENCING IN-WORK POVERTY	85
3.1. Minimum income	85
3.2. Childcare	85
3.3. Family and social assistance benefits.....	87
3.4. Healthcare and long-term care policies.....	92
3.5. Education and lifelong learning	96
SPECIFIC VUP ANALYSIS	98

PART II. VUP GROUPS ANALYSIS	98
I. VUP GROUP 1. LOW- OR UN-SKILLED STANDARD EMPLOYMENT	98
1. Definition.....	98
2. Relevant legal framework	100
2.1. Unionization and collective agreements coverage	100
2.2. Statutory provisions that worsen working conditions	102
2.4. Active policies, training and unemployment benefits.....	104
3. Descriptive data and impact analysis	104
3.1. Workforce composition	104
3.2. Impact on selected households' in-work poverty	106
ii. VUP GROUP 2. SOLO AND BOGUS SELF-EMPLOYMENT	109
1. Legal framework.....	109
1.1. Notion and main features.....	109
1.2. Obstacles to the application of labour law and social security standards	111
1.3. Unionization and application of collective agreements	112
2. Descriptive data and impact analysis	113
2.1. Workforce composition	113
2.2. Impact on selected households' in-work poverty	114
iii. VUP GROUP 3. FIXED-TERM, AGENCY WORKERS, INVOLUNTARY PART-TIMERS	116
1. Fixed-term employees	116
1.1. Legal framework.....	116
1.1.1. Notion and main features	116
1.1.2. Equal treatment, working conditions and social security benefits.....	119
1.1.3. Unionization and collective agreements' application.....	120
1.2. Descriptive data and impact analysis	121
1.2.1. Workforce composition	121
1.2.2. Impact on selected households' in-work poverty.....	125
2. Temporary agency workers	127
2.1. Legal framework.....	127
2.1.1. Notion and main features	127
2.1.2. Equal treatment, working conditions and social security benefits.....	129
2.1.3. Outsourcing and matching between labour demand and supply	133
2.1.4. Unionization and collective agreements' application.....	135
2.2. Descriptive data and impact analysis	135
2.2.1. Workforce composition	135
2.2.2. Impact on selected households' in-work poverty.....	136

3. Involuntary part-timers.....	137
3.1. Definition and main features.....	137
3.2. Relevant legal framework.....	139
3.2.1. Equal treatment, working conditions and social security benefits.....	139
3.2.2. Unionization and collective agreements' application.....	140
3.3. Descriptive data and impact analysis	141
3.3.1. Workforce composition	141
3.3.2. Impact on selected households' in-work poverty.....	144
iv. VUP GROUP 4. CASUAL AND PLATFORM WORKERS.....	145
1. Notion and relevant legal framework.....	145
1.1. Casual workers.....	145
1.1.1. Intermittent and on-call work.....	145
1.2. Platform workers	149
1.2.1. Crowdworkers	155
1.2.2. Workers on-demand via app.....	155
2. Descriptive data and impact analysis	156
2.1. Workforce composition	156
2.2. Impact on selected households' in-work poverty	159
REFERENCES	163
WORKYIP NATIONAL REPORTS GLOSSARY	176
STATISTICS ON VUP GROUPS.....	178

EXECUTIVE SUMMARY

This Report¹ is the result of an investigation on the phenomenon of in-work poverty in Sweden in relation to the four specific VUP Groups identified within the “Working, Yet Poor” project: low or un-skilled standard employees; solo or bogus self-employed; fixed-term, temporary agency and involuntary part-time workers; and casual and platform workers. The purpose of the Report is to analyse the regulatory structures affecting the working conditions for the VUP Groups and to assess different aspects of regulations that can have an impact on the situation of in-work poverty for such workers. To this end the analysis includes the legal framework as well as collective agreements and the interplay between legislation and collective agreements as concerns the application of working conditions for the VUP Groups.

The analysis starts with an introduction discussing the extent of the problem of in-work poverty in Sweden, showing that in spite of relatively low rates of in-work poverty from an international perspective, the issue still deserves to be highlighted and given more attention in future debate and policy formation. After the introduction the Report continues by considering the basic premises of the regulatory framework by discussing the scope of application of the discipline and the different sources of regulation that impact the application of labour law and social security benefits. The main elements of labour laws and social security legislation are identified. Furthermore, the different interpretations of the concept of worker within labour law, social security law and tax law are mapped out, in order to provide an understanding for the basic premises for access to the protection offered through these different regulatory fields. The introduction concludes by taking into account the most recent changes to relevant legislation during and after the financial crisis until today, mainly as concerns the impact of these changes in relation to the situation for workers at risk of in-work poverty.

The Report further investigates policies and measure that directly impact on in-work poverty. In this section the concept of fair and adequate wages in relation to a decent standard of living is discussed. The lack of a clear definition of a fair and adequate wage in Swedish legislation and how this concept can be understood in relation to how different public law principles relating to requirements of a decent standard of living have been interpreted. The wage setting system in Sweden is further discussed and assessed in terms of the protection it offers to workers, its results as concerns adequate minimum wage levels and potential gaps of this system. The analysis of measures that directly impact in-work poverty further analyses the structures of the unemployment benefit system, its links with labour market policies, employment services and the scope of vocational training within the Swedish system as regulated in both statutory legislation and collective agreements. Protective measures in relation to crisis, insolvency and restructuring of enterprises are discussed and specific attention is granted to the system with short-time work allowances that was introduced after the financial crisis and reinforced during the Covid-19 pandemic. Social security measures offering income protection in case of sickness, parental leave and similar events are also

¹ This document reflects only the authors’ view and the Research Executive Agency is not responsible for any use that may be made of the information it contains.

assessed as part of the measures that directly impact on in-work poverty. The general analysis of the regulatory framework concludes by assessing measure that indirectly impact on in-work poverty. In this section the Swedish system concerning childcare and education as well as health care are briefly sketched out. Other measures of relevance such as family benefits and social assistance are also discussed.

Throughout the analysis the different regulatory schemes are assessed in terms of positive and negative impact on in-work poverty. The main findings of the analysis can be understood in terms of existing strengths and weaknesses of the Swedish system. The strengths of the Swedish system relate to a high extent to the well-functioning and strong Swedish model of labour market regulation through collective agreements. The Swedish model has generated a system with minimum wages generally set above 60 percent of the median wage and as such the wages in Sweden are set at a decent level. The high coverage of collective agreements, 100 percent in the public sector and 83 percent in the private sector, assures the vast majority of workers a good protection both in terms of decent wages and supplementary protection in case of sickness, parental leave, restructuring of the undertaking etc. These strengths of the Swedish system also generate a situation where having a full-time permanent employment will assure workers a high degree of protection against risks of in-work poverty. The issue of in-work poverty in Sweden is therefore not related to poor wages as such, instead the main driver is the number of hours worked and the consequences that fewer working hours cause in relation to different forms of social security benefits. Indirect measures on terms of childcare, education and healthcare also assure that such institutions are generally available, accessible and affordable in a manner that alleviates potential problems for those subject to in-work poverty.

However, the Swedish system is not without weaknesses and some issues need further attention in addressing the problem of in-work poverty in Sweden. Firstly, the design of social security benefits and loss of income protection is generally framed in relation to standard employment, which causes risks for workers in other forms of employment, particularly those with shorter temporary or part-time employment. The risks vary to some extent depending on the form of employment, but in principle the length of employment is of importance for access to social security and loss of income protection and the number of hours worked affects the level of the benefits paid. This generates a situation where workers employed on short contracts or working few hours are at the risk of either not being covered by social security benefits or having the amounts of such benefits set at very low levels. Even though the social security benefit system also involves specific structures for assuring self-employed access to these benefits, the design of these structures does imply certain challenges and insecurities also for self-employed. Secondly, the rules concerning fixed-term employment in Sweden are framed in a highly flexible manner providing a broad scope for short-term and intermittent employment contracts. This has generated a situation where less stable forms of temporary employment have become more common even though the overall share of temporary employment has remained fairly stable.

Finally, in spite of the overall well-functioning Swedish model, the protection that the collective bargaining structures offers are not without blank spots. In the relatively few workplaces where there is no collective agreement there is no regulation of minimum wages. Even though wages set in sectoral collective agreements have a normative function for the sectors and many employers that are not bound by collective agreements apply similar wage levels it is still the case that in workplaces where there is a surplus of potential workers, the

employer is able to more or less set the wages unilaterally. If workers in such cases are not members of a trade union, then they would have to go through a process of court action in order to enforce a decent wage case-by-case, a process which is not easily overcome without support from a trade union. This blank spot of the Swedish model therefore causes risks for specific vulnerable categories of workers who might have difficulties finding work that offer better conditions. When considering that rates of collective agreement coverage as well as trade union membership are lower in specific sectors where for example young and foreign-born workers are also over-represented, this blank spot of the Swedish model cannot be neglected as a risk in relation to in-work poverty in Sweden. In addition to this, the indirect measures available for income support in Sweden, such as family benefits and social assistance schemes are generally designed for persons without income rather than persons earning a low income from work. This means that such measures are not fully apt to alleviate the precarious groups of workers from in-work poverty, instead they are mainly suited for limiting the extent of poverty for persons outside the labour market.

On the basis of the general analysis of the regulatory framework in Sweden, the Report explores the consequences of the regulatory structures and the in-work poverty situation for the specific VUP Groups. The overall assessment in relation to this can be briefly explained as showing that young, female and foreign-born workers are more at risk of in-work poverty due to them being over-represented in several of the more precarious forms of work in relation to in-work poverty. Slightly simplified, in-work poverty is not an issue for households with two persons earning an income from work, especially not if they have a medium to high work-intensity. Claiming that the problem of in-work poverty in Sweden is a transitory problem for young people in the process of establishing themselves on the labour market, does not explain the full scope of the problem though. The reason is that not only single person households face specific risks of in-work poverty. Instead, single parent households and couple households with children, with only one person working, are also subject to high risks of in-work poverty.

In the more specific analysis for the different VUP groups, the situation for standard workers in low-wage and low-skill occupations is firstly assessed. Even though there is no sector in Sweden falling within the EU definition of a low wage sector, some specific sectors are identified as potentially more at risk in terms of in-work poverty. However, the in-work poverty risks for these workers in general are not differing much from the overall figures for Sweden, nor is the rate of severe material deprivation. These workers are generally covered by the protection offered through social security and supplementary benefits from collective agreements and the minimum wages are also above the poverty threshold. Some specific categories of households at risk of in-work poverty within this VUP Group are identified in terms of: young single persons employed on a contract with a wage set for young and inexperienced workers; single parent households; and couple households with children, but only one person working. In spite of wages generally set at decent levels in Sweden, there are clear indications that the lower wages in certain occupations are not fully sufficient for supporting a family in spite of minimum wages above 60 percent of the median wage. In addition, for the specific vulnerable categories of households in this VUP Group the indirect measures, potentially available for increasing the income of the household, are not readily designed for households with at least one person earning a full-time wage.

Continuing with an analysis concerning the dependent self-employed (VUP Group 2) it is shown that these workers face certain challenges and risks partly due to the specific

regulations concerning social security and unemployment benefits for self-employed and partly due to the fact that these workers are not included in collective agreements and as such have less access to supplementary benefits and a lower protection in terms of wage regulation. Whether or not these workers are at higher risk of in-work poverty is less clear though. The reason is that in spite of high rates of in-work poverty, these workers are not subject to risks of severe material deprivation, which indicates that for this group of workers the in-work poverty measurement is not suitable for assessing their actual standard of living. If the dependent self-employed is the only person in the household working and there are children in the household, then there seems to be an increased risk of in-work poverty for dependent self-employed. There are difficulties in mapping out a clear picture of the in-work poverty risks for this VUP group, but the risks associated with a family dependent on the income from only one person are also prevalent for this group.

For the VUP Group 3, comprising fixed-term, temporary agency and involuntary part-time workers the situation varies to some extent. Whereas statistics on in-work poverty specifically for temporary agency workers are impossible to retrieve, this group of workers is concluded to be well protected in the Swedish system. The reason is mainly the high degree of responsibility taken by the social partners in order to regulate this form of work in Sweden. The collective agreement coverage rate for temporary agency work is high at 97 percent and the regulations in collective agreements restrict the use of temporary and casual employment whilst at the same time providing wage regulations that actually assure the workers that otherwise would be more at risk of in-work poverty a decent wage. The risks in relation to in-work poverty for temporary agency workers are therefore most likely associated with the general risks of households with children that are dependent on the income from only one person than the actual employment as a temporary agency worker. For fixed-term workers the situation is somewhat different, since the length of the employment has an impact on access to social security and supplementary benefits from collective agreements as well as potentially affecting the wage and level of social security benefits due to fewer working hours as a consequence of shorter employment contracts. For this VUP Group it is possible to see that young, female and foreign-born workers are over-represented both in terms of the share of these categories amongst the workers and in terms of in-work poverty rates. In addition, a low level of education and a low skill-level in the occupation increase in-work poverty risks, which provides ground for concluding that it is a problem associated with both class, gender and nationality. Even though the statistics can indicate that fixed-term workers are less likely to have children the households most affected by in-work poverty are still single earner households, but young single person households without children could be more common amongst those subject to in-work poverty.

Similarly for part-time workers, the number of hours worked affect both the wage and potential levels of social security benefits and supplementary benefits from collective agreements. This means that the lower the numbers of working hours for a part-time worker, the higher the risk of in-work poverty will be. For this category there is a very strong gender dimension since female workers are strongly over-represented amongst part-time workers in Sweden. Specific challenges exist for this group of workers, not least when considering that the main reasons for working part-time are either that the person has not been able to find a full-time job or that the person is not coping with working more hours because of health reasons or the high physical or psychological demands of the work. These reasons for working part-time are also more prominent amongst women in blue-collar occupations than for other

part-time workers, which also highlights the class dimension to this problem. In spite of certain protection offered through legislation, but even more so through collective agreements in relation to obligations for employers to seek to promote increasing working hours for part-time employees it seems as if involuntary part-time work is a persistent issue on the Swedish labour market. The fact that not coping with more working hours is one of the main reasons for working part-time also highlights the issue of potential gap in relation to sickness benefits and the application of those regulations for workers with a partially decreased working capacity. As for the households most at risk of in-work poverty amongst the part-time workers, those are concluded to be the same households at risk amongst the fixed-term workers: i.e. young single person households; single parent households; and couple households with children, but only one person working.

The final VUP Group 4 comprises various forms of casual and platform workers. This is a group for which it is difficult to assess the extent of the problem of in-work poverty since it has not been possible to retrieve statistics specifically for such workers. It is, however, likely that persons belonging to this group are found amongst the population in the statistics on fixed-term and involuntary part-time workers, even though platform workers in particular might fall outside the scope of the statistics. What can be concluded though is that the flexible regulations on fixed-term employment in Sweden have generated a situation where different forms of casual jobs have increased as a share of the overall numbers of fixed-term employment. These workers also face similar challenges as the fixed-term and involuntary part-time workers do in terms of earning a lower wage due to lower number of working hours and difficulties in relation to both access to and low levels of social security and supplementary benefits from collective agreements. Of importance for casual workers is that the challenges and vulnerabilities are exacerbated due to the less predictable income and insecurities in relation to for example application of sickness benefits rules on assessing the decreased working capacity. These workers simply face higher risks of not being able to access social security benefits and thus be left without sufficient protection in case of loss of income. For platform workers the situation is even more precarious, because these workers are to a less extent working under employment contracts and therefore subject to specific risks since their unclear legal status might cause them to fall outside the scope of protection offered through social security schemes. Collective agreements are also rare for platform work, but the first specific collective agreement for a platform company recently entered into force and hopefully, this agreement can provide a good example influencing other platform companies. Even though the number of persons dependent on platform work for their living is likely to be small, those who are dependent on this form of work are in a highly vulnerable situation due to the lack of regulation on wages and unclear legal status in relation to social security schemes. Certain categories of workers are also over-represented amongst casual and platform workers and there are indications that risks of discrimination on the labour market might cause specific categories of workers to become trapped in these forms of employment with more persistent risks of in-work poverty.

Based on the above there are good reasons for giving the issue of in-work poverty in Sweden further attention. Even though there is an ongoing debate on changes to the legal framework, both in relation to social security schemes and regulations on fixed-term employment, in-work poverty needs to be given increased attention in the further debate and policy formation. If this issue is continuously neglected, by for example assuming that it is a transitory problem for young people in the process of establishing themselves on the labour

market, then there are risks that we will see an increasing problem of in-work poverty in Sweden.

National Report, Sweden, on in-work poverty characteristics, drivers and legal tools

GENERAL ANALYSIS

INTRODUCTION

In-work poverty is an issue that has received little attention in Swedish debate, where the focus as concerns poverty, economic and social inequalities, instead has been centred on increasing employment in order to lift people out of hardships.² Even though some research has been done and a couple of reports have been published concerning the issue of in-work poverty,³ there has as of yet not been any expressed political strategies for addressing the issue.⁴ The few attempts to raise awareness of the problem have thus so far not generated much results and it could possibly be fair to say that the problem of in-work poverty is a neglected issue in Sweden.⁵ In spite of this lack of political attention to the problem of in-work poverty, Sweden is subject to somewhat lower rates of in-work poverty at 7,8 percent in 2019 compared to the EU average of 9,2 percent. The in-work poverty rate in Sweden has dwelled between seven and eight percent for most of the years since 2006, with the years 2007, 2016 and 2017 being exceptions with in-work poverty rates below seven percent, but a slight increasing trend can be seen.⁶ In terms of severe material deprivation, employed persons in Sweden are to a much less extent experiencing economic hardship than is the case in other EU countries. In Sweden the rate of severe material deprivation for employed persons was 0,7 percent in

² Nelson, K. and Fritzell, J. (2019), *ESPN Thematic Report on In-work poverty Sweden*. European Commission, Directorate-General for Employment, Social Affairs and Inclusion. pp. 14f.

³ See for example: Halleröd, B. and Larsson, D. (2008), *In-work poverty in a transitional labour market: Sweden 1988-2003*, in Andress, H.-J. and Lohmann, H. (Eds.), *The working poor in Europe. Employment, Poverty and Globalisation*, Edward Elgar; Nelson, K. and Fritzell, J. (2019), *ESPN Thematic Report on In-work poverty Sweden*. European Commission, Directorate-General for Employment, Social Affairs and Inclusion; Stenberg, L. (2015), *Working poor: Om arbetande fattigdom och klass i Sverige*. (Working poor: about in-work poverty and class in Sweden). Rapport 1. Tiden. For a newly published discussion on different forms of measuring in-work poverty and what it reveals about the problem see Jansson, B. and Broström, L. (2021), *Who is counted as in-work poor? Testing five different definitions when measuring in-work poverty in Sweden 1987-2017*. in *International Journal of Social Economics*, Vol. 48, No. 3, 477-491.

⁴ Nelson, K. and Fritzell, J. (2019), *ESPN Thematic Report on In-work poverty Sweden*. European Commission, Directorate-General for Employment, Social Affairs and Inclusion. pp. 14f. Worth highlighting in this regard is also the fact that ongoing legislative debate concerning social security benefits and precarious working conditions do not address those issues from the perspective of in-work poverty, but rather in more general terms of precarity. See for example: Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time); Government White Paper (SOU) 2019:41 *Företagare i de sociala trygghetssystemen* (Entrepreneurs and the social security systems); Government White Paper (SOU) 2020:6, *En begriplig och trygg sjukförsäkring med plats för rehabilitering* (An understandable and secure sickness insurance with room for rehabilitation); Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen* (Sickness benefits adapted for the individual).

⁵ During the national workshop with stakeholders for the Working, Yet Poor project in Sweden, the view was expressed that in-work poverty is an issue that not only has been neglected, but in effect rejected as a problem in Swedish political debate.

⁶ Source: Eurostat, EU-SILC survey at https://ec.europa.eu/eurostat/databrowser/view/ILC_IW01_custom_942395/default/table?lang=en (last accessed 12.05.2021).

2019, compared to the EU average of 3,2 percent. For Sweden the rate of severe material deprivation has only exceptionally exceeded 1,0 percent.⁷

The historically low levels of in-work poverty in Sweden are closely linked with the Swedish welfare model, focusing on high employment rates, in combination with the wage-setting system through which wage-solidarity and wage moderation has achieved high wage levels with low levels of inequalities and high living standards from an international perspective.⁸ The major shift in the Swedish egalitarian structures have been explained as occurring in the aftermath of the Swedish economic crisis in the early 1990s,⁹ when GDP growth rates were negative for three years and unemployment rates rose to nine percent from previously having lingered around two percent.¹⁰ The financial crisis in 2008 did have a temporary effect on the labour market, but the development of increasing inequalities in Sweden were not specifically spurred through political decisions as a result of that.¹¹ Whereas income inequalities in Sweden are relatively low, they have increased with Gini coefficient going from 0,20 in 1987¹² to approximately 0,31 in 2019.¹³ During the years following the crisis in the early 1990s, the effects on income distribution through taxes and transfers have decreased rather drastically making the income redistribution in Sweden among the lowest in Western Europe. Capital income has large impact on the increasing income inequalities, amongst other things due to tax reforms favouring capital owners, and the increasing income inequalities are not generated by downward developments of wages at the lower end. Instead, a high share of capital income going to the top income earners, which has increased the distance between them and those with lower incomes.¹⁴

In other words, it is not the wage-setting system in Sweden that is the root of in-work poverty. In fact, the model for setting wages through collective bargaining with social partners taking responsibility for assuring decent levels for minimum wages and wage developments in line with economic developments in society has assured a situation with very few low-income earners in Sweden. Less than one percent of employees had a wage below 50 percent of the

⁷ The exception amongst the years for which data are available is 1,2 percent in 2004. Source: Eurostat, EU-SILC survey at https://ec.europa.eu/eurostat/databrowser/view/ILC_MDDD12_custom_942903/default/table?lang=en (last accessed 12.05.2021).

⁸ Nelson, K. and Fritzell, J. (2019), *ESPN Thematic Report on In-work poverty Sweden*. European Commission, Directorate-General for Employment, Social Affairs and Inclusion. pp. 9ff and Therborn, G. (2020), *Sweden's turn to economic inequality, 1982-2019*. in *Structural Change and Economic Dynamics*, No. 52, 159-166.

⁹ Therborn, G. (2020), *Sweden's turn to economic inequality, 1982-2019*. in *Structural Change and Economic Dynamics*, No. 52, 159-166, p. 161.

¹⁰ Jansson, B. and Broström, L. (2021), *Who is counted as in-work poor? Testing five different definitions when measuring in-work poverty in Sweden 1987-2017*. in *International Journal of Social Economics*, Vol. 48, No. 3, 477-491, at 479f.

¹¹ Therborn, G. (2020), *Sweden's turn to economic inequality, 1982-2019*. in *Structural Change and Economic Dynamics*, No. 52, 159-166, p. 161.

¹² Jansson, B. and Broström, L. (2021), *Who is counted as in-work poor? Testing five different definitions when measuring in-work poverty in Sweden 1987-2017*. in *International Journal of Social Economics*, Vol. 48, No. 3, 477-491, p. 479.

¹³ SCB (Statistics Sweden), *Income growth rates slowing in recent years*. Statistical news published 27.01.2021, available at <https://www.scb.se/en/finding-statistics/statistics-by-subject-area/household-finances/income-and-income-distribution/income-and-tax-statistics/pong/statistical-news/income-and-taxes-2019/> (last accessed 14.05.2021).

¹⁴ Therborn, G. (2020), *Sweden's turn to economic inequality, 1982-2019*. in *Structural Change and Economic Dynamics*, No. 52, 159-166, p. 161.

median wage in Sweden in 2018.¹⁵ During the time after the Swedish economic crisis in the early 1990s and the beginning of the 2010s gross real minimum wages have also increased faster, with 2,3 percent on average per year, than the real median disposable income, at 1,5 percent on average per year. This has generated a situation where the share of annual full-time work required in order to earn an income exceeding the poverty threshold has dropped and in 2011 the share of full-time work was down to 76 percent.¹⁶ This means that in-work poverty in Sweden is closely linked with medium and lower levels of work intensity or labour market participation.¹⁷ In relation to this it is thus useful to consider how social security schemes that are intended to cover loss of income during periods of unemployment or other reasons for temporary non-participation in the labour market have developed over the years.

In the aftermath of the Swedish economic crisis in the 1990s, when the current system for unemployment benefits became too demanding on public expenditure due to the vast increase of unemployed,¹⁸ changes were introduced to the unemployment benefits. These changes consisted in a reduction of the maximum income covered by the unemployment benefits and the implementation of a stricter work requirement in order to be eligible for unemployment benefits.¹⁹ Further reforms were introduced in 2007 following the increased focus on make-work-pay policies implemented by the right-wing government and intended to generate stronger incentives for people outside the labour market to take up work. The reforms in 2007 generated a vast increase of the membership fees for unemployment benefit funds, especially for workers in blue-collar occupations where risks of unemployment were higher.²⁰ In addition, the benefit ceiling of 80 percent of previous income up to the maximum cap was decreased over time so that the unemployment benefit would become lower the longer the person was unemployed.²¹

These changes in combination with tax cuts targeted at employees only, increased the income differences between the employed and the unemployed.²² This generated a sharp decrease

¹⁵ Hällberg, P. and Kjellström, C., *Collective agreements and minimum wages*, (2020) Swedish National Mediation Office. pp. 1ff.

¹⁶ Cronert, A. and Palme, J. (2017) *Approaches to Social Investment and Their Implications for Poverty in Sweden and the European Union*. in Global Challenges Working Paper Series, No. 4, September 2017. pp. 9f.

¹⁷ Nelson, K. and Fritzell, J. (2019), *ESPN Thematic Report on In-work poverty Sweden*. European Commission, Directorate-General for Employment, Social Affairs and Inclusion. pp. 15f.

¹⁸ Jansson, B. and Broström, L. (2021), *Who is counted as in-work poor? Testing five different definitions when measuring in-work poverty in Sweden 1987-2017*. in International Journal of Social Economics, Vol. 48, No. 3, 477-491, pp. 479f.

¹⁹ Johansson, C. (2020), *Occupational Pensions and Unemployment Benefits in Sweden*, in International Journal of Comparative Labour Law and Industrial Relations, 36(3), pp. 339-360. p. 355.

²⁰ Kjellberg, A. (2010), *Växande avgiftsskillnader i a-kassan – och utvecklingen därefter* (Growing differences in membership fees for unemployment benefit funds – and the development thereafter). Studies in Social Policy, Industrial Relations, Working Life and Mobility. Research Reports; Vol. 2014:1 (new edition). Department of Sociology, Lund University. pp. 6ff.

²¹ Johansson, C. (2020), *Occupational Pensions and Unemployment Benefits in Sweden*, in International Journal of Comparative Labour Law and Industrial Relations, 36(3), pp. 339-360. pp. 356f and for a discussion on the effects that these changes have had on wage development see Bennmarker, H. Clamfors, L. and Larsson Seim, A. (2013), *Jobbskatteavdrag, arbetslöshetssättning och löner* (Employment tax reduction, unemployment benefits and wages), Rapport 2013:10, IFAU.

²² Therborn, G. (2020), *Sweden's turn to economic inequality, 1982-2019*. in Structural Change and Economic Dynamics, No. 52, 159-166, p. 163.

of membership in unemployment benefit funds²³ and the public expenditure funds used for unemployment benefits as average cost per unemployed and year also decreased significantly.²⁴ These developments in decreasing public expenditure for unemployment benefits need to be understood in light also of the decreasing share of unemployed actually gaining access to unemployment benefits. Whereas roughly 70 percent of the unemployed were covered by unemployment benefits in 2002, this has dropped to 50 percent in 2014.²⁵ Other studies show that the share of unemployed that receive unemployment benefits has decreased with almost 30 percentage points from 2007 to 2016.²⁶ Furthermore, the tax cuts introduced for incomes from employment also increased the income differences between the employed and those receiving social security benefits, for example sickness allowance: This has further increased the gap in income between those in employment and those that are not currently in work due to for example unemployment, sickness, retirement.²⁷

The increasing differences between the employed and those with loser ties to the labour market could in this regard be considered as part of an explanation for the in-work poverty problem in Sweden.²⁸ Assuming that the problem is merely related to the issue of younger people in the process of establishing themselves on the labour market and as such a transitory problem would be erroneous however. Research on how to measure in-work poverty and the consequences for who is considered as in-work poor in Sweden has shown that when using the definitions in accordance with those used as the basis for Eurostat data on in-work poverty it is possible to see that the majority of those affected by in-work poverty are actually in the age group of 26-45 years.²⁹ In other words, considering in-work poverty as a transitory problem for young people is only to a fairly low degree a relevant explanation to the problem. This requires for consideration of issues relating to labour market participation, in order to better understand the issue of in-work poverty.

The Swedish labour market has been subject to vast changes since the end of the 1980s with a decrease in manual factory jobs, a growing service sector, increases of temporary forms of employment and an increasing heterogeneity in the labour force with an increasing

²³ For an in-depth study of this decline in membership rates see Kjellberg, A. (2010) *Vilka "hoppade av" a-kassan eller avstod från att gå med? En studie av a-kassornas medlemsras (Who 'dropped out' from the unemployment benefit funds or refrained from joining? A study of the declining membership rates in the unemployment benefit funds)*. Studies in Social Policy, Industrial Relations, Working Life and Mobility. Research Reports; Vol. 2014:2 (new edition). Department of Sociology, Lund University.

²⁴ Cronert, A. and Palme, J. (2017) *Approaches to Social Investment and Their Implications for Poverty in Sweden and the European Union*. in Global Challenges Working Paper Series, No. 4, September 2017. pp. 8f.

²⁵ Government White Paper (SOU) 2015:21, *Mer trygghet och bättre försäkring (more security and better insurance)*. p. 225.

²⁶ Johansson, C. (2020), *Occupational Pensions and Unemployment Benefits in Sweden*, in International Journal of Comparative Labour Law and Industrial Relations, 36(3), pp. 339-360. pp. 356f.

²⁷ Therborn, G. (2020), *Sweden's turn to economic inequality, 1982-2019*. in Structural Change and Economic Dynamics, No. 52, 159-166, p. 163.

²⁸ On this see for example Nelson, K. and Fritzell, J. (2019), *ESPN Thematic Report on In-work poverty Sweden*. European Commission, Directorate-General for Employment, Social Affairs and Inclusion. or for an earlier study Halleröd, B. and Larsson, D. (2008), *In-work poverty in a transitional labour market: Sweden 1988-2003*, in Andress, H.-J. and Lohmann, H. (Eds.), *The working poor in Europe. Employment, Poverty and Globalisation*, Edward Elgar.

²⁹ Jansson, B. and Broström, L. (2021), *Who is counted as in-work poor? Testing five different definitions when measuring in-work poverty in Sweden 1987-2017*. in International Journal of Social Economics, Vol. 48, No. 3, 477-491, pp. 485f.

proportion of the population being foreign-born.³⁰ The changes in the welfare model initiated in the 1990s and continued during the 2000s has further increased the gap between those with a stable position on the labour market and those that find themselves at the margins of the labour market in various forms of less secure jobs, combined with periods of not working.³¹ Groups facing higher thresholds for entering the labour market are thus in a more precarious position and more likely to face higher risks in relation to in-work poverty. It is therefore worth pointing out that there are significant differences between different groups on the labour market, with certain groups being affected by higher unemployment rates and also to a higher extent part of those employed in different forms of casual employment. Foreign-born persons, women, young people and persons with lower level of education are more likely to have insecure employments.³² Women and foreign-born workers are also to a higher extent employed on temporary contracts than native born men.³³ In addition, for foreign-born the unemployment rates are higher than for nationals. It is also worth noting that foreign-born from non-European countries face much higher risks of both being unemployed or becoming trapped in successive fixed-term employments³⁴ in addition to also be more likely to be employed in occupations with a lower skill-level than their educational level.³⁵ Research has also shown that the precarious situation of immigrants on the Swedish labour market to a very high degree is caused by discrimination, where foreign-born persons face difficulties in the process of even getting their applications considered when applying for jobs that they are qualified for.³⁶ In relation to workers in casual employments as part of the outsiders of the Swedish model it also serves to highlight that it is very much of a class and gender issue. The reason is that women in blue-collar occupations to a high degree are those

³⁰ Jansson, B. and Broström, L. (2021), *Who is counted as in-work poor? Testing five different definitions when measuring in-work poverty in Sweden 1987-2017*. in International Journal of Social Economics, Vol. 48, No. 3, 477-491, pp. 479f.

³¹ Some argue that the Swedish model has become dualised separating the population in insiders (that have a stable position on the labour market) and outsiders (that face difficulties in both gaining a stable position on the labour market and accessing support from the welfare model). See for example Davidsson, J. B. (2018), *Dualising the Swedish model: insiders and outsiders and labour market policy reform in Sweden: and overview*. in Theodoropoulou, S. (Ed.) *Labour Market Policies in the Era of Pervasive Austerity: A European Perspective*. Policy Press. 169-195.

³² As discussed for example in Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time), pp. 243 and Arbetsmarknadsekonomiska Rådet AER (2018), *Arbetsmarknadsekonomisk rapport – Olika vägar till jobb* (Labour market economic report – different roads to work), pp. 29ff.

³³ SCB (Statistics Sweden), (2020), *Utvecklingen för tidsbegränsat anställda 2005-2019 (Development for temporary employees 2005-2019)*, Sveriges officiella statistik, Statistiska meddelanden. SCB, pp. 23ff.

³⁴ Discussion on unemployment rates for foreign-born persons separated on the basis of European or non-European background as well as rates of transition from temporary employments to permanent employments can be found in Arbetsmarknadsekonomiska Rådet AER (2017), *Arbetsmarknadsekonomisk rapport – Tudelningarna på arbetsmarknaden* (Labour market economic report – The dualised labour market), pp. 100ff.

³⁵ For a study focusing especially on African and Asian immigrants showing that these groups are subject to higher rates of unemployment, higher risk of being subject to precarious forms of employment and more likely to be employed in an occupation requiring a lower education than they actually have see Aldén, L. and Hammarstedt, M. (2014), *Integration of immigrants on the Swedish labour market – recent trends and explanations*. Report 2014:9, Linnaeus University Centre, Labour Market and Discrimination Studies.

³⁶ Vernby, K. and Dancygier, R. (2018) *Employer discrimination and the immutability of ethnic hierarchies: A Field Experiment*. Working Paper 2018:17. IFAU Institutet för arbetsmarknads- och utbildningspolitisk utvärdering.

with the least secure employments on the Swedish labour market.³⁷ Stating that the Swedish labour market is segmented and that labour market discrimination generates precarities for specific groups of workers in relation to in-work poverty is as such reasonable.

Adding to the problem of women, foreign-born and young workers being more likely to have a fixed-term employment facing the insecurities rising from that situation, is also the fact that the prevalent type of temporary employments on the Swedish labour market has changed rather significantly since the early 2000s. Whereas substitute temporary employments have decreased as a share of the temporary forms of employments between the years 2005-2019, the share of intermittent or on-call employments have increased.³⁸ Being temporary employed also increases the risk of facing periods of unemployment. For temporary employed in the more casual forms of fixed-term employments there is also less probability of becoming permanently employed than for temporary employed in more stable forms of fixed-term employments, such as for example substitute contracts.³⁹ The risks of unemployment or of remaining in successive temporary employments are also higher for foreign-born persons than for nationals.⁴⁰ Even though temporary employments can be a way into the Swedish labour market for especially non-European immigrants,⁴¹ there are in other words still higher risks of either becoming unemployed again or becoming trapped in successive fixed-term employments for this group.

These issues relating to insecure forms of employments are also of importance in relation to the social security system. As will be explained in the general analysis below, social security benefits such as sickness allowance parental leave allowance and unemployment benefits are to a vast extent structured on the premise of full-time standard employment. That in combination with the relative decrease of the benefits in comparison to wage levels generated both by changes to the social security system⁴² and the tax reform whereby a specific tax credit for earned income was introduced,⁴³ is likely to increase the risks of in-work poverty for temporary employed workers. The groups more prominent in such employments therefore face specific challenges in relation to in-work poverty.

³⁷ Bergold, J. Vedin, U. and Lorentzi, U., *Sveriges jämställdhetsbarometer 2020: Tid, makt och pengar – jämställda och jämlika möjligheter att försörja sig livet ut (Swedish equality barometer 2020: Time, power and money – equal possibilities for earning a living throughout life)*, LO, 2020, pp. 13ff. See also SCB (Statistics Sweden), (2020), *Utvecklingen för tidsbegränsat anställda 2005-2019 (Development for temporary employees 2005-2019)*, Sveriges officiella statistik, Statistiska meddelanden. SCB.

³⁸ SCB (Statistics Sweden), (2020), *Utvecklingen för tidsbegränsat anställda 2005-2019 (Development for temporary employees 2005-2019)*, Sveriges officiella statistik, Statistiska meddelanden. SCB, pp. 23ff.

³⁹ For an in-depth study on these issues see Berglund, T., Håkansson, K., Isidorsson, T. and Alfonsson, J. (2017), *Tidsbegränsat anställdas framtida arbetsmarknadssituation*. in *Arbetsmarknad & Arbetsliv*. Vol 23, No. 2. 47-66.

⁴⁰ SCB (Statistics Sweden), (2020), *Utvecklingen för tidsbegränsat anställda 2005-2019 (Development for temporary employees 2005-2019)*, Sveriges officiella statistik, Statistiska meddelanden. SCB, pp. 29ff and Berglund, T., Håkansson, K., Isidorsson, T. and Alfonsson, J. (2017), *Tidsbegränsat anställdas framtida arbetsmarknadssituation*. in *Arbetsmarknad & Arbetsliv*. Vol 23, No. 2. 47-66, at pp. 60ff.

⁴¹ Arbetsmarknadsekonomiska Rådet AER (2017), *Arbetsmarknadsekonomisk rapport – Tudelningarna på arbetsmarknaden* (Labour market economic report – The dualised labour market), p. 107.

⁴² For a discussion on the decreased redistributive mechanisms in Sweden see herborn, G. (2020), *Sweden's turn to economic inequality, 1982-2019*. in *Structural Change and Economic Dynamics*, No. 52, 159-166.

⁴³ For a discussion on involving this tax reform and impacts in relation to poverty in Sweden see Cronert, A. and Palme, J. (2017) *Approaches to Social Investment and Their Implications for Poverty in Sweden and the European Union*. in *Global Challenges Working Paper Series*, No. 4, September 2017.

At present there is not yet sufficient data available to assess the consequences of the Covid-19 pandemic in relation to in-work poverty in Sweden.⁴⁴ Even though Sweden did not impose a strict lock-down and economic activity seem to have been subject to less of a decline in Sweden⁴⁵ As regards developments in relation to wages the Swedish National Mediation Office has produced some preliminary data showing that the wage increase rate until July 2020 showed significant changes following the pandemic. The wage increase rate was at the beginning of 2020 almost three percent, but by July this had dropped to just above one percent. The decline in wage increase was the highest in the regional and municipal sector with the private sector almost the same, but less significant in the state sector. There was also a stark difference between blue-collar and white-collar workers where the drop for white-collar workers was from around 3,2 percent down to approximately 1,8 in contrast to blue-collar workers with a drop from approximately 2,9 percent down to 0,4 percent.⁴⁶ In this report it is also shown that the number of employed persons dropped significantly during the first seven months of 2020. Even though the number of employed white-collar workers fell back, and also the number of monthly paid blue-collar workers declined (approximately 100.000 less in each category compared to the beginning of 2020), the sharpest decline was amongst hourly paid blue-collar workers where the decrease was 100.000 from March to May and 140.000 from May to July. The main part of this decline was found in hotels and restaurants as well as within retail, which are sectors struck very hard by the pandemic. It is also highly probable that a majority of the hourly paid workers that lost their jobs did not have permanent employments.⁴⁷ It is not unlikely that the requirements for employers to seek to cut down on personnel costs in order to be eligible for short-time work allowance⁴⁸ may have contributed to the number of hourly paid workers losing their job.

Whether or not this will have an impact on in-work poverty rates is difficult to assess though, since a number of factors are involved in that measurement. Those that have lost their jobs, may find themselves in a longer period of unemployment and simply no longer be included in the statistics. Those that have remained in employment may have been subject to a lower income due to for example short-time working schemes and that may have had an impact on the equivalised disposable income. What can be said, however, is that in spite of the relatively low rates of in-work poverty in Sweden there is a tendency of increase and there are issues, as discussed above, that call for concern. It is therefore of importance to raise awareness about in-work poverty, its potential causes and further discuss means for addressing the problem in order to assure that the tendency of increasing in-work poverty in can be suitably dealt with.

⁴⁴ A preliminary study comparing the effects on the labour market for the Nordic countries showed that the labour market in Sweden was struck by the pandemic, but not to the same extent as the labour markets in Denmark and Norway where stricter lock-down measures were put in place. The study focused only on the ten first weeks of the pandemic and can therefore not be used for discussion for 2020 overall. For further details see Juranek, S., Paetzold, J., Winner, H. and Zoutman, F. T. (2020), *Labour Market Effect of COVID-19 I Sweden and its Neighbors: Evidence from Novel Administrative Data*. Discussion paper FOR 08/2020. Institut for foretaksoekonomi. Department of Business and Management Science. NHH Norwegian School of Economics.

⁴⁵ On this see the study by Bricco, J., Misch, F. and Solovyeva, A. (2020), *What are the Economic Effects of Pandemic Containment Policies? Evidence from Sweden*. WP/20/191, IMF Working Papers.

⁴⁶ Swedish National Mediation Office (Medlingsinstitutet) (2020), *Pandemin och löneutvecklingen* (The pandemic and wage developments), pp. 9ff.

⁴⁷ Swedish National Mediation Office (Medlingsinstitutet) (2020), *Pandemin och löneutvecklingen* (The pandemic and wage developments), pp. 18ff.

⁴⁸ These requirements are discussed in the Part I section 2.3.2 on short-time work allowances below.

Finally, before continuing to the material parts of this report I find it suitable to provide a brief note on the material included, how it is used and referred to in this report. Due to the report focusing on the legal system, the vast majority of the sources are legal sources of relevance for the Swedish system. However, the legal material has been complemented with reports and articles from other scientific disciplines as well as from relevant labour market actors in order to also provide explanations of the context necessary for understanding the situation of the VUP groups. Due to the importance of collective agreements, for regulation of Swedish labour market conditions, a vast number of collective agreements have also been studied in the preparation of this report. The collective agreements studied have been selected on basis of the identification of relevant sectors and occupations for the various VUP groups. In general, the main problems relating to in-work poverty is very much related to the situation for blue-collar workers and therefore the main focus has been on collective agreements covering blue-collar workers, albeit comparisons have been made to relevant white-collar workers collective agreements when such comparisons have been of interest. However, in order to assure that this report would not become overly extensive, reference to collective agreements studied has necessarily needed to be restricted. Several collective agreements involve similar forms of regulations and in such cases, reference has been made through using an example of such regulations or by referring to other sources where analysis of contents of several collective agreements is provided. Some collective agreements contain clauses that are specific for the sector or rarely found in other collective agreements. Such clauses have been found both in terms of providing examples of good practice and in terms of possibly affecting VUP groups negatively. Also, in those cases reference will be made using an example, but expressing in the text or in the reference that it is a clause specific in one certain collective agreement or in collective agreements within one specific sector.

PART I. MS LABOUR LAW LEGAL SYSTEMS AND SOCIAL SECURITY MODELS: THE ROLE OF LAW AND COLLECTIVE BARGAINING AND HOW THEY TACKLE IN-WORK POVERTY

1. MAIN FEATURES OF LABOUR LAW, SOCIAL SECURITY AND THE ROLE OF COLLECTIVE BARGAINING

1.1. Scope of application of the discipline

The general principle in Sweden concerning labour law is that the legislation is applied for work performed under an employment relationship. There are no specific requirements that an employment relationship must be entered into through a written contract. Oral contracts as well as relationships established on the basis of the conduct of the two parties, can be considered employment relationships in legal terms. The legal notion that distinguishes employment relationships from other forms of organisation of work performance is the concept of worker/employee.⁴⁹ This means that if the person performing work is considered to be an employee in legal terms, then there is an employment relationship and labour law is applicable. In this sense the Swedish labour law system can be considered as binary, i.e. a person performing work is either an employee and thus covered by labour law or the person is not an employee.

The concept of employee is therefore central to labour law, but in spite of this there is no legal provision defining the meaning of this concept. The basic presumption is that the employment relationship is based on an agreement,⁵⁰ but such an agreement can be entered into in various ways and be considered to have come into being simply because of how the parties have acted.⁵¹ In other words, there is no requirement that an employment contract is formalised in writing for a person to be considered as an employee. Instead, the concept employee has been developed through case law from the Swedish labour court and systematized in doctrine. The concept can be understood as consisting of an overall assessment based on several criteria. The criteria assessed relate to different aspects of the organisation of work performance where factors such as personal obligation to conduct the work, the form of remuneration, the control and management of the work, subordination and continuity of work performance are examples of what is included in the assessment. In principle it means that if the overall assessment based on the different criteria indicate that the person conducting the work is in a position that in social and economic terms is to be considered an employment relationship then the person shall also be legally classified as an employee.⁵²

As for the concept of the employer, this is generally perceived as the counterpart in the relationship and is rarely subject to legal inquiry in the same manner. The general description from case law is that the employer is the physical or legal subject who has entered into an agreement with another party on performance of work under such conditions that an employment relationship can be considered

⁴⁹ Worth noting is that Swedish labour law does not distinguish between a worker and an employee (see for example Westregård, A. (2016) *The Notion of 'employee' in Swedish and European Union Law. An Exercise in Harmony or Disharmony?* In Carlson, L., Edström, Ö., and Nyström, B. (Eds.) *Globalisation, Fragmentation, Labour and Employment Law – A Swedish Perspective*, Iustus). In the following the words employee and worker will thus be used synonymously.

⁵⁰ AD 1985:57.

⁵¹ AD 1999:3.

⁵² The criteria and the overall assessment is discussed in detail in for example Glavå M. and Hansson, M. (2016), *Arbetsrätt (Labour Law)*. Studentlitteratur, pp. 93ff and for further discussion in relation to platform workers see Westregård, A. (2019), *Key concepts and changing labour relations in Sweden. Part 1 Country report*. Nordic future of work project 2017-2020: Working paper 8. Pillar VI. Fafo, or Westregård, A. (2018), *Digital collaborative platforms: A challenge for the social partners in the Nordic model*, in *NJCL* 2018/1, pp. 89-112.

to exist.⁵³ In relation to larger and/or more complex work organisations persons having managerial authority are identified as employer representatives and as such their decisions can be subject to legal scrutiny as a decision by the employer.⁵⁴

As said the general principle is that labour law legislation is only applied for employment relationships, and thus only for employees. However, there are exceptions where the scope of application is broader. In this respect it is worth mentioning that the Co-determination Act⁵⁵ includes so called dependent contractors as persons covered by the provisions of the Act. The concept of dependent contractors would cover self-employed that are dependent on one client and working under conditions similar to that of employees. Since the Co-determination Act regulates issues such as collective bargaining and legal status of collective agreements, there is a possibility for the social partners to actually include dependent self-employed as covered by regulations in collective agreements, even though there is a risk that such an inclusion would be in breach of competition law.⁵⁶ Trade unions have taken the stand that an inclusion of self-employed in the coverage of collective agreements would be in breach of competition law⁵⁷ and therefore collective agreements do not include this category of workers in spite of the scope within labour law for doing so.

The social security system is regulated mainly in the Social Security Code and consist of both residence-based and work-based benefits. The residence-based benefits are generally set at a minimum level in relation to sickness benefits, parental leave benefits, minimum pensions scheme and so on, but also include other forms of social security benefits such as child allowance which is set at a fixed level regardless of the income of the parent and housing allowance which is set in relation to household income and number of persons.⁵⁸ The work-based benefits complement the residence-based benefits and add some additional benefits with the aim of protecting working persons in case of temporary or longer-term loss of income. Sick-pay, income-related sickness and parental leave allowances, income-related pension and early retirement schemes (due to loss of work ability) are amongst these benefits and the level of the benefit is set in relation to the earnings of the person.⁵⁹

⁵³ AD 1984:141.

⁵⁴ For an in-depth discussion on the employer and employer responsibilities in relation to certain aspects of working life see Selberg, N. (2017), *Arbetsgivarbegreppet och arbetsrättsligt ansvar i komplexa arbetsorganisationer: En studie av anställningsskydd, diskriminering och arbetsmiljö*. (The concept of employer and labour law responsibility in complex work organisations: A study of employment protection, discrimination and work environment). Doctoral dissertation. Lund University. Media-Tryck.

⁵⁵ Lag (1976:580) om medbestämmande i arbetslivet, hereinafter Co-Determination Act or CDA.

⁵⁶ Westregård, A. (2020), *Protection of platform workers in Sweden. Part 2 Country report*. Nordic future of work project 2017-2020: Working paper 12. Pillar VI. Fafo, pp. 14ff.

⁵⁷ During and in preparation for the national workshop for this project, this opinion was expressed by several trade union representatives. None of the collective agreements studied for this report include provisions that extend the scope of application of the agreement to dependent self-employed.

⁵⁸ Ryberg-Welander, L. (2018), *Socialförsäkringsrätt: Om ersättning vid sjukdom* (Social Security Law: Benefits in case of illness). Norstedts Juridik, pp. 44ff.

⁵⁹ Ryberg-Welander, L. (2018), *Socialförsäkringsrätt: Om ersättning vid sjukdom* (Social Security Law: Benefits in case of illness). Norstedts Juridik, pp. 54ff.

The issue at stake for social security is therefore not so much whether a person is to be considered an employee or not. Instead, the most important factor is whether the person in question has documented income for which social security contributions have been duly reported and paid. Generally, the employer is responsible for paying social security contributions and therefore there is also a presumption that employees are entitled to work-based benefits.⁶⁰ However, the concept of employee is not entirely the same within social security law as within labour law. Within social security law the employee concept can sometimes be interpreted in a broader sense than within labour law, including also persons that would likely be classified as dependent contractors/self-employed.⁶¹ Unfortunately, this doesn't mean that the social security system easily covers everyone who performs work under supervision and control of someone else since the qualification rules for social security tend to be framed in accordance with a more traditional long-term employment contract with a clearly set and continuous work schedule. This means that persons with short-term, irregular and/or un-planned work schedules such as short temporary contracts, intermittent work, low part-time contracts and so on are subject to higher risks of not qualifying for the benefits. The social security system is simply not very well adapted to the atypical forms of work organisation that are becoming more and more common on the labour market. This is an issue that is subject to a current legislative debate and there are ongoing investigations and initiatives for changes concerning for example sickness benefits.⁶² What these initiatives in the end will lead to in terms of actual implemented changes in the legislation is at the time being too early to tell though.

Considering unemployment benefits, they are subject to a separate system from that regulated in the Social Security Code. The legislation governing unemployment benefits consists of a complex set of regulations mainly found in the Unemployment Benefit Act,⁶³ the Regulation concerning Unemployment Benefit,⁶⁴ the Unemployment Benefit Funds Act⁶⁵ and the Regulation concerning Unemployment Benefit Funds.⁶⁶ This Swedish unemployment benefit system is modelled on the Ghent system, requiring membership in an unemployment benefit fund even though a form of back-up system with lower benefit levels has been developed for those lacking membership or do not fulfil the eligibility criteria concerning membership period. The structures allow for coverage of both employees and self-employed

⁶⁰ For a discussion on this see Ryberg-Welander, L. (2018), *Socialförsäkringsrätt: Om ersättning vid sjukdom* (Social Security Law: Benefits in case of illness). Norstedts Juridik, pp. 54ff.

⁶¹ Westregård, A. (2020), *Protection of platform workers in Sweden. Part 2 Country report*. Nordic future of work project 2017-2020: Working paper 12. Pillar VI. Fafo, pp. 22ff.

⁶² Several Government White Papers have been published in the more recent years, but as of yet no Government Bill has been presented. See for example Government White Paper (SOU) 2019:41 *Företagare i de sociala trygghetssystemen* (Entrepreneurs and the social security systems). Government White Paper (SOU) 2020:6, *En begriplig och trygg sjukförsäkring med plats för rehabilitering* (An understandable and secure sickness insurance with room for rehabilitation). Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen* (Sickness benefits adapted for the individual).

⁶³ Lag (1997:238) om arbetslöshetsförsäkring.

⁶⁴ Förordning (1997:835) om arbetslöshetsförsäkring.

⁶⁵ Lag (1997:239) om arbetslöshetskassor.

⁶⁶ Förordning (1997:836) om arbetslöshetskassor.

with some differences in relation to certain criteria.⁶⁷ Also, this system is currently subject to legislative investigations and inquiries,⁶⁸ but what the actual results of that will be in terms of changes to the system are as of yet not possible to say.

1.2. Constitutional framework

The Swedish Constitution consists of four different laws: The Instrument of Government,⁶⁹ the Act of Succession;⁷⁰ the Freedom of the Press Act;⁷¹ and the Fundamental Law on the Freedom of Expression.⁷² In addition to these four Fundamental Laws there is also a specific law containing provisions on the work of the Parliament, called the Riksdag Act, which in spite of not being a Fundamental Law is still subject to specific regulations governing its amendment. The Act on Succession regulates issues dealing with the monarchy in terms of the order of descendants of the present King for succession to the throne. The Freedom of the Press Act governs the principle of the public nature of official documents and rights and duties in relation to the production and dissemination of printed material. The Fundamental Law on the Freedom of Expressions governs similar issues as the Freedom of the Press Act, but relates to other media than printed media. The Instrument of Government is the one of the Fundamental Acts most similar to other countries' constitutions and also the document containing the principles of most relevance to this project. Therefore, this brief comment will focus on this act and leave the others aside.

The Instrument of Government does not contain specific and detailed regulations of rights, instead it is formulated, mainly, in terms of principles that the public shall respect and safeguard, for example when laws are created or applied. Some of the rights stipulated in the Instrument of Government are absolute rights, which cannot be restricted except through changes of the Fundamental Laws, for example the prohibition of capital punishment in Section 2 Article 4. However, the rights of relevance to this study are possible to restrict through acts of ordinary law under the condition that the objective of the restriction is acceptable in a democratic society, the restriction is proportionate and does not constitute a threat to the free formation of opinion.⁷³ Section 1 Article 2 expresses the general principle that all public power shall be exercised with respect for the equal value of all humans and each individual's freedom and dignity. It also states that the public authority is obliged to safeguard the right to work, housing and education and to promote social care and security. In addition, the individual's right to privacy and family life shall be safeguarded by the public, which is also to strive for achieving participation and equality of all in society as well as protecting the rights of children. The public authorities are also obliged to counter any

⁶⁷ Further and more detailed discussion on this is provided in Part I section 2.2.1 covering unemployment benefits below.

⁶⁸ Government White Paper (SOU) 2020:37 *Ett nytt regelverk för arbetslöshetsersättningen* (A new regulatory framework for the unemployment benefit).

⁶⁹ Kungörelse (1974:152) om beslutad ny regeringsform.

⁷⁰ Successionsordning (1810:0926).

⁷¹ Tryckfrihetsförordning (1949:105).

⁷² Yttrandefrihetsgrundlag (1991:1469).

⁷³ For a brief discussion see Holmberg, E. and Stjernquist, N. revised by Isberg, M. translated by Bradfield, R. (2003) *The Constitution of Sweden: The Fundamental Laws and the Riksdag Act*. Sveriges Riksdag.

discrimination on grounds of gender, colour, national or ethnic origin, religious belief, language, disability, sexual orientation, age or other circumstances adhering to the individual as a person. As general principles, the rights and obligations expressed through this Article require further and more detailed regulation in order to be fully enforceable. It is thus rather to be considered a basis for formulating legislation concerning prohibition of discrimination or subsidies to promote employment than an actual catalogue of rights.⁷⁴

Similarly, in Section 2 of the Instrument of Government further rights and principles are established, which shall be respected and are possible to restrict only through legislation in accordance with the principles of respect for a democratic society and the principle of proportionality. In this Section we find in: Article 1 point 5 the right to freedom of association; Articles 12-13 the prohibition of discrimination on grounds of ethnicity, sexual orientation and gender with the exception of measures taken in order to achieve equality between men and women; Article 14 the right to industrial action; and Article 18 the right to a basic education for all at no cost. The rights and principles expressed in the Instrument of Government are expressed in a more detailed manner through different ordinary laws and shall thus be considered as guiding principles in the creation and application of ordinary laws. In this respect it is also worth noting that Section 2 Article 19 of the Instrument of Government contains a statement that the law shall respect the rights and obligations as enshrined in the European Charter on the protection of Fundamental Human Rights and as such the ECHR is also to be considered as a guiding source of law in the Swedish legal system. In the following discussions, reference will be made to the ordinary laws through which the constitutional rights and principles are expressed in more detail.

1.3. Sources of regulation

The Swedish labour law system originates from a system where employment conditions and relations were regulated through collective bargaining and collective agreements. Traditionally the legislator has only intervened when the social partners have been unable to agree on regulations and/or the situation on the labour market and in society has been turbulent or in crisis in a manner that has necessitated intervention by the legislator in order to avoid increasing problems. Such interventions by the legislator have generally been framed in a manner that grants the social partners a retained scope of action for regulation through collective agreements. This has been achieved by making the adopted legislation semi-discretionary, which means that the social partners are free to derogate from the legislation in collective agreements. Such semi-discretionary rules are for example found in relation to working-time regulations, temporary employments, negotiations with trade unions and other forms of regulations governing certain aspects working conditions. However, issues concerning just cause for dismissal, prohibitions of discrimination and protective mechanisms with minimum requirements cannot be under cut through collective agreements. It is generally required that the collective agreement is concluded at industry level, but if the

⁷⁴ For a discussion concerning this see Holmberg, E. and Stjernquist, N. revised by Isberg, M. translated by Bradfield, R. (2003) *The Constitution of Sweden: The Fundamental Laws and the Riksdag Act*. Sveriges Riksdag, pp. 22ff.

industry level agreement allows for further adaptations through workplace collective agreements this is also legally acceptable.⁷⁵

The scope of action that semi-discretionary law provides for the social partners is somewhat limited in relation to legislation stemming from EU law, since derogations through collective agreements in those fields are not allowed to decrease the minimum protection offered by the relevant EU legislation.⁷⁶ Whether or not a collective agreement derogating from such regulations in a manner that undermines the protection granted through EU law is of course a complex question and to my knowledge there has not been any cases providing guidance on this issue.

Collective agreements often contain clauses adapting regulations to the specific sector in question and as such they are also an important source for settling industry practice for different sectors, which albeit an informal source of regulation, still bears some importance when legally assessing circumstances in a case. This means that in practice collective agreements are an important source for understanding employment and working conditions within specific sectors.⁷⁷ Collective agreements also regulate several forms of additional benefits that supplement social security benefits such as parental leave benefits, pensions and support in case of redundancies complementing unemployment benefits.⁷⁸

In addition, company policy and individual employment are also important sources for regulation of the employment contract and may contain additional benefits. An individual employment contract cannot, however, undermine collective agreements or legislation.⁷⁹ As such the conditions set in an individual employment contract are more of the character of possibly adding to the protection offered through law and collective agreements.

1.4. Recent developments: from the financial crisis to the Covid-19 pandemic

Since the turn of the millennium there have been several changes in the Swedish labour law framework relating to employment protection and also of importance for collective bargaining structures. The changes of most importance for this study concern regulations governing temporary employment contracts and regulations governing unemployment insurance fees. There are a few other changes of more recent character and thus difficult to assess as concerns their impact for in-work poverty. These changes concern certain limitations as to the right to industrial action. In addition, new regulations governing short-

⁷⁵ Glavå M. and Hansson, M. (2016), *Arbetsrätt* (Labour Law). Studentlitteratur, pp. 69ff and for an explanation of the historical background establishing the Swedish model see Adlercreutz, A. and Nyström, B. (2015) *Labour Law in Sweden*. Wolters Kluwer, pp. 50f.

⁷⁶ Glavå M. and Hansson, M. (2016), *Arbetsrätt* (Labour Law). Studentlitteratur, p. 72 and cp. 52.

⁷⁷ Adlercreutz, A. and Nyström, B. (2015) *Labour Law in Sweden*. Wolters Kluwer, pp. 190ff.

⁷⁸ For an analysis concerning supplementary parental leave benefits through collective agreements see Julén Votinius, J. (2020) *Collective Bargaining for Working Parents in Sweden and its Interaction with the Statutory Benefit System*, in *International Journal of Comparative Labour Law and Industrial Relations*, Vol. 36, No. 3, 367-386. For a discussion concerning supplementary benefits from collective agreements in relation to unemployment and pensions see Johansson, C. (2020), *Occupational Pensions and Unemployment Benefits in Sweden*, in *International Journal of Comparative Labour Law and Industrial Relations*, 36(3), pp. 339-360.

⁷⁹ See for example Glavå M. and Hansson, M. (2016), *Arbetsrätt* (Labour Law). Studentlitteratur, pp. 69f.

term lay-offs have been implemented, but these are accounted for below and will thus be dealt with less extensively here.

Of importance for this study are the changes concerning temporary employments that were introduced in 2007⁸⁰ with the aim of boosting employment rates through an increased flexibility of employment forms. The changes introduced a new form of temporary employment contract called 'general temporary employment' (in Swedish *allmän visstidsanställning*) which has no requirement of objective reasons such as seasonal employment or being a substitute for an employee on leave. Instead, it is for the employer to decide whether there is a need for employing on a temporary basis. In order to avoid risks of misuse of this form of employment the regulations also included time frames for how long a person could be employed on this form of contract before having the employment transformed into a permanent employment. The original framing of the transformation rules was later on adapted following critique from the European Commission.⁸¹ Worth noting is that apart from the transformation rules there are no other regulations governing for example how many times a contract for a general temporary employment can be concluded between the same employer and employee, nor a minimum length of the employment.

The transformation rules are thus the only component of preventing abuse of temporary contracts. However, there are no legal definitions for how long a general temporary employment shall last as a minimum, nor on how many times such a contract can be renewed. Therefore, this employment form can be considered to have legalised casual forms of employment such as jobs on call or other forms of intermittent employments.⁸² When considering statistics on temporary employments in Sweden the total rate of temporary contracts has been fairly stable throughout the years, but the balance between different forms of temporary contracts has changed. From a situation where substitute employments were the main form of temporary employment contracts, we now have a situation where general temporary employments make up the majority of the temporary employment contracts in Sweden. Since substitute contracts can be understood as a fairly stable and secure form of temporary employment contracts, often lasting for a longer period and being foreseeable in terms of work intensity and end date, the increased use of the general temporary employment has also increased the risks of precarious working conditions.⁸³

In addition to the regulations on temporary employment contracts, specific changes were also introduced concerning regulations governing unemployment insurances and fees for

⁸⁰ Lag (2007:390) om ändring i lagen (2006:440) om ändring i lagen (1982:80) om anställningsskydd (Act on changes to the act on changes to the act on employment protection). The changes entered into force on July 1st 2007.

⁸¹ For further discussion see Government Bill 2015/16:62 *Skärpta åtgärder mot missbruk av tidsbegränsade anställningar* (Sharper measures against abuse of temporary employments).

⁸² Worth noting, however, is that practice on the labour market seem to indicate that also substitute employments are used as a basis for intermittent work. For discussion see Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time), pp. 261ff.

⁸³ See for example Berglund, T., Håkansson, K., Isidorsson, T. and Alfonsson, J. (2017), *Tidsbegränsat anställdas framtida arbetsmarknadssituation*. in *Arbetsmarknad & Arbetsliv*. Vol 23, No. 2. 47-66.

membership in unemployment funds. These changes were introduced with the intention of increasing motivation for people to find work rather than being unemployed and to assure that the costs for the unemployment insurance would be more fairly spread in the sense that the unemployment funds having the larger part of unemployed as members should also be responsible for a larger share of the costs. This led to high increases in the fees for certain professions, which were also generally lower paid, and a massive drop in membership. Since the unemployment funds are also generally connected to the trade union of the relevant profession, membership levels for trade unions also decreased.⁸⁴ However, these changes were introduced shortly before the eruption of the 2008 financial and economic crisis. During the crisis the difficulties and challenges for society stemming from the increased number of unemployed falling outside the scope of the unemployment insurance generated a need for adapting the rules once again. It simply became unbearable for society that a high number of unemployed had withdrawn their membership from the unemployment insurance due to the increased costs. The system was therefore reviewed and changed again in order to make the membership in unemployment funds affordable also for those working in sectors with high unemployment rates. Regardless of these changes the membership levels in unemployment funds and especially trade union membership rates have not fully recovered to the rates before the changes in 2007.⁸⁵ Worth noting is that the debate on need for changes to the unemployment benefit structures has become intensified in light of the Covid-19 pandemic. Temporary changes to the system have been introduced in response to the pandemic and there is an ongoing debate on the need for permanent changes.⁸⁶

Similarly, sickness benefits have been subject to changes throughout the past decades, where the introduction of the so-called rehabilitation chain with specific time lines for the assessment of decreased working capacity has had quite significant impact.⁸⁷ There have been additional changes to this system, both in seeking to assure that persons suffering from severe illnesses shall be entitled to sickness benefits regardless of this time line and also changes as to the practical application of the rules by the Swedish National Social Security Agency. Many of these changes have been highly debated and during the past 15 years or so the discussion has revolved around people that are sick, but not deemed eligible for sickness

⁸⁴ For a detailed account of these developments see Kjellberg, A. (2010) *Vilka "hoppade av" a-kassan eller avstod från att gå med? En studie av a-kassornas medlemsras* (Who 'dropped out' from the unemployment benefit funds or refrained from joining? A study of the declining membership rates in the unemployment benefit funds). Studies in Social Policy, Industrial Relations, Working Life and Mobility. Research Reports; Vol. 2014:2 (new edition). Department of Sociology, Lund University.

⁸⁵ Kjellberg, A. (2020), *Den svenska modellen i en oviss tid: Fack, arbetsgivare och kollektivavtal på en föränderlig arbetsmarknad* (The Swedish Model in Uncertain Times: Trade Unions, Employers and Collective Agreements on a Changing Labour Market). Arena Idé, pp. 40ff.

⁸⁶ For an overview of the changes in response to the Covid-19 pandemic see Johansson, C. and Selberg, N. (2020) *COVID-19 and Labour Law: Sweden*, in Italian Labour Law e-Journal, Special Issue 1, Vol. 13. For the legislative debate on future changes to the unemployment benefit system in Sweden see for example in relation to self-employed Government White Paper (SOU) 2019:41 *Företagare i de sociala trygghetssystemen* (Entrepreneurs and the social security systems), or the most recent Government White Paper (SOU) 2020:37 *Ett nytt regelverk för arbetslöshetsersättningen* (A new regulatory framework for the unemployment benefit).

⁸⁷ Ryberg-Welander, L. (2018), *Socialförsäkringsrätt: Om ersättning vid sjukdom* (Social Security Law: Benefits in case of illness). Norstedts Juridik, pp. 136ff.

benefits, mainly because they are not considered to have a decreased working capacity in relation to work that normally exists on the labour market.⁸⁸

Another initiative aiming at increasing employment in Sweden was implemented during the years of the financial crisis and consisted of a reform related to the requirements for being approved for tax certificate as a sole proprietor. The initiative was taken by the Reinfeldt government and the purpose was to make it easier for persons wishing to start up their own business to also be able to do so, in spite of at least initially being dependent on their former employer as their sole principal/client. The changes are still in force and are found in Section 13 Article 1 of the Income Tax Act,⁸⁹ which defines the requirements for an independent and professional business to be taxed according to tax rules on income from business instead of income from work. The concept of independent in this respect is to be assessed on the basis of what has been agreed between the two parties, to what extent the person performing the work is dependent on the other party and to what extent the person is to be considered part of the organisation of the party for which the work is performed. The previous rules did not have specific requirements defined in the legal act as such, instead the assessment was based on case law where examples of indicators of independence of a sole proprietor had been developed. Such examples could be: that the person had several different clients/principals; the person would not be subject to supervision by the principal during the performance of the task; the person was not to be considered as part of the principal's ordinary work organisation; the person would be able to assign the work to a substitute or engage others to help with the work; the person would supply him/herself with material, tools and workplace needed; and/or the person takes financial risks him/herself by for example making investments in his/her company independently.⁹⁰

The changes meant that the grounds for being approved for taxation as a sole proprietor were given a slightly broader scope and the assessment of independence of the business was made less demanding with more focus on the intention and agreement between the person performing the work and the person for whom the work is conducted. Even though certain developments in that direction had already started to take place in case law, the intention of the change in the legislation were to both clarify the requirements and also contribute to a lowering of the threshold for persons to be approved for a business tax certificate in order to stimulate the creation of new businesses.⁹¹ The change has been considered to have had both positive and negative effects on the labour market. The positive effects are mainly related to increased opportunities for finding work by lowering the thresholds for starting up businesses, but on the other hand there has also been an increased risk of employers pushing persons to take up work as a sole proprietor instead of as an employee. Thus, it is estimated

⁸⁸ For a discussion on this, the effects for and experiences of those being considered as having working capacity in spite of being sick see Altermark, N. (2020), *Avslagsmaskinen: Byråkrati och avhumanisering i svensk sjukförsäkring* (The rejection machine: Bureaucracy and dehumanisation within Swedish sickness insurance), Verbal.

⁸⁹ Income Tax Act, in Swedish Inkomstskattelag (SFS 1999:1229).

⁹⁰ Government Bill 2008/09:62 *F-skatt åt fler* (Business tax certificate for more people), pp. 8f.

⁹¹ Government Bill 2008/09:62 *F-skatt åt fler* (Business tax certificate for more people), pp. 23ff.

that this change has generated an increase of bogus self-employments.⁹² The extent of this increase of bogus self-employed is difficult to assess in exact number, but there are according to several studies good reasons to assume that the problem is more prevalent in certain sectors, specifically within construction, transport, music and hairdressing. Especially in the construction sector there seems to be a clear increasing trend concerning the number of bogus self-employed.⁹³

Another tax related change worth noting in relation to this study is the reduced tax on income from work that was introduced in 2007 and has been extended on several occasions. The underlying idea of this tax reform is that by reducing the tax of income from work in comparison with the tax on for example unemployment benefits or other forms of social transfers there will be stronger incentives for persons out of work to find work. At the same time increased disposable incomes for those working will generate an increased consumption and boost to the economy which will also generate more jobs and as such increase opportunities for unemployed to find work.⁹⁴ It is difficult to say anything for sure as to whether this tax reform has increased employment rates or not, because it is very difficult to evaluate and exclude other factors from such an evaluation.⁹⁵ What can be said, however, is that the reform has generated an increased income inequality between those having a job and those being unemployed, on sickness allowance and so on since the tax credit only applies to earned income from work. The reform is thus worth keeping in mind in relation to in-work poverty since persons subject to in-work poverty in Sweden are also more likely to combine periods of employment with periods out of work and therefore it is not unlikely that this reform has borne consequences also for the in-work poverty rates in Sweden.

More recently there have also been changes introduced in relation to the right to take industrial action. The changes consist in specific limitations of the right to take industrial action towards employers that are bound by a collective agreement. In principle, this changes creates the effect that another trade union than the one holding the collective agreement with the employer is prevented from taking any form of industrial action than such having the aim of concluding a collective agreement with the employer.⁹⁶ However, if a collective

⁹² Government White Paper (SOU) 2018:49, *F-skattesystemet – några särskilt utpekade frågor*, (*The Business Tax System – some pertinent issues*), pp. 46ff and Swedish Tax Agency (Skatteverket) (2013), *Rapport om effekterna av den ändrade ordalydelsen i 13 kap. 1 § inkomstskattelagen (1999:1229)*, (Report about the effects of the changes to Section 13 Article 1 Income Tax Act), Dnr 131-165148-13/113.

⁹³ Government White Paper (SOU) 2018:49, *F-skattesystemet – några särskilt utpekade frågor*, (*The Business Tax System – some pertinent issues*), pp. 199ff, see also Engblom, S. and Inganäs, J. (2018) *Atypiska företagare – Om relationen mellan företagare och deras uppdragsgivare*, report from TCO.

⁹⁴ In Swedish this is called 'jobbskatteavdraget' and it was introduced in order to increase employment rates. This is further discussed in Cronert, A. and Palme, J. (2017), *Approaches to Social Investment and Their Implications for Poverty in Sweden and the European Union*. in Global Challenges Working Paper Series, No. 4, September 2017.

⁹⁵ Cronert, A. and Palme, J. (2017), *Approaches to Social Investment and Their Implications for Poverty in Sweden and the European Union*. in Global Challenges Working Paper Series, No. 4, September 2017.

⁹⁶ The main regulation of importance for the introduced limitations to the right to industrial action is Article 41 d CDA. The reasons for the limitation of this right are discussed in Government Bill 2019/20:105 *Utökad fredsplikt på arbetsplatser där det finns kollektivavtal och vid rättstviseiter* (Increased peace obligation on workplaces where there is a collective agreement and in case of legal dispute).

agreement would be concluded under such circumstances it cannot be applied in a manner that circumvent the first signed agreement which will have precedence.⁹⁷ These changes were introduced following a long conflict in Gothenburg harbour where a freestanding trade union, which organised most of the workers in the port, sought to conclude a collective agreement. However, the employer refused since they already had a collective agreement with the nation-wide LO affiliated trade union for the sector. The central social partner organisations asked for regulations to be changed in order to minimise economic effects from such conflicts on the labour market and the government responded with these changes.⁹⁸ There has been critique of these changes as causing a risk for limiting the possibilities for trade unions not affiliated to the central organisations to develop and conclude collective agreements with employers, not least in new emerging sectors of the labour market and increased complications in relation to competing collective agreements.⁹⁹ Since the changes were introduced fairly recently potential such effects are as of yet not possible to evaluate, even though there is little indication of such effects based on the most recent concluded negotiating round on the labour market.¹⁰⁰

In relation to the Covid-19 pandemic it is also worth noting that there have been a vast number of changes and additional support mechanisms enacted in order to support social distancing in working life and also assure a certain level of financial stability and economic security for persons and businesses suffering from the consequences of the pandemic. Most of these changes have been temporary even though some relate to policy fields where there is also a discussion on more permanent changes.¹⁰¹ At the time being it has not been possible

⁹⁷ Article 41 d section 1 point 4 CDA. Government Bill 2019/20:105 *Utökad fredsplikt på arbetsplatser där det finns kollektivavtal och vid rättstviseter* (Increased peace obligation on workplaces where there is a collective agreement and in case of legal dispute), pp. 31ff.

⁹⁸ The industrial conflict in Gothenburg harbours is referred to repeatedly in Government Bill 2019/20:105 *Utökad fredsplikt på arbetsplatser där det finns kollektivavtal och vid rättstviseter* (Increased peace obligation on workplaces where there is a collective agreement and in case of legal dispute).

⁹⁹ These forms of critic are briefly mentioned in Government Bill 2019/20:105 *Utökad fredsplikt på arbetsplatser där det finns kollektivavtal och vid rättstviseter* (Increased peace obligation on workplaces where there is a collective agreement and in case of legal dispute), albeit disregarded. For an example of the critique as concerns potential difficulties for new trade unions to develop see Nyström, B. (2019), *Remissyttrande: Fredsplikt på arbetsplatser där det finns kollektivavtal och vid rättstviseter* (Ds 2018:40) (Reference opinion: Peace obligation at workplaces where there is a collective agreement and in case of legal dispute).

¹⁰⁰ Based on the information provided in the yearly report from the Swedish National Mediation Office in relation to the year 2018 there were no significant indications of disturbances on the labour market due to the extended peace obligation (Swedish National Mediation Office (Medlingsinstitutet) (2020), *Avtalsrörelsen och lönebildningen 2019, Medlingsinstitutets årsrapport* (The Yearly Report of the Swedish National Mediation Office 2019), pp. 51ff). However, the changes entered into force only on August 1st, 2019 (Act (2019:503) on changes in the act (1976:580) on co-determination in working life) and due to the pandemic the negotiating rounds of 2020 were delayed and not fully completed until 2021, whereby statistics are not yet available in a comprehensive manner.

¹⁰¹ Both sickness benefits and unemployment benefits are under current inquiry for changes. Discussions on proposed changes can be found in Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time). Government White Paper (SOU) 2019:41 *Företagare i de sociala trygghetssystemen* (Entrepreneurs and the social security systems). Government White Paper (SOU) 2020:6, *En begriplig och trygg sjukförsäkring med plats för rehabilitering* (An understandable and secure sickness insurance with room for rehabilitation). Government White Paper (SOU) 2020:26 *En sjukförsäkring*

to access statistics updated enough in order to assess what effect these temporary changes have had for in-work poverty during the pandemic. As the most relevant changes for this report relate to different issues covered below, no additional comments will be made here, instead the relevant measures will be discussed in relation to for example short-time work allowance schemes, unemployment benefits and so on below.

On a final note, it is also worth highlighting that there is a current debate on changes to the Employment Protection Act, for which SN¹⁰² and PTK¹⁰³ concluded an agreement that in addition to changes concerning employment protection also covered issues concerning vocational training and support for workers subject to redundancies.¹⁰⁴ The LO¹⁰⁵ affiliates If Metall¹⁰⁶ and Kommunal¹⁰⁷ also decided to join the agreement,¹⁰⁸ in spite of LO having said no to the agreement. The agreement was concluded after political pressure and the publication of a legislative inquiry.¹⁰⁹ This agreement will only enter into force under the condition that certain legislative changes are also introduced.¹¹⁰ Therefore, the potential effects from this agreement in relation to in-work poverty will not be possible to assess until the legislative inquiries following this agreement have also resulted in legislative proposals that have been adopted by the parliament.¹¹¹

2. POLICIES AND MEASURES THAT DIRECTLY IMPACT ON IN-WORK POVERTY

2.1. Policies and measures improving individuals' working conditions

2.1.1. The right to fair and adequate wages and to a decent standard of living

The Swedish labour law and labour market system leaves it to the social partners to regulate wages through collective agreements and there is no legislation on minimum wages. Some

anpassad efter individen (Sickness benefits adapted for the individual). Government White Paper (SOU) 2020:37 *Ett nytt regelverk för arbetslöshetsersättningen* (A new regulatory framework for the unemployment benefit).

¹⁰² Svenskt Näringsliv, the Swedish industry confederation.

¹⁰³ Privattjänstemannakartellen, negotiating body representing white-collar workers in the private sector.

¹⁰⁴ SN and PTK (2020), *Huvudavtal om trygghet, omställning och anställningsskydd* (Peak collective agreement concerning security, transitions and employment protection).

¹⁰⁵ Landsorganisationen Sverige, the blue-collar workers confederation.

¹⁰⁶ Trade union representing blue-collar workers in industry sector.

¹⁰⁷ The largest blue-collar workers trade union representing workers in sectors such as health care, care services, personal services and education.

¹⁰⁸ SN and If Metall (2020), *Förhandlingsprotokoll – Huvudavtal om trygghet, omställning och anställningsskydd* (Peak collective agreement concerning security, transitions and employment protection). SN and Kommunal (2020), *Förhandlingsprotokoll – Huvudavtal om trygghet, omställning och anställningsskydd* (Peak collective agreement concerning security, transitions and employment protection).

¹⁰⁹ Government White Paper (SOU) 2020:30, *En moderniserad arbetsrätt* (A modernised labour law).

¹¹⁰ SN and PTK (2020), *Huvudavtal om trygghet, omställning och anställningsskydd* (Peak collective agreement concerning security, transitions and employment protection). With adjustments in SN and If Metall (2020), *Förhandlingsprotokoll – Huvudavtal om trygghet, omställning och anställningsskydd* (Peak collective agreement concerning security, transitions and employment protection). SN and Kommunal (2020), *Förhandlingsprotokoll – Huvudavtal om trygghet, omställning och anställningsskydd* (Peak collective agreement concerning security, transitions and employment protection).

¹¹¹ The Government White Papers concerning these issues are to be published in June 2021 (after the finishing of this report) and Government Bills will thus take further time due to the legislative review process.

legislation, governing cases on disputes concerning unpaid wages, refer to the minimum remuneration as set by collective agreements and/or practice in the specific sector or profession as the relevant level of calculation.¹¹² The concept of a fair and adequate wage, however, is not defined in legislation in Sweden. It is, nevertheless, possible to deduce some sort of definition or at least understanding of what a fair and adequate wage is on the basis of case law. A couple of cases from the Swedish labour court have established a principle using the wage set by collective agreements for the specific sector as a norm.¹¹³ If the wage a worker gets paid is unreasonably low in relation to the wage set by the collective agreement in the sector in question, then it will be possible for the worker to have the wage adjusted through a court decision, albeit not for an unlimited retroactive period.¹¹⁴ What is deemed to be a fair and adequate wage is thus dependent on what is regulated in relevant collective agreements, but the possibility to enforce such wage levels through court action is limited on the basis that only unreasonable deviances from the collective agreement will generate a court decision on compensation.¹¹⁵ This means that the definition of a fair and adequate wage will be dependent on which sector is concerned and what wage level is set in the sector specific collective agreement. In addition, the wage set in the sector specific collective agreement will not be considered as a sharp line, smaller deviations will still be left unadjusted by the Court. It is thus not possible to identify a universal definition of a fair and adequate wage for the entire Swedish labour market, instead a case-by-case assessment will be necessary.

This, of course, makes the situation difficult for workers in precarious situation, especially if they are not unionised and do not work in an establishment where there is a collective agreement. The workplaces that are not covered by collective agreements are, however, rather few since the coverage rate of collective agreements on the Swedish labour market amounts to about 90 percent, leaving only ten percent of Swedish employees without the protection offered by a collective agreement in spite of the unionisation rate amounting to roughly 70 percent. Since the public sector is fully covered by collective agreements the workplaces lacking collective agreements are to be found within the private sector for which the collective agreement coverage rate is 83 percent. The employees that are not covered by collective agreements are therefore found in the private sector and amount to 17 percent of the employees in that sector.¹¹⁶

¹¹² See for example Article 5 point 1 in the law on right to remuneration for work conducted by a migrant lacking permission to work or reside in Sweden (SFS 2013:644). The reference to remuneration in line with collective agreement or practice in the specific sector or profession has been introduced in this law specifically due to the lack of legislated minimum wages and the requirement stemming from the Employer Sanctions Directive (2009/52/EC) to clearly establish rules on calculation of minimum levels of remuneration in these cases.

¹¹³ See AD 1982 no 142 where the Court came to the conclusion that in order to calculate the adequate wage the wage level set by the collective agreement in the specific sector concerned should be used.

¹¹⁴ In AD 1986 no 78 the Court limited the time for compensation for inadequate wages to two years back in time.

¹¹⁵ Schmidt, F. (1994) *Löntagarrätt (Employee Law)*, pp. 28f.

¹¹⁶ Swedish National Mediation Office (Medlingsinstitutet) (2019), *Medlingsinstitutets årsrapport 2018 (The Yearly Report of the Swedish National Mediation Office)*, pp. 166 ff.

The high degree of collective agreement coverage on the Swedish labour market limits the risks of wages below the rates set in collective agreements also for non-unionised workers. The reason is that, on the Swedish labour market, practice and case law has established that collective agreements are to be considered normative conditions, which the employer is obliged to respect and apply for all employees performing work covered by the collective agreement regardless of whether the employee is a member of the union or not. If the employer does not respect this principle it is considered as a breach of the collective agreement and the trade union can claim damages.¹¹⁷ This principle has a generally strong impact in practice and it is therefore unlikely that employees are paid below the levels set in the relevant collective agreement in workplaces covered.

Since working conditions and levels of remuneration are likely to be part of employer strategies to attract competent workers in sectors where there is a shortage of qualified people, lower wages are most likely to be found in workplaces where there is no collective agreement, a surplus of potential workers and the level of unionisation is generally low amongst the potential workers. Under such conditions the employer is basically free to set wages unilaterally and this thus increases the risk for wages below the poverty threshold. This risk and the gap of the Swedish wage setting system as concerns difficulties for non-unionised workers in workplaces lacking collective agreements to enforce claims of decent wages through court are pointed out in a report from the Swedish National Audit Office concerning state interventions against exploitation of workers.¹¹⁸

The principle of a fair and adequate wage as being in line with the wage set by collective agreements or practice in the sector concerned holds an assumption that wages set in collective agreements also assures a decent standard of living. Such considerations, however, have not been discussed in court cases from the Swedish labour court. Instead, the issue of a fair and adequate wage in relation to a decent, or rather reasonable, standard of living has been discussed to some extent in the Swedish migration appeals court in relation to cases concerning work- and/or residence permits for non-EU citizens. In such cases one main form of reasoning can be detected in relation to what should be considered an income allowing the applicant to support him/herself in a manner that allows for a reasonable standard of living. The Court's argumentation relates the demand of upholding an adequate income to the requirement that the income shall not be as low as to necessitate the person to apply for social assistance in order to cover expenses for housing and living.¹¹⁹ In this manner of reasoning the amount required to allow for a reasonable standard of living will be based upon what is considered adequate costs of living in accordance with Section 4, Article 1 the Social Services Act. This means that the level of income defining a reasonable standard of living will be set based on a certain standard assessment and the Swedish Migration Authority has set a general standard of a minimum of 13.000 SEK per month before deduction of taxes for a

¹¹⁷ Adlercreutz, A. and Nyström, B. (2015) *Labour Law in Sweden*. Wolters Kluwer. pp. 205ff.

¹¹⁸ Swedish National Audit Office (2020), *Statens insatser mot exploatering av arbetskraft – regelverk, kontroller samt information och stöd till de drabbade s* (State measures against exploitation of labour – regulations, inspections and information and support for those affected, RIR 2020:27), pp. 28ff.

¹¹⁹ MIG 2015:11.

single person, albeit there will still be a need for a case-by-case assessment depending on personal circumstances such as for example household composition.¹²⁰

Another form of cases relating to what could be considered a decent standard of living can be found in cases concerning applications for residence and work permit for persons having a connection to Sweden through a personal relationship. In such cases the person already residing in Sweden will need to show that he/she is able to support him/herself and the applicant in a manner that allows them a minimum standard of living. In such cases the assessment is based on whether the person residing in Sweden has an income amounting to at least the same to which beneficium would be defined in case of execution in salary.¹²¹ However, such cases do not to the same extent relate the requirement of income to the concept of a decent standard of living, rather the reasoning focuses on what should be the minimum level allowing for costs covering the necessary needs. Therefore, it is legally more relevant to discuss the issue of decent standard of living in relation to the standards set in accordance with the Social Services Act, which considers a reasonable standard of living and not the mere minimum.

Section 4, Article 1 on the Social Services Act states that social assistance shall grant the person in need a reasonable¹²² standard of living. However, the concept of a reasonable standard of living is not defined in the law, nor in the preparatory acts. Instead, it is highlighted that the concept of a reasonable standard of living needs to be assessed in relation to each specific case and societal developments and standards at the time being.¹²³ A reasonable standard of living is thus to be considered a dynamic concept that shall be adapted in accordance to societal developments, a person's specific needs and current, reasonable, costs of housing and living. This means that the costs of living required for a reasonable standard of living are not fixed, instead there are different components in assessing the relevant costs for a certain individual. In general these components can be considered as consisting of three different parts: personal and household costs of living set at a general standard such as food, clothes, hygiene, leisure, child and youth insurances, newspapers and telephone; reasonable costs outside the general standard, including costs of housing, electricity, travels to and from work, and membership fees for trade union and unemployment insurance, which as long as they are considered reasonable will be set at the

¹²⁰ On the issue of a minimum level of income in relation to reasonable costs for housing and living in accordance with the Social Services Act and the amount of 13.000 SEK, see case MIG 2015:11.

¹²¹ On this see case MIG 2019:12.

¹²² In the Swedish legislation the word 'skälig' is used and it is more accurately translated into the word 'reasonable' in English. The English word decent would rather be translated as 'anständig' in Swedish and a decent/anständig standard of living would imply a higher set standard than that of a reasonable/skälig standard of living.

¹²³ The Government Bill 1979/80:1 p. 186 and also the handbook by the Swedish National Board of Health and Welfare (2013), *Ekonomiskt bistånd – Handbok för socialtjänsten*, pp. 20 ff. Worth noting is that in addition to financial assistance other forms of social assistance can be considered required to assure a person a decent standard of living This can relate to for example different forms of support for disabled persons or assistance in seeking to increase the employability of a person. For the purposes of this report where the situation for persons having work or at the most being temporarily out of work the choice has been made to focus on assistance in economic terms and exclude other forms of assistance.

actual cost level; and finally additional costs of living, including for example health care or dental care costs, cost for glasses, costs of moving to another place of living or other temporary and required costs, which as long as they are reasonable will be set at the factual cost level.¹²⁴

At the time being the amounts set in the generally applicable standard, i.e. personal and household costs, are for a single person living alone 4.160 SEK (of which personal costs are set at 3.150 SEK and household cost for one person are set at 1.010 SEK)¹²⁵ and to that amount reasonable costs for housing, electricity, travels to and from work, unemployment insurance and additional reasonable costs need to be added in order to calculate the suitable level of income needed for allowing a single person a decent standard of living.

The amount of 13.000 SEK as income before deductions for taxes, mentioned above, has been set as a generally applied minimum standard by the Swedish Migration Authority in order to approve an application for work permit.¹²⁶ Nevertheless, that amount can be questioned as a generally applied definition of what is needed in order to uphold a decent standard of living. Rather, the amount will have to be adjusted in relation to a person's household composition and actual costs of housing etc. in the specific place since such costs are likely to differ between regions and cities in Sweden. Even though the amount might be relevant for a single person living alone to some extent, it will not allow a similar standard of living for a single person responsible for supporting underaged children, nor will it allow a similar standard of living in Stockholm in comparison with small towns in the countryside. In addition, the amount relates to a reasonable standard of living rather than a decent standard of living and it is thus worth considering whether the amount needed for a decent standard of living should be set at a higher level.

2.1.2. Minimum wage policies

As already mentioned above, there is no legislation on minimum wage in Sweden, instead wages are set through negotiations between the social partners and regulated in collective agreements. If there is no applicable collective agreement in the workplace, there will be no minimum wage level and the wage will instead be set in agreement between the employer

¹²⁴ The Swedish National Board for Health and Welfare issues advice on the calculation of these costs, see SOSFS 2013:1 *Socialstyrelsens allmänna råd om ekonomiskt bistånd* (General advice on economic assistance issued by the National Board for Health and Welfare). It is also this authority that is responsible for the annual setting of the general standard for personal and household costs, see Swedish National Board for Health and Welfare (2019) *Riksnormen för försörjningsstöd* (The General Standard for economic assistance).

¹²⁵ See Swedish National Board for Health and Welfare (2019) *Riksnormen för försörjningsstöd* (The General Standard for economic assistance).

¹²⁶ This amount has been calculated by the Swedish Migration Authority and is currently what is applied (see <https://www.migrationsverket.se/Andra-aktorer/Arbetsgivare/Anstalla-fran-lander-utanfor-EU/Krav-for-arbetstillstand.html>, last accessed 16/02/2021), but seems to have been fixed for some years since the same amount was referred to in case MIG 2015:11 which concerned incomes during the years 2011-2013. There are thus reasons to question whether this amount is still an adequate minimum level for defining a decent standard of living.

and the worker.¹²⁷ In these situations, case law has defined that wages shall be reasonable, but this definition would allow some deviation from the wage levels defined in the relevant collective agreement for the sector concerned. If there is a considerable difference between the wage level in the relevant sectoral collective agreement and the wage that the worker has been paid then the court would consider the wage unreasonable and the worker would be entitled to have the wage adjusted and to be compensated for his/her loss. Such court cases are rare and the actual existence of unreasonable wages at workplaces not covered by collective agreements is difficult to estimate, especially since the interpretation of 'considerable difference' is not entirely clear.¹²⁸ In other words, when there is no collective agreement in place there is no minimum wage even though the wages set in collective agreements for the specific sector in question will be used as a benchmark in case of a dispute.¹²⁹ Wages are thus generally set at sectoral level, but local collective agreements may contain additional clauses. It is not possible though to locally negotiate lower wages than those set in the sectoral agreements.¹³⁰ The wages set in the sectoral agreements can therefore be considered as minimum wages. Wages are revised on a regular basis and the practice on the Swedish labour market is that levels of wage increase as defined in the sectoral agreement for the manufacturing industry is used as benchmark for all other sectors.¹³¹

Thus, indexation of wages is dealt with through collective bargaining and in general a yearly increase is agreed upon. This does not mean that the collective agreements on wages are renegotiated every year, instead the clauses on wage increase are divided in subsections with regulations on wage increases for each year covered by the collective agreement. If the collective agreement is in force for three years it will thus generally contain a clause on wages indicating the wages as set at the time the collective agreement enters into force and then regulations covering the yearly revisions of wages for the following years. The yearly wage increases are often defined in terms of a percentage of the whole wage cost for the employer and may contain clauses on minimum increase for each employee either as a percentage of the salary or as a fixed sum that all employees shall be guaranteed. Sometimes a minimum sum of wage increase is set specifically for employees with lower salaries in order to assure that wage dispersion will not increase too much.¹³²

¹²⁷ Hällberg, P. and Kjällström, C. (2020), *Collective agreements and minimum wages*. Swedish National Mediation Office.

¹²⁸ The most recent is probably the case from 2007 concerning two foreign workers who were temporarily employed for berry picking by an employer who did not have a collective agreement, where the Swedish Labour Court concluded that the individual employment contracts should be interpreted to include wages in accordance with the collective agreement most suitable for the work conducted, see AD 2007:1. Previous cases include AD1991:26 and AD 1983:130.

¹²⁹ This issue has been discussed more in detail above on the concept of 'fair wage' and will therefore not be dealt with in detail again.

¹³⁰ Adlercreutz, A. and Nyström, B. (2015) *Labour Law in Sweden*. Wolters Kluwer. pp. 190ff.

¹³¹ Swedish National Mediation Office (Medlingsinstitutet) (2019), *Avtalsrörelsen och lönebildningen 2018, Medlingsinstitutets årsrapport* (The Yearly Report of the Swedish National Mediation Office 2018). p. 191.

¹³² Swedish National Mediation Office (Medlingsinstitutet) (2019), *Avtalsrörelsen och lönebildningen 2018, Medlingsinstitutets årsrapport* (The Yearly Report of the Swedish National Mediation Office 2018), pp. 19f, 30 30 and Hällberg, P. and Kjellström, C., *Collective agreements and minimum wages*, (2020) Swedish National Mediation Office, p. 2.

As mentioned before, the manufacturing industry is the sector used as a benchmark for all other sectors. This means that when it is time to renegotiate collective agreements on wages, the manufacturing industry social partners will be the first to conclude a new agreement. They conclude a collective agreement including wage increases for a specific number of years, both as a total over the years covered and as specific increases for each year. This agreement will then be used as a benchmark for the social partners in other sectors in the sense that the total wage increase over the years covered is considered more or less the ceiling for wage increases also in other sectors.¹³³ In other words, if the sectoral collective agreement for the manufacturing sector contains wage increases of a total of 6,8 percent over three years, then this will be the target for other sectors where wage increases are unlikely to amount to more than 6,8 percent over three years. At times this process and the benchmark of the manufacturing industry has been questioned, especially from unions within service sectors, but so far, the process remains fairly intact.¹³⁴

In collective agreements there are different systems for the setting of wages and there might be different criteria defined for different levels. Some agreements involve different levels in relation to the age and length of employment of the worker, but it is also possible to find agreements where separate wages for different positions or occupational groups are defined and where there for each such group are differentiated levels in relation to age and length of employment. Specific wages for very young workers also exist and sometimes introductory wages for young workers where there might also be a requirement of introduction or training during the first year.¹³⁵ Where wage levels set in the collective agreement defines the lowest acceptable wage, deviations can only be to the benefit of the employee. Historically there have been collective agreements setting a fixed wage level for specific categories of workers where the wage paid to a worker falling into a specific wage category could not be any other than the wage defined in the collective agreement. Such tariffs have disappeared from the Swedish wage setting system through the increased influence of individual wage setting and nowadays wages defined in collective agreements are generally set as minimum rates.¹³⁶

An exception from the system of setting minimum or lowest wage levels through collective agreements are the fairly recently implemented so called numberless collective agreements on wages. These agreements do not contain any regulation of a specific wage for the professions covered, neither in terms of hourly nor monthly wage. Instead, the wage is to be set individually on the basis of the tasks, responsibilities, qualifications and competence of the individual employee, taking into account practice in the specific sector concerned. Even though this could be considered problematic and seen as a risk for low wages it is not of high

¹³³ Adlercreutz, A. and Nyström, B. (2015) *Labour Law in Sweden*. Wolters Kluwer. pp. 190ff.

¹³⁴ Calmfors, L., Ek, S., Kolm, A.-S. and Skedinger, P. (2019), *Kollektivavtal och lönebildning i en ny tid* (Collective agreements and wage formation in a new era). Dialogos, pp. 248ff.

¹³⁵ For further discussion and examples of how wage clauses are framed in collective agreements see Hällberg, P. and Kjellström, C., *Collective agreements and minimum wages*, (2020) Swedish National Mediation Office, p. 2.

¹³⁶ Adlercreutz, A. and Nyström, B. (2015) *Labour Law in Sweden*. Wolters Kluwer. pp. 190ff and Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time), pp. 58ff.

relevance in relation to the issue of in-work poverty. The reason is that practice of so called numberless collective agreements is generally only applied in sectors and for professions requiring academic education.¹³⁷ As such the employees covered by these collective agreements tend to have positions rendering fairly high wages, well above the threshold for in-work poverty.

In general, the minimum wages set in collective agreements are high, from an international perspective with minimum wages in general above 60 percent of the median income.¹³⁸ It is thus worth stressing that the wage setting model in Sweden should not be conceived as a risk in relation to in-work poverty. Indeed, studies have shown that it is not low minimum wages that cause in-work poverty in Sweden, instead the main reasons seem to be connected to low work intensity, intermittent employment contracts or specific lower wages for young and inexperienced workers.¹³⁹ There might also be problems relating to the rather few workplaces that are not covered by collective agreements, but the extent of this is very difficult to assess due to lack of reliable statistics.¹⁴⁰

To sum up, the regulations governing minimum wage in Sweden are found in sectoral collective agreements. The mode of setting minimum wages can differ to some extent between sectors since different structures are applied in different sectoral agreements. Regular wage increases are negotiated at sectoral level, using the percentages agreed upon in the manufacturing industry as a benchmark. Over time the wage setting model has worked well and generated a stable and socioeconomic sustainable wage development in Sweden, also from an international perspective. The main risks for in-work poverty are not related to the wage setting system or collectively agreed wage levels as such. Instead, the main risks are found in the form of employment contract used, the number of hours worked and it is also likely that workplaces that are not covered by collective agreements can be a risk factor. In relation to this it is thus worth noting that groups of workers with introductory, temporary, part-time and/or casual employment contracts face higher risks of in-work poverty. Therefore, it is important to consider which groups are more likely to be subject to and which sectors of activity are more prone to make use of, these forms of employments.¹⁴¹ Additional information on wages in workplaces not covered by collective agreements would also provide better insight as to whether the non-application of collective agreements in a workplace increases risks for in-work poverty for workers.

¹³⁷ Adlercreutz, A. and Nyström, B. (2015) *Labour Law in Sweden*. Wolters Kluwer. pp. 191f.

¹³⁸ Hällberg, P. and Kjellström, C., *Collective agreements and minimum wages*, (2020) Swedish National Mediation Office, pp. 3f.

¹³⁹ See for example Nelson, K. and Fritzell, J. (2019), *ESPN Thematic Report on In-work poverty Sweden*. European Commission, Directorate-General for Employment, Social Affairs and Inclusion.

¹⁴⁰ This problem is also highlighted in Swedish National Audit Office (2020), *Statens insatser mot exploatering av arbetskraft – regelverk, kontroller samt information och stöd till de drabbade* RIR 2020:27 (State measures against exploitation of labour – regulations, inspections and information and support for those affected, RIR 2020:27), pp. 28ff.

¹⁴¹ Further discussion in relation to these issues will also be provided throughout the analysis for the specific VUP groups in Part II of this report.

2.1.3. Additional wage increase factors

Different forms of benefits that could be considered as additional wage increase factors are generally part of company policy rather than regulated in collective agreements. In addition, it is also possible for employers and employees to agree on benefits on an individual basis. What benefits are most common, the value of the benefits and what workers are covered by different benefits are therefore issues that are very difficult to assess. Some sort of guidance on what forms of benefits that exist on the Swedish labour market can be found in regulations governing taxation of income, where Section 11 in the Income Tax Code contains Articles stipulating the forms of payments, remuneration, salaries and benefits from the employer to the employee that shall be taken up and reported for taxation as income.¹⁴² Section 11 Article 1 in the Income Tax Code states that all forms of salary, remuneration, expenses and benefits shall be subject to tax of income unless otherwise specified in legislation. There are thus some benefits that are exempted from taxation under certain circumstances. Products and services of pertinence for the employee to carry out work are not subject to taxation unless the value of the product or service is limited and the benefit for the employee is hard to separate from the usefulness in the work conducted. There are no specified limitations for the value of such benefits, instead an assessment will be made on basis of the actual value of the benefit and whether or not the benefit also generate a saving of personal costs for the employee as concerns the employee's normal private living expenses.¹⁴³

A typical example of this is if the employer considers a mobile phone essential for the employee to perform work.¹⁴⁴ If, however, the employee for private reasons would prefer a more advanced mobile phone than the one the employer offers and the employer agrees to the upgrade, then the mobile phone shall be subject to taxes based on the value of the mobile phone. The reason for that is that in such a case there is an apparent value of the benefit also for personal reasons.¹⁴⁵ It is important to note that these forms of benefits shall be paid directly by the employer since it is the employer who is in the position of deciding what products and services are essential for the work.¹⁴⁶ A, perhaps more relevant, example, is the benefit of free meals during work time for employees in childcare, schools and to some extent employees in the care sector. In such cases the benefit of free meals will not be subject to taxes when the meal as such cannot be considered as a break from work since it involves a duty for the employee to supervise children during their meal or assist persons subject to care.¹⁴⁷

¹⁴² Inkomstskattelag (Income Tax Code) SFS 1999:1229.

¹⁴³ Government Bill 1994/95:182, pp. 40ff.

¹⁴⁴ This example is, however, probably of less importance for workers facing higher risks of in-work poverty since they are less likely to hold a position where a mobile phone would be considered an essential tool for work.

¹⁴⁵ The Swedish Tax Agency provides guidance on its webpage concerning taxation of employment benefits. Unfortunately, the detailed guidance seems only to be available in Swedish. See <https://www4.skatteverket.se/rattsligvagledning/323994.html#>, last accessed 17/09/2020).

¹⁴⁶ Section 11 Article 8 Income Tax Code states: "Benefits of a product or service that an employee *receives* from the employer..." (translation and emphasis by the author), which indicates that the employer shall be the one deciding on and carrying out the acquisition of the product or service and not the employee.

¹⁴⁷ The issue is not specifically regulated in the Income Tax Code, instead it is considered a general practice in these sectors. Further information can be found on

There are some exemptions to the practice of benefits usually being part of company policy or individual employment contracts rather than regulated in collective agreements. For example, most collective agreements include different forms of insurances, generally in terms of specific contributions for pension insurances or group insurances in case of illness, injury or death.¹⁴⁸ Such benefits are exempted from taxes as long as they are offered in line with the national collective agreements regulating these forms of insurances. Another example is found in collective agreements for the public sector where expenses for medical appointments, including physiotherapists, and medicines prescribed by a doctor can be refunded by the employer to a certain extent.¹⁴⁹ The amount that the employer refunds, however, will be subject to taxes for the employee. Additional examples exist, such as possibilities for employers to subsidise different forms of health promoting activities. However, since such subsidies from the employer would also require the worker to pay a certain amount, they are not really increasing the income of the worker, but rather decreasing costs and for a worker finding difficulties making ends meet it is thus less likely that the subsidies will be made use of since the workers is more likely to avoid the cost completely.

2.1.4. Make-work-pay policies

The idea of make-work-pay policies has received increased attention in the political debate in Sweden at least since the early 2000s and the coming into power of the right-wing government in 2006. The policies have influenced changes in social security benefits relating to sickness and unemployment, introducing measures intended to increase incentives for persons to get back into work. Furthermore, changes to tax regulations introducing specific forms of tax reductions for income earned through work have increased differences in taxes paid between income from work and income from social security benefits,¹⁵⁰ are a clear expression of make-work-pay policies. There have also been certain changes introduced in relation to pensions schemes intended to making a longer working life more beneficial.¹⁵¹ The more detailed regulations of social security benefits are covered in the sections below, starting with unemployment benefits. However, what can be said is that make-work-pay

<https://www4.skatteverket.se/rattsligvagledning/edition/2020.11/321441.html> (last accessed 16/02/2021).

Worth noting in relation to this is also the case RÅ 2009 ref. 16 which concerned the issue of taxation of free meals for employees at a care housing for minors in need of psychiatric treatment.

¹⁴⁸ In general, these forms of insurances are agreed upon in national cross-industry agreements and administered by a specific insurance agency set up and owned by the social partners. For further info on the insurance complementing statutory benefits in case of work-related injury see Afa försäkring (no year indicated), *Trygghet vid arbetsskada – Om lagstadgad och kollektivavtalad arbetsskadeförsäkring* (Security in case of work-related injury – About statutory and collectively agreed insurances for work related injuries).

¹⁴⁹ This is most prominent in the state sector as regulated in Chapter 7 Arbetsgivarverket, SACO-S, OFR and SEKO, *ALFA – Allmänt löne- och förmånsavtal* (General collective agreement on wages and benefits).

¹⁵⁰ For discussions concerning this in relation also to social policy expenditure see Cronert, A. and Palme, J. (2017), *Approaches to Social Investment and Their Implications for Poverty in Sweden and the European Union*. in Global Challenges Working Paper Series, No. 4, September 2017.

¹⁵¹ The changes were introduced through the insertion of a new way of deciding the relevant age for retirement to be used as a basis for calculation of pension benefits in Section 2 Articles 10 a – 10 d Social Security Code. The motives for the changes are found in Government Bill 2018/19:133 *En riktålder för höjda pensioner och följsamhet till ett längre liv* (Introducing a principle for suitable age in order to assure increased pensions and adaptability for a longer life).

policies have become influential for how social security benefits are regulated and granted. As will be shown below, such benefits are also generally constructed on the basis of standard employments causing risks for workers in less stable forms of employments and with increasing shares of workers in more precarious forms of employments it is not unlikely that the influence of make-work-pay policies have also increased the risks for in-work poverty. Current legislative debate on changes intended to increase protection for workers in precarious forms of employment is thus well needed and necessary in order to counteract increasing rates of in-work poverty in Sweden.

2.2. Policies and measures supporting workers' incomes in case they lose their occupation

2.2.1. Unemployment benefits

The unemployment benefit system in Sweden is modelled on the Gent system¹⁵² and governed through a complex set of regulations mainly found in the Unemployment Benefit Act (hereinafter UBA), the Regulation concerning Unemployment Benefit (hereinafter RUB), the Unemployment Benefit Funds Act and the Regulation concerning Unemployment Benefit Funds. It is a vast and complex area of regulations and there are several terms subject to need of interpretation on a case by case basis.¹⁵³ The complexity of the regulations and the difficulties in foreseeing whether and to what extent a person will receive unemployment benefits are subject to critique and identified as part of what needs to be addressed in a future reform of the unemployment benefit system.¹⁵⁴ How such changes will take form remains to be seen and results are not expected before the finalisation of this report. Therefore, the currently discussed proposals for change are not dealt with in detail.

The unemployment benefits are administered by unemployment benefit funds that organise members on basis of their profession. Historically, the unemployment benefit funds were tied to different trade unions and that is the reason that there are separate funds on the basis of professions. The unemployment benefit funds have been separated from the trade unions for quite some time now and are subject to separate membership, i.e. it is possible to be a member of an unemployment benefit fund without being a member of a trade union.¹⁵⁵ The system has been subject to few changes during the 2000s, instead the main changes to the system occurred in the aftermath of the crisis in the 1990s. Following that crisis, the

¹⁵² Johansson, C. (2020), Occupational Pensions and Unemployment Benefits in Sweden, in *International Journal of Comparative Labour Law and Industrial Relations*, 36(3), pp. 339-360, and Government White Paper (SOU) 2020:37 *Ett nytt regelverk för arbetslöshetsersättningen* (A new regulatory framework for the unemployment benefit), p. 114.

¹⁵³ Swedish National Audit Office (2018), *A-kassorna, IAF och arbetslöshetsförsäkringen – mer kan göras för att främja likvärdigheten* RIR 2018:27 (The Unemployment Benefit Funds, The Unemployment Benefit Inspection and the unemployment benefit – there is more to do in order to foster equal treatment, RIR 2018:27), pp. 45f.

¹⁵⁴ Government White paper (SOU) 2020:37 *Ett nytt regelverk för arbetslöshetsersättningen* (A new regulatory framework for the unemployment benefit), p. 143.

¹⁵⁵ Swedish National Audit Office (2020), *Statens insatser mot exploatering av arbetskraft – regelverk, kontroller samt information och stöd till de drabbade* RIR 2020:27 (State measures against exploitation of labour – regulations, inspections and information and support for those affected, RIR 2020:27). p. 12.

unemployment benefit system in Sweden changed and the new system can be considered to have made it more difficult for people to qualify for unemployment benefits.¹⁵⁶

During the 2000s the main changes introduced occurred at the beginning of 2007 when eligibility criteria for the unemployment benefit were made stricter and membership fees were increased in order to strengthen incentives for unemployed to find work.¹⁵⁷ These changes resulted both in a huge drop of membership in the unemployment benefit funds, from previous levels of around 90 percent to levels around 70 percent.¹⁵⁸ Even though adjustments have been made after that as concerns the membership fees for unemployment funds, membership rates have not recovered fully. The changes also caused a decline in the share of unemployed that access unemployment benefits from 80 percent of the unemployed in 2006 to 40 percent in 2013.¹⁵⁹ Membership has increased in terms of numbers of members since then, but the increase of membership corresponds mainly to the increase of persons active on the labour market, meaning that the membership rate as such has not recovered. In December 2019, the membership rates for the age group 16 to 64 years old was 73 percent for women and 69 percent for men.¹⁶⁰ There have been some temporary changes in response to the Covid-19 pandemic, and some of those changes are under discussion of becoming permanent. These changes relate both to qualification requirements and the levels of the benefit and these changes will be mentioned briefly below. Worth noting is that the changes have generated a higher increase of members during 2020, with a bit over 260.000 persons more being members of an unemployment benefit fund in September 2020 compared to September 2019.¹⁶¹

The unemployment benefit system in Sweden is structured on two different parts, a basic or minimum level of benefit and an income-related part of the benefit.¹⁶² The minimum benefit consists of a daily rate, currently 365 SEK per day, for someone who has worked full time, but for part-time workers the amount will be set in proportion to the working time, meaning that if a person has only worked 75 percent of full time then that person will receive 75 percent of

¹⁵⁶ For a brief discussion see Johansson, C. (2020), *Occupational Pensions and Unemployment Benefits in Sweden*, in *International Journal of Comparative Labour Law and Industrial Relations*, 36(3), pp. 339-360., at p. 354f.

¹⁵⁷ Government Bill 2006/07:15 *En arbetslöshetsförsäkring för arbete*. (An unemployment benefit system for work).

¹⁵⁸ Kjellberg, A. (2020), *Den svenska modellen i en oviss tid: Fack, arbetsgivare och kollektivavtal på en föränderlig arbetsmarknad* (The Swedish Model in Uncertain Times: Trade Unions, Employers and Collective Agreements on a Changing Labour Market). Arena Idé, pp. 12ff.

¹⁵⁹ Berge, U. (2014), *Året då A-kassan blev lägre än försörjningsstöd – Om hur trygghetssystem har kollapsat och försörjningsstödet tar smällen*. (The year when unemployment benefit became lower than social assistance – How social security systems have collapsed at the expense of social assistance). Akademikerförbundet SSR.

¹⁶⁰ IAF (The Swedish Inspection for Unemployment Benefits) statistics, taken from <https://www.iaf.se/statistikdatabasen/arsstatistik/3-653-948-personer-ar-medlem-i-en-arbetsloshetskassa/> last accessed 04/11/2020.

¹⁶¹ IAF (The Swedish Inspection for Unemployment Benefits) statistics, taken from <https://www.iaf.se/statistikdatabasen/Arbetsloshetsforsakringen-i-siffror/> last visited 04/11/2020.

¹⁶² Government White Paper (SOU) 2020:37, *Ett nytt regelverk för arbetslöshetsförsäkringen* (A new set of regulations for the unemployment benefit), p. 110.

the amount.¹⁶³ The lowest level of the minimum benefit is currently 73 SEK per day, based on a floor of 8 hours work per week as the minimum of previous normal working hours.¹⁶⁴ In response to the Covid-19 pandemic the minimum level benefit amount for unemployed that have previously worked full time, has been temporarily increased to 510 SEK and a floor of the benefit has also been introduced so that none shall receive less than 255 SEK per day.¹⁶⁵ The income-related benefit is instead intended to cover 80 percent of the loss of income during the first 200 days of unemployment and 70 percent of the loss of income during the next 100 days of unemployment.¹⁶⁶ However, the benefit is subject to a maximum daily amount of 910 SEK during the first 100 days and then 760 SEK during the following 200 days and also this benefit will be readjusted in proportion to previous part-time work.¹⁶⁷ As for the minimum level of unemployment benefit, the cap for the income-based benefit has been temporarily changed due to Covid-19 and until January 4th 2021 the maximum amount during the first 100 days is 1200 SEK and for the remaining 200 days it is 1000 SEK.¹⁶⁸ The maximum number of days for which a person can receive unemployment benefits are thus 300 days, but for parents with at least one child under the age of 18 years it is possible to receive unemployment benefits for a maximum of 450 days.¹⁶⁹ That would imply 90 weeks since the benefit is paid on the basis of a five day working week.

Worth noting is that both the minimum level benefit and the income-related benefit are based on a presumption of a normal working week of five working days, meaning that it is possible to receive unemployment benefits for a maximum of five days per week and for each day that a part-time unemployed person has worked during a week the number of days with benefit will decrease so that the total number of working days and benefit days will never exceed five days per week.¹⁷⁰ In addition the first six days of unemployment are so called quarantine days, meaning that unemployment benefits will only be paid after six days of unemployment has passed. The calculation of these qualifying days is subject to the presumption of a normal working week of five working days.¹⁷¹ This means that if a person

¹⁶³ Article 3 RBU.

¹⁶⁴ Government White Paper (SOU) 2020:37, Ett nytt regelverk för arbetslöshetsförsäkringen (A new set of regulations for the unemployment benefit), p. 697.

¹⁶⁵ The number of changes and prolongations of changes have been rather vast and an overview of the current situation is available at Government webpage, *A-kassan förändras tillfälligt* (Unemployment benefits are temporarily changed) https://www.regeringen.se/artiklar/2020/04/a-kassan-forandras-tillfalligt/?TSPD_101_RO=088d4528d9ab20001c9bfc391f9fba9da4c0d24de8bafb766156c31fde456b15c1b9f441ec33bdea0829a6a694143000183d5cc5f622f450ebb7b607924f1a4ea4a8f20f34f919491059edeb17fa01c8a488dc214c63f9a0754931c1f83a541f (last accessed 02.06.2021).

¹⁶⁶ Article 26 UBA.

¹⁶⁷ Article 4 RBU.

¹⁶⁸ Government webpage, *A-kassan förändras tillfälligt* (Unemployment benefits are temporarily changed) https://www.regeringen.se/artiklar/2020/04/a-kassan-forandras-tillfalligt/?TSPD_101_RO=088d4528d9ab20001c9bfc391f9fba9da4c0d24de8bafb766156c31fde456b15c1b9f441ec33bdea0829a6a694143000183d5cc5f622f450ebb7b607924f1a4ea4a8f20f34f919491059edeb17fa01c8a488dc214c63f9a0754931c1f83a541f (last accessed 02.06.2021).

¹⁶⁹ Article 22 UBA.

¹⁷⁰ Article 10 UBA.

¹⁷¹ Article 21 UBA.

for example becomes full time unemployed on a Monday, then that person will only be able to get unemployment benefits from the Tuesday one week after.

The unemployment benefit system applies for both employees, regardless of whether they work full-time or part-time, and entrepreneurs, but there are certain criteria that need to be fulfilled in order to qualify for the insurance.¹⁷² Both the minimum benefit and the income-related benefit are subject to certain eligibility criteria in the sense that the unemployed needs to fulfil certain general requirements as well as a criterion of previous work to qualify for payment from the unemployment benefit.¹⁷³ The minimum benefit covers persons of the age 20 years or above, who are not members of an unemployment benefit fund or have not been a member long enough to fulfil the membership requirement for the income-related unemployment benefit. In order to be eligible for the income-related unemployment benefit a person needs to have been a member of the unemployment benefit fund for at least 12 months.¹⁷⁴ This requirement has been subject to temporary adjustments in response to the Covid-19 pandemic. The adjustments consist in principle of a lowering of the number of months of membership in order to fulfil the membership requirement since each month between March and December 2020 will be calculated as four months of membership, thus making it possible to fulfil the membership requirement after only three months.¹⁷⁵

Regardless of whether an unemployed fulfils the membership requirement for the income-related unemployment benefit or not there are other criteria, which affect whether a person will be eligible for unemployment benefits, applicable both for the minimum level benefit and the income-related benefit. These criteria consist of general requirements and a requirement of previous work. The general requirements for being eligible for unemployment benefits are that the person needs to be registered as a job-seeker with the Public Employment Services Agency and also be available for accepting a job offer on the labour market, i.e. the person needs to be at the disposal of the labour market. This means that the person needs to be able to accept work of at least three hours per day and in average at least 17 hours per week.¹⁷⁶ What is considered a suitable job in this respect is a fairly broad and complex concept, which is expanded both in occupational terms and geographically, also in the sense that the

¹⁷² Zanderin, L. (Ed.) and T. Johansson, (2012), *Lag om arbetslöshetsförsäkring, samt arbetslöshetskassor, omställningsavtal, statliga och kommunala arbetsmarknadsåtgärder – en introduktion för professionsutbildningar* (The Unemployment Benefit Act, and unemployment benefit funds, restructuring agreements, labour market activities run by the state and municipalities – an introduction for professional educations), pp. 53ff, and RIR 2018:27 p. 12.

¹⁷³ Government White Paper (SOU) 2020:37, *Ett nytt regelverk för arbetslöshetsförsäringen* (A new set of regulations for the unemployment benefit), p. 111.

¹⁷⁴ Zanderin, L. (Ed.) and T. Johansson, (2012), *Lag om arbetslöshetsförsäkring, samt arbetslöshetskassor, omställningsavtal, statliga och kommunala arbetsmarknadsåtgärder – en introduktion för professionsutbildningar* (The Unemployment Benefit Act, and unemployment benefit funds, restructuring agreements, labour market activities run by the state and municipalities – an introduction for professional educations), pp. 53ff, and Swedish National Audit Office (2018), *A-kassorna, IAF och arbetslöshetsförsäringen – mer kan göras för att främja likvärdigheten* RIR 2018:27 (The Unemployment Benefit Funds, The Unemployment Benefit Inspection and the unemployment benefit – there is more to do in order to foster equal treatment, RIR 2018:27). p. 12.

¹⁷⁵ Article 7 UBA as changed by the acts 2020:218 and 2020:219 on changes to the unemployment benefit act.

¹⁷⁶ Article 9 UBA.

unemployed will need to move, the longer the period of unemployment lasts. This means that the unemployed person's competence, place of living, possibilities for commuting and so on are part of the assessment and there are also specific exceptions allowing the unemployed to turn down an offer of a new job. Such exceptions relate for example to medical conditions and family reasons in case it would be difficult to combine the offered job with responsibilities for children. The income from the job offered is also part of the assessment where a salary below 90 percent of the unemployment benefit that the person gains would not be considered as suitable job offer. When the assessment of income is made, additional cost for commuting to work and so on shall also be considered.¹⁷⁷

The requirement of previous work means that the person applying for unemployment benefits needs to have conducted work of a certain amount during the 12 months preceding the unemployment period. The previous work requirement can be achieved in two different manners. The first alternative is that the person has worked at least 80 hours per month during six months within the last 12 months. The second way of fulfilling the work requirement is that the person has conducted at least 480 hours of work during six consecutive months within the last 12 months and that work has not deseeded 50 hours during any of those six months.¹⁷⁸ The work requirement has been subject to critique as it bears the consequence of excluding a lot of persons from the coverage of the unemployment benefits. In 2017 the number of unemployed being covered by unemployment benefits was 40,4 percent,¹⁷⁹ compared to 64 percent in 2007.¹⁸⁰ In response to rising unemployment caused by the Covid-19 pandemic and in order to assure higher rates of access to unemployment benefits, the previous work requirement in Article 12 UBA has been temporarily lowered to 60 hours per month during at least six months or 420 hours of work during six consecutive month of which each month the work will have had to consist of at least 40 hours. This lowered threshold for fulfilling the work requirement was in force until January 3rd 2021.¹⁸¹

In relation to temporary and casual employments it is worth noting that the rules on unemployment benefits allow for an unemployed who has qualified for unemployment benefits to take up a temporary employment and after the end of that employment continue to receive unemployment benefits. However, the work requirement will be more difficult to

¹⁷⁷ Articles 44 and 44 a in the UBA regulates the concept of suitable job and the criteria for assessment are further defined in the Swedish Inspection Authority for Unemployment Benefits Regulation No. 2015:3 (IAFFS 2015:3). The Swedish Inspection authority for Unemployment Benefits has also criticised the Public Employment Services for not assuring that the assessments of a suitable job are well-founded enough, see Swedish Inspection for Unemployment Benefits (IAF), Report 2017:16 *Tillämpningen av regelverket för lämpligt arbete* (The application of the regulations on a suitable job).

¹⁷⁸ Article 12 UBA and Government White Paper (SOU) 2020:37 *Ett nytt regelverk för arbetslöshetsersättningen* (A new regulatory framework for the unemployment benefit), p. 111.

¹⁷⁹ Government White Paper (SOU) 2020:37 *Ett nytt regelverk för arbetslöshetsersättningen* (A new regulatory framework for the unemployment benefit), p. 705.

¹⁸⁰ Ministry Publication Series (Kommittédirektiv) 2018:8, p. 4 and also Johansson, C. (2020), Occupational Pensions and Unemployment Benefits in Sweden, in *International Journal of Comparative Labour Law and Industrial Relations*, 36(3), pp. 339-360.

¹⁸¹ Article 12 UBA as changed by the acts 2020:218 and 2020:219 on changes to the unemployment benefit act.

fulfil for persons with casual forms of employment and if a casual employment would be considered as an obstacle for the person to be available on the labour market, then there will also be difficulties in fulfilling the general requirement for unemployment benefits.¹⁸² These categories of workers are thus faced with more difficulties in relation to access to unemployment benefits due to the construction of the system being based on standard forms of employment.

In addition to the adjustment of the daily benefit in proportion to previous working time, there are also specific rules for part-time employed persons who receive part-time unemployment benefit, in the sense that there is a limit as to how long the period of part-time unemployment can be subject to unemployment benefit. The limit is set at 60 weeks during which it is possible to work part-time and receive unemployment benefit for the part-time unemployment. After those 60 weeks the person can only receive additional days of unemployment benefits if the person becomes fully unemployed.¹⁸³ The rules are intended to generate an incentive for part-time employed to find full-time work and avoid a situation where part-time workers combine part-time work with unemployment benefits for several years.¹⁸⁴ Even though it could also be likely that a person becoming full-time unemployed would be less inclined to take up a part-time employment due to the restrictions on receiving unemployment benefits on a part-time basis, the requirements as concerns accepting suitable offers of employment would most likely prevent such a situation.

Unemployment benefits are subject to certain qualification days and also subject to sanctions in case an applicant or unemployment benefit receiver would not fulfil requirements of seeking and accepting suitable employments. Once a person becomes unemployed the person will need to spend six benefit days without receiving unemployment benefits, due to the rule of quarantine days.¹⁸⁵ These quarantine days apply to persons becoming unemployed due to management decisions or a temporary contract reaching its end. If the person instead would have resigned from the employment without having a justified reason for doing so or if the employment contract would be terminated due to the persons misconduct, i.e. the employer has just cause for dismissing the worker on personal grounds, then the person will be subject to a suspension period before unemployment benefits will be paid. The suspension period will consist of 45 days,¹⁸⁶ calculated on basis of the number of benefit days including quarantine days,¹⁸⁷ and the period of suspension will thus consist of nine weeks.

As previously mentioned, specific rules apply for those considered entrepreneurs, which in principle means persons that conduct a business subject to business taxation and for which

¹⁸² Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time), pp. 203ff. See also Government White Paper (SOU) 2020:37 *Ett nytt regelverk för arbetslöshetsersättning* (A new regulatory framework for the unemployment benefit).

¹⁸³ Article 7 RUB.

¹⁸⁴ Government Bill 2006/07:15 *En arbetslöshetsförsäkring för arbete*. (An unemployment benefit system for work).

¹⁸⁵ Article 21 UBA.

¹⁸⁶ Article 43 b UBA.

¹⁸⁷ Article 45 UBA.

that person carries out work in a personal capacity and with subsequent authority for making decisions on how to conduct that business.¹⁸⁸ Entrepreneurs in accordance with the definition in UBA will be considered as unemployed once there are no activities carried out within the business.¹⁸⁹ This does not prevent necessary tasks that would need to be conducted without activities in the business, for example assuring that remaining bills are paid. However, if that same person would reinitiate activities within the business the person will need to liquidate the company completely in order to be able to be entitled to unemployment benefits again.¹⁹⁰ Only after five years, from a first period of unemployment without liquidation of the company, will it be possible for the entrepreneur to access unemployment benefits simply by not carrying out activities within the business.¹⁹¹ This means that self-employed who end up in recurrent periods of unemployment will face higher thresholds for accessing unemployment benefits than employees and the protection from the social security system is thus weaker for self-employed, in this regard.

Since self-employed have been subject to certain difficulties during the Covid-19 pandemic and since they are not covered by the measures on short-time work allowances, unless they have established a limited company and therefore are employees of their own limited company, a temporary measure has been introduced as a support to self-employed based on loss of revenue due to the pandemic. The support is divided into different periods, with different maximum amounts, and different requirement for decrease of revenue varying between 30-50 percent of the net revenue. For access to the support periods covering March 2020 to October 2020 the self-employed needs to have had a previous net revenue of at least 200.00 SEK during 2019 and for access to the support from November 2020 a net revenue of at least 180.000 SEK. The maximum support granted is 30.000 SEK per month for the period March 2020 to July 2020 and for the periods after that the maximum monthly support granted is 24.000 SEK. The current information on this support states that it will last until the end of February 2021.¹⁹² However, due to the swift changes and vast number of decisions concerning support measures in response to Covid-19 there might be additional prolongation of this. The problems for entrepreneurs in relation to unemployment benefits have also to

¹⁸⁸ Article 34 UBA.

¹⁸⁹ Article 35 UBA.

¹⁹⁰ Article 35 a UBA.

¹⁹¹ Article 35 paragraph 3 UBA.

¹⁹² The vast number of decisions and changes concerning measures in response to the Covid-19 pandemic has made it practically impossible to refer to all the different sources of relevance. The initial document proposing this measure is Government White Paper N2020/02353 *Omsättningsstöd till enskilda näringsidkare* (Support for loss of revenue for self-employed) for which the consultation process with relevant actors has recently been closed, see <https://www.regeringen.se/remisser/2020/10/remiss-av-promemorian-omsattningsstod-till-enskilda-naringsidkare/> (last visited 11/04/2020) and information about the current standing of the support for self-employed is available at Government webpage, *Förstärkt omsättningsstöd till enskilda näringsidkare och omsättningsstöd till handelsbolag* (Increased support to self-employed and trading companies), https://www.regeringen.se/regeringens-politik/socialforsakringar/atgarder-inom-sjukforsakringen-med-anledning-av-corona/?TSPD_101_R0=088d4528d9ab20006934a919f8c1de317393b2d4264acc798ce66e0516eac0be2fe4dc840972fc0108a17209931430003d0448aac27115e5d7524c99486110d4b2c1c9c2fc9b25103f493b9fccd88f61f33c93418d40cb34fb95705c70ef47db (last accessed 30.05.2021).

some extent been addressed in current legislative investigations¹⁹³ and it remains to be seen what changes will be made and how these changes will affect self-employed.

For platform workers the system is likely to produce difficulties depending on how their work is recorded and to what extent they can be classified as employed or self-employed entrepreneurs in relation to the regulations on unemployment benefits. Assessing the right of an unemployed person who has been conducting work within the platform economy is as a consequence associated with difficulties as to the decision on whether the person in question shall be subject to the rules for employees or for entrepreneurs. In addition, these workers are less likely to fulfil the work requirement.¹⁹⁴

In relation to the unemployment benefit system, it is also worth noting that supplementary forms of support for workers that get unemployed exist on the Swedish labour market. These supplements consist mainly in the form of trade union income insurances for members and specific forms of collective agreements called transition agreements providing different forms of support and assistance for workers subject to redundancies at the workplace. The supplementary forms of protection relating to income for unemployed are, however, only of value for those earning a salary that exceeds the maximum limit of the unemployment benefit. The reason is that Article 31 UBA restricts the possibilities of supplementing statutory levels of unemployment benefits with other forms of benefits by requiring a deduction of the unemployment benefit with the same amount. Thus, supplementing the unemployment benefit to assure that an unemployed worker will receive more than 80 percent of the previous salary is not possible, when those 80 percent of the salary are below or in line with the maximum cap of the unemployment benefit. If, on the other hand, 80 percent of the workers previous salary would exceed the cap of the unemployment benefit then it will be possible to make use of supplements covering the loss of income that exceeds this cap.¹⁹⁵ Therefore, the supplements are of importance for workers with higher earnings and as such not very relevant for those at risk of in-work poverty. In other words, the current construction of the unemployment benefit system and supplementary support for unemployed holds a higher protection for those with higher earnings and stronger connection to the labour market than for those in more vulnerable positions.

2.2.2. Active labour market policies and public employment services

The Swedish Public Employment Services is the state authority with the main responsibility for implementing the national labour market policies in the form of public employment services and labour market policy measures. The authority has the task of improving the

¹⁹³ Government White Paper (SOU) 2020:37, Ett nytt regelverk för arbetslöshetsförsäkringen (A new set of regulations for the unemployment benefit).

¹⁹⁴ Swedish Inspection for Unemployment Benefits (IAF) Report 2020:3 *Den nya arbetsmarknaden – utmaningar för dagens arbetslöshetsersättning* (The new labour market – challenges for the unemployment benefit of today), pp. 37ff.

¹⁹⁵ For further discussion on the benefits in accordance with the transition agreements see Johansson, C. (2020), Occupational Pensions and Unemployment Benefits in Sweden, in *International Journal of Comparative Labour Law and Industrial Relations*, 36(3), pp. 339-360.

function of the labour market by matching job seekers with employers and contributing to a stable increase of long-term employment rates. In doing this the authority shall prioritize individuals that face a high threshold for entering the labour market.¹⁹⁶ Important to note is that the area of labour market policies and related activities is complex and involves more actors than the Public Employment Services. The municipalities deal with certain issues and activities that in various manners are related to labour market policy and also overlap or interrelate with tasks and activities governed by the Public Employment Services. In addition, private actors such as temporary work agencies and recruitment companies fill important functions both as actors specialized in matching candidates with open positions and in providing services of different kinds in cooperation with the Public Employment Services.¹⁹⁷ The system is thus complex and a full account of what is included within the labour market policy system will not be possible here, instead focus will be on the overarching structures and who the specifically targeted groups are in relation to different forms of employment support services offered.

The Swedish Public Employment Services is obliged to assure that employers and job seekers in the entire country have equal access to its services.¹⁹⁸ The presence of the Public Employment Services throughout municipalities across the country has decreased during recent years and currently physical offices exist in only 134 of the 290 municipalities in Sweden. This is a vast decrease in the number of offices since 2014 when there were offices in 278 municipalities. The reasons behind the decreased number of offices are partly requirement of cutting down costs and partly digitalization of the services offered and modes of communication between the authority and the unemployed seeking assistance.¹⁹⁹ The authority is now going through a reform and has been tasked to assure its presence in some form in all municipalities all over the country. The regulations governing this reform will be completely implemented in 2022 and by then there shall be a division of tasks between public authority responsibilities, which will be the task of the Public Employment Services authority, and the tasks of matching job seekers with available employments and equip individuals far from the labour market with the right skills and competences in order to enter the labour market. The tasks of matching and equipping shall be primarily performed by other actors than the Public Employment Services. These actors can be organized under the local municipalities or private companies that specialize in for example training for specific

¹⁹⁶ Government White Paper (SOU) 2020:41 *Kommuner som utförare av tjänster åt Arbetsförmedlingen – en analys av de rättsliga förutsättningarna* (Municipalities as service providers for the Public Employment Services – analysis of the legal preconditions), pp. 15ff.

¹⁹⁷ Government White Paper (SOU) 2019:3, *Effektivt, tydligt och träffsäkert – det statliga åtagandet för framtidens arbetsmarknad* (Efficient, clear and precise – the state responsibility for the future labour market), pp. 81ff.

¹⁹⁸ Government White Paper (SOU) 2020:41 *Kommuner som utförare av tjänster åt Arbetsförmedlingen – en analys av de rättsliga förutsättningarna* (Municipalities as service providers for the Public Employment Services – analysis of the legal preconditions), pp. 15ff.

¹⁹⁹ Government White Paper (SOU) 2020:41 *Kommuner som utförare av tjänster åt Arbetsförmedlingen – en analys av de rättsliga förutsättningarna* (Municipalities as service providers for the Public Employment Services – analysis of the legal preconditions), pp. 40ff.

professions or different forms of coaching and support for job seekers.²⁰⁰ The requirement of holding a presence in all municipalities will not necessarily entail starting up of offices of the Public Employment Services, instead this presence can be assured through collaboration with the municipalities or through other forms of Governmental public services offices in the municipality in question.²⁰¹

The programs enacted by the Public Employment Services in order to achieve the task of long-term increase of employment rates can be roughly divided into two categories: activity support for unemployed, including activation, education and internship measures; and wage subsidies for certain forms of employments directed to different categories of unemployed such as persons with disabilities, immigrants, young persons with specific risks for unemployment and long-term unemployed.²⁰² The Public Employment Services has the task of deciding what the most relevant measure and activity is for each specific individual signing up for the services as a job seeker. In general, measures of activity support are to be directed to individuals in accordance with the individuals needs and perceived thresholds for entering the labour market. Measures including wage subsidies are generally to be reserved for individuals with a high threshold for entering the labour market.²⁰³ When the Public Employment Services has decided on relevant services for the individual in question the services will be operated either by the Public Employment Services or another actor depending on what agreements on cooperation are in place in the specific region. A jobseeker can thus be assigned to a programme involving both coaching concerning job searching, for example how to write applications, and education to develop language skills, computer skills or other skills necessary for a certain profession.

Important to note is that participation in activation programmes is conditioned on requirements of being an active job seeker.²⁰⁴ Thus, unemployed are required to document and report on the jobs that they have applied for each week to keep their benefits and their place within the program they are assigned to. These requirements are also applicable

²⁰⁰ Government White Paper (SOU) 2020:41 *Kommuner som utförare av tjänster åt Arbetsförmedlingen – en analys av de rättsliga förutsättningarna* (Municipalities as service providers for the Public Employment Services – analysis of the legal preconditions), pp. 15ff.

²⁰¹ Government White Paper (SOU) 2020:41 *Kommuner som utförare av tjänster åt Arbetsförmedlingen – en analys av de rättsliga förutsättningarna* (Municipalities as service providers for the Public Employment Services – analysis of the legal preconditions), pp. 40ff.

²⁰² Since long-term unemployed are generally persons that have been unemployed for more than six months (see Zetterberg, J. (2016) *Betydelsen av valet av statistikkälla för långtidsarbetslöshetens omfattning och utveckling i Sverige* (The importance of the choice of statistical source for the range and development of long-term unemployment in Sweden), Working Paper 2016:1, Arbetsförmedlingen. pp. 17f) and thus falling outside of the definition of in-work poor, measure directed at long-term unemployed will not be accounted for here. However, it is worth noting that if an unemployed person does not succeed in finding a job during the initial period, that person will not be left unassisted by the Public Employment Services, instead other sets of measures will be made available for that person.

²⁰³ Government White Paper (SOU) 2020:41 *Kommuner som utförare av tjänster åt Arbetsförmedlingen – en analys av de rättsliga förutsättningarna* (Municipalities as service providers for the Public Employment Services – analysis of the legal preconditions), pp. 235ff.

²⁰⁴ Section 4 Article 1-4, Regulation (2017:619) on allowances for participants in labour market policy programmes indicate specific exceptions, such as for example illness, when allowances can be paid in spite of the participant temporarily not being active within the programme.

for retaining unemployment benefits and social assistance, which means that an unemployed person will risk losing his/her income from the social security system in case the requirement of active job seeking is not fulfilled. There is one general exception to the requirement of being an active job seeker and that is for persons receiving support for starting up business as a self-employed.²⁰⁵ Support for starting up business as a self-employed is in other words one of the measures available to the Public Employment Services in order to assist persons that are or are at risk of becoming unemployed. In order to receive such support, the person has to be 18 years or older and assessed with good potential of running a sufficiently profitable business that will generate a steady employment for that person in addition to being registered as an active job seeker with the Public Employment Services.²⁰⁶ In 2020 the reported number of decisions on such support were 5 860, 55,1 percent of these were directed towards men and 44,9 percent towards women. The largest age group among those granted support for start of business was 25-44 years which amounted to 49, 6 percent of the decisions. Foreign-born persons were over-represented (in relation to the labour market as a whole) with 34,5 percent of the decisions taken directed to foreign-born individuals. It is also worth noting that foreign-born men were the largest group in this respect. In relation to Swedish-born persons there were actually more women than men granted a decision, albeit only a slightly higher number than Swedish-born men. The vast majority of the persons granted this support had at least secondary education (87,2 percent of the persons granted a decision on support had either secondary or tertiary education) and the share of persons with primary education or less was thus fairly low.²⁰⁷

Support for starting up a business can be granted for 6 months, but due to the Covid-19 pandemic this period has been extended to 12 months and this exception will be applicable until January 1st 2022.²⁰⁸ The share of persons being in employment 180 days after the end of the support has been fairly high around 80 percent during the more recent years, but in 2020 there was a sharp decline in these numbers with a share just under 70 percent of persons still being employed 180 days after the support period ended.²⁰⁹ Most likely, the relatively high share of foreign-born persons within this program can be explained by the fact that foreign-born persons to a higher extent are subject to unemployment on the Swedish labour market and as such are more frequent within the different employment services programmes. The numbers regarding persons in employment 180 days after the end of the support period do

²⁰⁵ Mattsson, A. and Norberg, J. (2021), *Arbetsmarknadspolitiska program 2020: Arbetsförmedlingens återrapportering 2021* (Labour market policy activities 2020: Public Employment Services reporting for 2021), Arbetsförmedlingen. p. 26.

²⁰⁶ Article 18 Regulation (2000:634) on labour market policy programmes contain the requirements for a person to be assigned to this programme and Article 19 the same regulation instructs the public Employment Services to conduct an assessment on the basis of relevant information concerning the potential for the person to gain a steady employment from starting up the intended business.

²⁰⁷ Mattsson, A. and Norberg, J. (2021), *Arbetsmarknadspolitiska program 2020: Arbetsförmedlingens återrapportering 2021* (Labour market policy activities 2020: Public Employment Services reporting for 2021), Arbetsförmedlingen. pp. 39f.

²⁰⁸ Article 7 Regulation (2000:634) on labour market policy programmes

²⁰⁹ Mattsson, A. and Norberg, J. (2021), *Arbetsmarknadspolitiska program 2020: Arbetsförmedlingens återrapportering 2021* (Labour market policy activities 2020: Public Employment Services reporting for 2021), Arbetsförmedlingen. p. 41.

not, however, provide detailed account of nationality, age groups or educational level and that makes it difficult to assess whether persons more at risk of in-work poverty tend to be more at risk of having to close down the business after the end of the support period. However, some critical voices have highlighted that there are risks with the support for starting up a business. During the national workshops held with stakeholders it was expressed that this support is encouraged towards persons that might not be genuinely interested in running their own business, but are considered as potentially being able to do so and that the assessments of whether the intended business will actually be sustainable after the end of the support period are not strict enough. In such situations the risk is also higher that the business will end up bankrupt after the end of the support period, leaving the person not only unemployed, but also with potential debts from the bankruptcy of the business.²¹⁰ Even though it has not been possible to find data supporting or providing details in relation to this risk, I have found it important to highlight since such a situation would likely increase the risk of in-work poverty, or poverty as such for the affected person.

In addition to the support for starting up business there are a few other employment policy measures for which there is no requirement of being long-term unemployed. Some of these are relevant to mention due to the fact that they are targeted at groups with specific risks in relation to in-work poverty. These programmes include the establishment programme for refugees that recently have been granted a residence permit²¹¹ and the job guarantee for young people.²¹² The first of these programmes is, as stated, directed towards foreign-born persons that have been granted asylum and residence permit on the basis of their status as refugees and is due to the needs of these persons in terms of for example acquiring language skills, a fairly long program of up to 24 months within the first 36 months after the person has been registered as resident in Sweden.²¹³ The programme consists of a number of different cooperative activities between the Public Employment Services, other authorities, labour market parties, educational organisations and employers and the aim is to find individually adapted activities that will promote possibilities for these persons to get established on the Swedish labour market. The activities can thus include for example education, introduction employments or other forms of subsidised employments as well as a combination of different measures. Worth noting though is that very few of the persons in this programme are proceeding to regular employment 180 days after the end of the programme. The vast majority are continuing within other forms of support activities run by the Public Employment Services. In 2020, 31.684 persons were covered in the group measured 180 days after the end of the establishment programme. Of these 3,1 percent were in regular employment, 17,7 percent in an employment subsidised by the Public Employment Services and 55,5 percent in

²¹⁰ This risk was highlighted by one of the stakeholder representatives during our national workshop.

²¹¹ In Swedish 'Etableringsprogrammet'.

²¹² In Swedish 'Jobbgarantin för unga'.

²¹³ Mattsson, A. and Norberg, J. (2021), *Arbetsmarknadspolitiska program 2020: Arbetsförmedlingens återslag 2021* (Labour market policy activities 2020: Public Employment Services reporting for 2021), Arbetsförmedlingen. pp. 55ff. The programme is subject to several regulations and legal acts of which Act (2017:584) on responsibility for establishment measure for certain newly arrived immigrants and Regulation (2017:820) on establishment measures for certain newly arrived immigrants are specifically important.

other forms of employment activity programmes.²¹⁴ Even though these groups of persons are unlikely to be covered by statistics on in-work poverty, due to the fact that they are considered as unemployed, I find it relevant to mention this in order to stress the difficulties that foreign-born persons face on the Swedish labour market.

As concerns the job guarantee for young people, this programme is directed towards persons between the age of 16 and 25 that have been unemployed and registered as a job seeker with the Public Employment Services for 90 days during a period of four months.²¹⁵ The programme involves different forms of activities support such as career guidance, coaching in job seeking, educational activities, internships, support for starting up a business etc.²¹⁶ In 2020 a total of 27.627 individuals had gone through this programme and of those 33,8 percent were in employment 180 days after the end of the programme (24,6 percent in regular employment and 9,2 percent in different forms of subsidised employments), which is a decline in relation to previous years where rates have ranged between 40 to over 50 percent. For those not in employment the situation varies to a great extent from being unemployed, participating in other forms of employment services programmes, taking up studies and so on.²¹⁷ Part of explaining the decline of the share of programme participants in employment after the end of the programme is most likely the consequences that the Covid-19 pandemic has had on the Swedish labour market.

For participation in the above-mentioned programmes the individual is entitled to certain forms of allowances,²¹⁸ varying depending on the program in question and the specific situation of the individual, for example whether the person is eligible for unemployment benefits or not. For the establishment programme the general allowance is set at 308 SEK or 231 SEK per day depending on what activities within the programme that the person is conducting²¹⁹ and for young people participating in the job guarantee programme the allowance is instead set in relation to the rules on study allowances with a current maximum of around 760 SEK per week.²²⁰ The allowances are thus set at a very low level, below the poverty threshold. Even though these persons are unlikely to be classified as in work and as such unlikely to be visible in the statistics on in-work poverty a potential consequence serves to be highlighted. Especially for young people with casual employments, the income from the casual employment might be preferable, in the short-term perspective, to the option of

²¹⁴ Mattsson, A. and Norberg, J. (2021), *Arbetsmarknadspolitiska program 2020: Arbetsförmedlingens återrapportering 2021* (Labour market policy activities 2020: Public Employment Services reporting for 2021), Arbetsförmedlingen. p. 61.

²¹⁵ Article 5 Regulation (2007:813) on job guarantee for young persons.

²¹⁶ Article 6 Regulation (2007:813) on job guarantee for young persons.

²¹⁷ Mattsson, A. and Norberg, J. (2021), *Arbetsmarknadspolitiska program 2020: Arbetsförmedlingens återrapportering 2021* (Labour market policy activities 2020: Public Employment Services reporting for 2021), Arbetsförmedlingen. p. 66.

²¹⁸ These allowances and requirements for being eligible are regulated in Regulation (2017:819) on allowances for participants in labour market policy activities.

²¹⁹ Article 13 Regulation (2017:819) on allowances for participants in labour market policy activities.

²²⁰ Article 11 Regulation (2017:819) on allowances for participants in labour market policy activities in combination with Section 3 Article 12 Act (1999:1395) on study allowances will on the basis of the current price indexation amount generate a weekly sum of 760 SEK as the maximum amount for this allowance.

signing up as a job seeker in order to get access to employment services that could generate a more stable employment in the longer-term perspective.

As has been mentioned very briefly above, there are different forms of subsidised employments, for which the Public Employment Services has the responsibility of making decisions on assignment for an unemployed individual and on the subsidies granted to the employer. These employment forms are directed towards certain groups and need the cooperation of an employer able to accommodate the person in question with the specific adaptations required. The number of subsidised employments has declined recently. This decline was initiated already before the Covid-19 pandemic, due to the downturn of the labour market, but the decline was increased due to the pandemic.²²¹ Apart from specific forms of subsidised employment for persons with disabilities,²²² the three main forms of subsidised employments are: introduction jobs;²²³ new start jobs;²²⁴ and occupational introduction jobs.²²⁵ For most of these the requirements are framed in a manner that only persons falling outside the scope of statistics on in-work poverty will be eligible, i.e. the period of unemployment (with or without participation in employment services programmes) will be longer than 6 months, with one exception. This exception is the occupational introduction jobs in relation to the category of young persons aged 15-24 years.²²⁶ This form of subsidised employment is based on a requirement that there is a collective agreement regulating occupational introduction in the specific sector and that the employer in question is bound by that collective agreement. The employer can in such a case be granted a subsidy amounting to the social contributions of 31,42 percent of the gross wage for the employee and an additional daily support of 115 SEK for supervision of the employee. The employee will generally receive a wage corresponding to at least 75 percent of the collectively agreed minimum wage, with at least 15 percent of the working time being dedicated to education or supervision. The length of the employment period shall be at least six months, but can be up

²²¹ Mattsson, A. and Norberg, J. (2021), *Arbetsmarknadspolitiska program 2020: Arbetsförmedlingens återrapportering 2021* (Labour market policy activities 2020: Public Employment Services reporting for 2021), Arbetsförmedlingen. p. 68.

²²² It is not unlikely that persons with disabilities are subject to specific challenges on the labour market, both in terms of finding employment and as concerns risks of in-work poverty for those in work. Unfortunately, the statistics available for this project do not single out this group specifically (see the tables on statistics for VUP groups in the appendix) and therefore it is not possible to discuss in detail. In addition, an employment based on subsidies for the employer to take on a disabled person with the adaptations necessary is not falling within either of the categories of the VUP groups in this project. I have therefore considered the issue of in-work poverty for disabled persons a subject that will require further studies in the future and due to the lack of data for being able to discuss this in this report these forms of subsidized employments are left out here.

²²³ Mattsson, A. and Norberg, J. (2021), *Arbetsmarknadspolitiska program 2020: Arbetsförmedlingens återrapportering 2021* (Labour market policy activities 2020: Public Employment Services reporting for 2021), Arbetsförmedlingen. pp. 68ff.

²²⁴ Mattsson, A. and Norberg, J. (2021), *Arbetsmarknadspolitiska program 2020: Arbetsförmedlingens återrapportering 2021* (Labour market policy activities 2020: Public Employment Services reporting for 2021), Arbetsförmedlingen. pp. 102ff.

²²⁵ Mattsson, A. and Norberg, J. (2021), *Arbetsmarknadspolitiska program 2020: Arbetsförmedlingens återrapportering 2021* (Labour market policy activities 2020: Public Employment Services reporting for 2021), Arbetsförmedlingen. pp. 109ff.

²²⁶ Albeit this form of subsidised employment is also available for long-term unemployed and newly arrived immigrants.

to twelve months which is the limit for how long the employer can receive subsidies.²²⁷ This form of subsidised employment is based upon the requirement that a collective agreement regulating the employment form is applicable at the workplace in question. In addition, the employer and the prospective employee need to agree upon a plan for the introduction employment, including a plan on educational activities and supervision to be assured during the employment period.

There are various collective agreements in place regulating occupational introduction employments in different sectors. For example, in the health and care services sector there have been two different collective agreements²²⁸ and there are various agreements in the construction sector²²⁹ and also in the real estate services sector.²³⁰ However, when considering the number of participants younger than 25 years that have been assigned to such forms of employments it seems as if the employment form has a fairly marginal effect for young people that either are unemployed or at risk of becoming unemployed. In 2019 a total of 1 152 persons under the age of 25 participated (976 men and 176 women) and in 2020 the number was down to 767 persons (658 men and 109 women). The share of persons in regular employment 180 days after the end of the programme is relatively high 61,6 percent.²³¹ The relatively high share of persons in regular employment after the end of an occupational introduction employment is likely due to the collective agreements holding requirements that the employer shall seek to offer a permanent employment after the end of an occupational introduction employment. However, the fairly low number of individuals having this form of employment limit the effects of this form of employment service activity for young people at risk of unemployment and potentially also at risk of in-work poverty. The vast majority of participants being male also indicates that this form of employment has gained stronger support within male dominated sectors, for example the construction sector, and that female dominated sectors, such as health and care services, have not taken on this method for acquiring personnel with the right skills. This is somewhat remarkable, not least

²²⁷ Mattsson, A. and Norberg, J. (2021), *Arbetsmarknadspolitiska program 2020: Arbetsförmedlingens återsrapportering 2021* (Labour market policy activities 2020: Public Employment Services reporting for 2021), Arbetsförmedlingen. pp. 109f.

²²⁸ Information on these two agreements is available on <https://skr.se/arbetsgivarfragor/kollektivavtal/lonekollektivavtalvidsidanavhok.1880.html> (last accessed 17.05.2021).

²²⁹ For information about the collective agreement regulating introduction employment for electricians see <https://www.sef.se/arbetsgivare/larling/ya/> (last accessed 17.05.2021) and similarly for ventilation, water and sanitation technicians see Installationsföretagen and Byggnads (2018), *Dags för nya kollegor – Nu finns möjligheten till yrkesintroduktionsanställning (YA) för VVS-branschen* (Time for new colleagues – Now there is a possibility for occupational introduction employments within ventilation, water and sanitation industries).

²³⁰ Fastighetsbranschens Utbildningsnämnd (year unknown), *Yrkesintroduktion, En unik möjlighet att anställa unga och trygga branschens framtid* (Occupational introduction, A unique opportunity to employ young people and secure the future of the sector) available at <https://www.almega.se/app/uploads/imported/FU-Yrkesintroduktion-2015-A.pdf> (last accessed 17.05.2021).

²³¹ Mattsson, A. and Norberg, J. (2021), *Arbetsmarknadspolitiska program 2020: Arbetsförmedlingens återsrapportering 2021* (Labour market policy activities 2020: Public Employment Services reporting for 2021), Arbetsförmedlingen. pp. 111f.

due to the high numbers of temporary and casual employments in for example elderly care,²³² a situation that from employers has been partially explained as the result of lack of personnel with the appropriate skills.²³³

What can be concluded from the overview of the activities and programmes available for unemployed through the Public Employment Services is that the vast majority of the resources are directed towards long-term unemployed, with a few exceptions for younger persons and persons wishing to start up their own business. For persons in employment, whether it is a standard low-wage employment or a temporary, part-time or casual employment the services offered will be limited. Resources for support will be directed first when the person in question is formally considered to be unemployed or at risk of becoming unemployed, which in general would mean that the person has received notification that the employment will be end or will not be prolonged. It is worth noting that the services offered by the Public Employment Services are supplemented by collectively agreed forms of support to help redundant workers transitioning to new jobs on the labour market.²³⁴ This support is regulated in so called transition agreements and will be discussed briefly in the next section on vocational training.

2.2.3. Vocational training

As a general introduction to this section, it is worth noting that vocational training for workers is not an obligation prescribed by law for the employer. There are a few instances when the employer is obliged to accept a period of retraining of the worker, for examples when a worker is offered a replacement on grounds related to redundancy situations or in order to avoid a termination of the employment contract. The reason for this is that there is a requirement that the employer investigates possibilities for replacement positions for the employee before terminating an employment contract.²³⁵ In such situations the worker will have to have sufficient qualifications for the new position, but the employer is also obliged to accept a learning period of up to six months before the employee can be expected to carry out the new tasks completely independently.²³⁶ In such instances it will thus be necessary for

²³² Government White Paper (SOU) 2020:80 *Äldreomsorgen under pandemin* (Elderly care during the pandemic) pp. 250ff. A further discussion on this issue is also provided in the section on casual employments below.

²³³ Assistant nurses are reported by the Public Employment Services as an occupation where there is and will continue to be a lack of personnel (see Public Employment Services, press release 07.02.2019, *Listan med de hetaste yrkena 2024*, available at <https://arbetsformedlingen.se/om-oss/press/pressmeddelanden?id=47666C2062FEFB32> (last accessed 17.05.2021). During the national workshop for this project one of the stakeholders representing an important employers' organisation for the health and care services sector was very clear on the fact that lack of staff with the right skills and competencies is a strong contributing factor for employing on a temporary or on-demand basis instead.

²³⁴ For further discussion on these see Johansson, C. (2020), Occupational Pensions and Unemployment Benefits in Sweden, in *International Journal of Comparative Labour Law and Industrial Relations*, 36(3), pp. 339-360.

²³⁵ Article 7 second paragraph Employment Protection Act.

²³⁶ On the issue of vocational training in relation to situations of redundancies more in detail see Ulander-Wänman, C. (2017), *Arbetsbrist och arbetstagares rätt till kompetensutveckling* (Redundancies and workers right to competence development). in *Svensk Juristtidning*. No. 8. 613-630.

the employer to also assure that the employee will be assisted in learning the new tasks. Worth noting though is that in the current legislative debate on reforming the Employment Protection Act the issue of vocational training has received attention, which will be discussed briefly at the end of this section.²³⁷

However, vocational training as such is to some extent regulated in collective agreements. As mentioned above,²³⁸ there are a number of transition agreements establishing additional support for workers in case of redundancies and some of these agreements also include provisions on support in the form of vocational training or education in order for the worker to increase possibilities of finding a new job. There are also collective agreements regulating different forms of introduction employments with training for workers that either lack education and work experience or for workers that have certain education, but lack work experience. Since such forms of introduction employments and the preconditions for them have already been discussed, they will not be accounted for here, instead focus will be on the transition agreements.

As concerns the transition agreements, the four main agreements cover different parts of the labour market: one for the state sector; one for white-collar workers in the private sector; one for workers in municipalities and regions; and one for blue-collar workers in the private sector.²³⁹ These agreements contain regulations on issues such as severance pay, individual support in applying for new jobs and vocational training schemes in different forms. The contents in the different transition agreements differ to some extent since the risks for unemployment varies between the different areas covered and the funding, which has a

²³⁷ The first suggestions for changes were presented in Government White Paper (SOU) 2020:30, *En moderniserad arbetsrätt* (A modernised labour law). The social partners SN and PTK then reached an agreement (SN and PTK (2020), *Huvudavtal om trygghet, omställning och anställningsskydd* (Peak collective agreement concerning security, transitions and employment protection)), which IF Metall and Kommunal later acceded to after some additions (SN and If Metall (2020), *Förhandlingsprotokoll – Huvudavtal om trygghet, omställning och anställningsskydd* (Peak collective agreement concerning security, transitions and employment protection), SN and Kommunal (2020), *Förhandlingsprotokoll – Huvudavtal om trygghet, omställning och anställningsskydd* (Peak collective agreement concerning security, transitions and employment protection)). Since the social partners asked for changes in the legislation in their agreement three additional inquiries have been initiated, whereof two concern the issue of vocational training and a state financed study allowance benefit (Ministry of Employment (2021) A2021/00045 *Uppdragsbeskrivning om genomförande av principöverenskommelsen om grundläggande omställnings- och kompetensstöd* (Inquiry directive concerning the implementation of the peak agreement concerning basic support for transition and competence development) and Ministry of Education and Research (2021), U2021/00138 *Uppdragsbeskrivning om genomförande av principöverenskommelsen om ett nytt och parallellt offentligt studiestöd* (Inquiry directive concerning the implementation of the peak agreement concerning a new and parallel public study allowance)). The results of the inquiries have been delayed and therefore not possible to take into account. Originally, they were to be presented on May 15th, 2021.

²³⁸ Part I section 2.2.2 of this report.

²³⁹ Inspection Authority for Social Security Benefits (ISF), Rapport 2018:14 *Utvecklingen av kollektivavtalade ersättningar sedan 2000-talets början – En redovisning av kollektivavtalade ersättningar som kompletterar den allmänna socialförsäkringen och arbetslöshetsförsäkringen* (Report 2018:14 The development of collectively agreed benefits since the early 2000s – An account of the collectively agreed benefits that complement the general social security system and the unemployment benefit system).

similar level for all agreements, therefore need to be sufficient for the services offered.²⁴⁰ As concerns the severance pay and income support during transition, these issues are briefly discussed in connection to the issue of unemployment benefits and will thus not be accounted for here. Worth noting is that the support offered through these agreements is administered and granted by different foundations²⁴¹ and there will thus not be any requirements on the specific employer to offer vocational training. Instead, the different foundations offer varying support in relation to education or vocational training for the workers covered by the agreements, with varying forms of eligibility criteria.

For workers in the state sector the requirements for getting support in the form of individual advice and assistance in finding a new job are: that the worker has been employed at least for 12 months when being made redundant; or that the worker has had a temporary employment of at least 12 months, which has not been prolonged; or that the worker has been dismissed due to illness or the employment has been terminated in agreement with the employer after the employer has fulfilled requirements of offering rehabilitation; or that the worker is employed with a state run authority which is subject to a government decision of relocation.²⁴² The educational parts of the support can be granted after an individual agreement on a plan for transition and generally consist of seminars and educative activities administered by the specific transition foundation for the state sector, Trygghetsstiftelsen.²⁴³

For employees in the local municipalities and regions, the responsible foundation for administering transition support is Omställningsfonden and the eligibility criteria for support are that the employee shall have had a permanent employment with at least 40 percent of full-time, that has lasted for at least one consecutive year at the time of notice and that the termination of the contract is based on a situation of redundancies.²⁴⁴ The support in relation to individual advice and assistance are defined in an action plan based on the individual needs of the worker in question. In such an action plan educational courses may be included.²⁴⁵

For white-collar workers in the private sector the foundation responsible for administering transition support is Trygghetsrådet (TRR). This foundation offers individual advice and support as well as an additional form of financial support for studies deemed of importance

²⁴⁰ Johansson, C. (2020), Occupational Pensions and Unemployment Benefits in Sweden, in *International Journal of Comparative Labour Law and Industrial Relations*, 36(3), pp. 339-360, at 358.

²⁴¹ For employees in the state the foundation is named Trygghetsstiftelsen TSN (<https://www.tsn.se/statligt-anstalld/>, last accessed 19.05.2021), for employees in municipalities and regions the foundation is named Omställningsfonden (<https://www.omstallningsfonden.se>, last accessed 19.05.2021), for white-collar workers in the private sector Trygghetsrådet TRR (<https://www.trr.se>, last accessed 19.05.2021) and for blue-collar workers in the private sector Trygghetsfonden TSL (<https://tsl.se>, last accessed 19.05.2021).

²⁴² Trygghetsstiftelsen TSN, <https://www.tsn.se/statligt-anstalld/vart-stod-till-dig-som-kund/vem-kan-fa-stod/> (last accessed 19.05.2021).

²⁴³ Trygghetsstiftelsen TSN, <https://www.tsn.se/statligt-anstalld/vart-stod-till-dig-som-kund/det-har-stodet-kan-vi-ge/> (last accessed 19.05.2021).

²⁴⁴ Omställningsfonden, <https://www.omstallningsfonden.se/stod-for-jobbsockare/vem-kan-fa-stod/> (last accessed 19.05.2021).

²⁴⁵ Omställningsfonden, <https://www.omstallningsfonden.se/stod-for-jobbsockare/steg-for-steg/> (last accessed 19.05.2021).

for increasing the persons possibilities for finding a new job.²⁴⁶ In order to be eligible for the individual advice and assistance the worker needs to have had a permanent employment that has lasted at least 12 consecutive months and been terminated due to a situation of redundancies. The worker also needs to have worked at least 16 working hours per week during the employment.²⁴⁷ The financial support for studies requires: that the worker is willing to take up studies for at least one semester; that those studies are considered to increase the possibilities of the worker to find a new job; and that those studies are eligible for the state study allowance. Depending on the age of the worker, above or below the age of 40, the financial support offered will either consists of a complement to the state study allowances up to a maximum of 70 percent of the previous salary earned or a form of study wage. The granting of these allowances is based on an individual assessment of the worker and his/her possibilities for finding a new job after completing the studies.²⁴⁸

For blue-collar workers in the private sector the foundation responsible for administering transition support is Trygghetsfonden TSL. This foundation offers individual advice and support, but in relation to educational activities the support is limited to advice on suitable education for improving the persons employability as well as advice on how to finance such education for example assistance in contacts concerning applications for state study allowance.²⁴⁹ In order for a worker to be eligible for the individual advice support the worker needs to have had a permanent employment of at least 12 consecutive months, which has been terminated due to redundancies and the worker needs to have worked at least 16 working hours per week.²⁵⁰

As can be noted the majority of these forms of transition support are subject to eligibility criteria that excludes temporary employees from accessing the support and even though part-time workers are covered to some extent, intermittently or on-demand employed workers will not be able to access the support. In addition, the most beneficial forms of support will generally only be of relevance for workers that are not subject to risks of in-work poverty.²⁵¹ The support granted under the transition agreements in relation to education possibilities is therefore limited in terms of effects for workers at risk of in-work poverty and those that are likely to be most at risk, low part-time workers and casual workers, are generally excluded from any support at all.

When discussing the issue of vocational training in Sweden it is in light of the Covid-19 pandemic not possible to leave out the issue of the structural deficiencies within the elderly care system as pointed out by the so-called Corona Commission. This Commission was responsible for assessing how Swedish society addressed the risks for the elderly in light of

²⁴⁶ Trygghetsrådet TRR, <https://www.trr.se/uppsagd/uppsagd/> (last accessed 19.05.2021).

²⁴⁷ Trygghetsrådet TRR, <https://www.trr.se/uppsagd/vem-kan-fa-stod/> (last accessed 19.05.2021).

²⁴⁸ Trygghetsrådet TRR, <https://www.trr.se/uppsagd/trr-studieersattning/> (last accessed 19.05.2021).

²⁴⁹ Trygghetsfonden TSL, <https://tsl.se/allt-for-dig-som-bliir-uppsagd/sa-funkar-det/> (last accessed 19.05.2021).

²⁵⁰ Trygghetsfonden TSL, <https://tsl.se/allt-for-dig-som-bliir-uppsagd/vem-kan-fa-hjalp/> (last accessed 19.05.2021).

²⁵¹ See the Part I section 2.2.2 on unemployment benefits for further discussion.

the high number of deaths within the elderly care during the initial parts of the pandemic.²⁵² The Commission concluded that there is a general competence deficiency within elderly care services in Sweden and that state initiatives for increasing competence through vocational training needs to be investigated in order to increase the quality of elderly care. In addition, the Commission also criticised the poor employment conditions with high rates of hourly employments within the elderly care sector, concluding that these problems need to be solved.²⁵³ This highlights the need of finding forms for vocational training and better functioning introduction employments²⁵⁴ where inexperienced workers can gain access to training and work experience for increasing the quality of elderly care in Sweden.

What can be generally noted is that so far, the issue of vocational training in Sweden has been considered more or less a form of optional employment condition that the employer can offer the employee, without specific regulated rights of employees to receive vocational training during employment. The exception to this is the situation where the employment contracts is about to be ended and the employer needs to accept a period of retraining or within the framework of regulations based on transition agreements in case of redundancies. The current legislative debate on reshaping labour law in Sweden has pointed to the need of introducing obligations for the employer to offer vocational training in order to compensate for suggested increases in flexibility as concerns the employment protection.²⁵⁵ The deficiencies in relation to vocational training are also addressed by the social partners in the agreement between SN, PTK, If Metall and Kommunal on changes concerning employment protection and transition on the labour market. In that agreement the social partners have strengthened the requirements on employers to offer vocational training and the rights for workers to take leave of absence for studies, with a new form of benefit to cover the income during such studies. Requests of statutory intervention in order to finance the benefit during studies as well as to assure that workers in workplaces where there is no collective agreement are provided a minimum level of transition support are also included in this agreement. The entering into force of the agreement is therefore conditioned upon requested legislation being enacted.²⁵⁶ Therefore, it is not possible to assess the relevance of this agreement since

²⁵² For the full assessment and conclusions see Government White Paper (SOU) 2020:8 *Äldreomsorgen under pandemin* (Elderly care during the pandemic) with the task of the Commission explained at pp. 23ff.

²⁵³ Government White Paper (SOU) 2020:80 *Äldreomsorgen under pandemin* (Elderly care during the pandemic) pp. 250ff.

²⁵⁴ As is briefly discussed in the section on employment services in relation to introduction employments the forms of introduction employments within the health and care services sector have not been sufficiently made use of. During the years 2014-2017 only 381 introduction employments were concluded (unpublished statistics from mail communication between the Public Employment Services and a representative of SKR distributed to the author of this report by a contact person within SKR).

²⁵⁵ Government White Paper (SOU) 2020:30, *En moderniserad arbetsrätt* (A modernised labour law), especially section 15.

²⁵⁶ See SN and PTK (2020), *Huvudavtal om trygghet, omställning och anställningsskydd* (Peak collective agreement concerning security, transitions and employment protection); SN and If Metall (2020), *Förhandlingsprotokoll – Huvudavtal om trygghet, omställning och anställningsskydd* (Peak collective agreement concerning security, transitions and employment protection); SN and Kommunal (2020), *Förhandlingsprotokoll – Huvudavtal om trygghet, omställning och anställningsskydd* (Peak collective agreement concerning security, transitions and employment protection); Ministry of Employment (2020), A2020/02524 *Överenskommelse om trygghet, omställning och anställningsskydd på den svenska*

the process of legislative intervention as of yet has not reached the point of a legislative proposal being adopted.

2.3. Policies and measures supporting workers' earnings in case other events occur

2.3.1. Suspensions of the work relationship in case of temporary crisis, insolvency or other events regarding the undertakings

In case of an employer experiencing temporary crisis for the undertaking, there are certain limits as to how the employer can act and to what extent it is possible for the employer to temporarily suspend the employment contract. Article 31 in the Employment Protection Act stipulates that an employer who uses short term layoffs is required to pay the salary to the workers laid off nevertheless. In practice it is therefore mainly through the use of short-term work allowance, as accounted for in the next section, that an employer in temporary financial difficulties will be able to cut down the working hours for the employees and also cut down costs for wages as a result.

A phenomenon that has been discussed during the more recent years is when employers in order to meet financial difficulties rearrange their organisation and transform full-time employments into part-time employments or decreases the number of hours for part-time employments in order to cut costs for wages. In such a situation, the employer has a certain scope of action as long as the procedure is handled in accordance with the rules governing redundancies on basis of a management decision.²⁵⁷ Since a management decision on redundancies due to organisational needs in principle will be considered just cause for dismissal in accordance with Article 7 Employment Protection Act, the employer is able to make such a decision as long as the requirement of negotiating with the trade unions in accordance with Articles 11 and 13 Co-Determination Act and the rules on order of dismissal according to Article 22 Employment Protection Act are adhered to. This means that it is possible for the employer to make a decision that for example all full-time employments are redundant and then offer the employees replacements for part-time employments. In

arbetsmarknaden (Agreement on security, transitions and employment protection on the Swedish labour market). Legal inquiries in relation to the issues in the agreement concerning transition support and vocational training with publicly financed study allowance have been initiated and should have been presented on 15th May 2021 (Ministry of Education and Research (2021), U2021/00138 *Uppdragsbeskrivning om genomförande av principöverenskommelsen om ett nytt och parallellt offentligt studiestöd* (Inquiry directive concerning the implementation of the peak agreement concerning a new and parallel public study allowance) and Ministry of Employment (2021), A2021/00045 *Uppdragsbeskrivning om genomförande av principöverenskommelsen om grundläggande omställnings- och kompetensstöd* (Inquiry directive concerning the implementation of the peak agreement concerning basic support for transition and competence development)). The inquiries have been delayed and are therefore not possible to account for here.

²⁵⁷ There are several judgements from the Swedish Labour Court concerning such situations. On case concerns a store, selling children's' clothes, where the employer needed to cut down the total number of scheduled hours for staff in the store and transformed two part-time employments so that one was given less weekly working hours and one was given more weekly working hours (with salary adapted accordingly), AD 2012:47. The opposite of an employer wishing to increase the weekly working hours can of course also be the case, see AD 2012:9 (where noteworthy the previous full-time weekly working hours of 37,5 hours per week for full time were transformed into 40 hours per week for full-time work without adjustments to the wage).

principle this means that the protection for employees in these cases will consist of the transformation of the employment contracts being subject to the terms of notice that the employee is entitled to according to Article 11 Employment Protection Act or as prescribed in the applicable collective agreement or the individual employment contract. This issue has been highlighted as a problem within certain sectors, such as for example retail, and trade unions in these sectors have campaigned against it.²⁵⁸ As a consequence the question was addressed in the negotiations between the social partner concerning the modernisation of employment protection in Sweden.²⁵⁹

If the employer instead would be subject to insolvency and unable to pay the wages there are specific regulation on wage protection assuring the workers payment of wages from the state wage guarantee. This is regulated in the Wage Guarantee Act²⁶⁰ where certain requirements and limits are regulated. The state wage guarantee will assure that employees get their wages in case the employer is unable to pay wages due to bankruptcy or company restructuring following insolvency measures.²⁶¹ The maximum amount covered by the state wage guarantee is set at four times the price indexation amount, i.e. currently a maximum cap of 189 200 SEK in total, and for a maximum of eight months.²⁶² The state wage guarantee covers not only wage during employment, but also wage during the term of notice, but wages during the period of notice are restricted to the period of notice as regulated in Article 11 Employment protection Act. If the worker has not been obliged to conduct work for the insolvent employer during the period of notice the worker will have to be registered as a job seeker with the public employment agency in order to be eligible for state wage guarantee during the period of notice.²⁶³ Since insolvency procedures generally cause a situation of redundancies and employment contracts thus will be terminated, the protection from the state wage guarantee will apply for workers with a current employment contract that gets terminated. This means that for temporary employees or casual employees the state wage guarantee will only cover wages earned during the time that the employment contract has been valid. In other words, a worker employed on demand, who does not get any more calls for work due to the insolvency, will only be able to benefit from the state wage guarantee in

²⁵⁸ Trade unions within retail and trade, hotel and restaurants and forestry started up a campaign called stop trimming (in Swedish 'sluta hyvla') in 2017. For further info about that campaign see <http://slutahyvla.se> (last accessed 19.05.2021). The issue is also discussed in Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time) where the protection for workers in case of changes to their number of weekly working hours is part of the investigation.

²⁵⁹ For the LO-affiliate Kommunal the issue of trimming down working hours as addressed in the agreement between SN and PTK on modernising the employment protection was part of what made this trade union joining the agreement as a signatory (see <https://www.kommunal.se/nyhet/las>, last accessed 19.05.2021). For Handels (the trade union representing blue-collar workers in retail and trade and one of the initiators of the campaign against trimming down working hours) the agreement did not address the issue of trimming down in a manner that the trade union could approve for signing the agreement (see <https://arbetet.se/2020/12/08/las-avtalet-nya-regler-om-hyvling-inte-bra-nog-for-handels/>, last accessed 19.05.2021).

²⁶⁰ Lönegarantilag (1992:497).

²⁶¹ Article 1 Wage Guarantee Act.

²⁶² Article 9 Wage Guarantee Act.

²⁶³ Article 7 a Wage Guarantee Act.

case the worker has already conducted work for which the employer has not been able to pay wages.

As for other events relating to the undertaking or employer's organisation, it is worth noting that the employer's prerogative has a strong position in the Swedish labour law system. In principle, the Labour Court will not examine the business strategy of the employer in cases concerning restructurings of the organisation, including cases of redundancies. Instead, there are other forms of regulations offering protection to workers in such cases. Before an employer makes a decision on restructuring of the organisation, the employer is obliged to call for negotiations with the trade union on the intended restructuring. The rules on this obligation to negotiate are found in the Co-Determination Act and there are a few differences depending on whether the employer is bound by a collective agreement or not. For employers that are bound by a collective agreement the applicable regulations on negotiations are found in Article 11-12 Co-Determination Act. These articles require the employer to call for negotiations with the trade union before making a decision on an important change relating to the undertaking²⁶⁴ and for other changes relating to the undertaking the trade union has a right to request negotiations before the decision is made.²⁶⁵ The concept of important change is thus central for understanding when the employer has to call for negotiations in comparison to when the trade union has a right to request negotiations. In principle an important change is a fairly broad concept involving situations of changes to the organisational structure of the undertaking including change of management positions, changes of the premises/localities, introduction of new technological equipment, expansions or cut-backs, change of working methods and so on.²⁶⁶ In addition, redundancies are always considered as an important change relating to the undertaking and this can also involve situations where the employer sees a need to make changes to the working hours of the employees.²⁶⁷ This duty to negotiate means that the employer is obliged to conduct negotiations in a constructive manner with the trade union, first at local level and then at central level if an agreement is not reached at local level. However, if the parties cannot reach an agreement the employer still has the right to decide in accordance with the employer's prerogatives.²⁶⁸

There is one exception to the prevalence of the employers right to decide and that concerns situations of subcontracting.²⁶⁹ If the potential change relates to the employer wishing to use a contractor or self-employed persons to perform certain tasks or carry out work within the undertaking and this work is not of a purely temporary nature or of a character that requires specialist competence, then the duty for the employer to negotiate is also accompanied with

²⁶⁴ Article 11 CDA.

²⁶⁵ Article 12 CDA.

²⁶⁶ Adlercreutz, A. and Nyström, B. (2015) *Labour Law in Sweden*. Wolters Kluwer. pp. 137ff.

²⁶⁷ Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time), pp. 89ff.

²⁶⁸ Adlercreutz, A. and Nyström, B. (2015) *Labour Law in Sweden*. Wolters Kluwer. pp. 137ff. The formal requirements for how to conduct negotiations and what a party needs to do in order to fulfill the duty to negotiate are regulated in Articles 15-16 CDA.

²⁶⁹ Article 38 CDA.

a right for the trade union to decide against the employers will.²⁷⁰ This veto right for the trade union can be used when the subcontracting that the employer wishes to decide on bears a risk of setting aside applicable law or collective agreements for the work to be conducted. The right of veto fills the function of granting the trade union a possibility for preventing social dumping and requires that the negotiations have been conducted also at the central level.²⁷¹ Worth noting is that in order for the trade union to be able to consider whether the situation at hand could call for a trade union veto the employer also needs to assure that the trade union gets the necessary information for making such a decision. If the employer does not provide sufficient information, then the employer will face the risk of being deemed as not having fulfilled the duty to negotiate and thus liable to pay damages to the trade union.²⁷²

For employers that do not have any applicable collective agreement the duty to negotiate in case of changes relating to the undertaking is less extensive and applies only in cases of redundancies or a transfer of the undertaking or part thereof. In such cases the employer is obliged to negotiate with all trade unions that have member who are employed within the undertaking.²⁷³ Also in these situations the employer retains the right to decide in case an agreement cannot be reached through negotiations.

2.3.2. Short-term work schemes in the framework of the Covid-19 pandemic

In relation to the Covid-19 pandemic it is important to note that the measures taken to deal with the crisis have not involved a complete lock-down of society in Sweden, instead there are various measures taken in order to decrease the risks of spreading the virus in society. Some of these measures relate to questions concerning the aim of assuring social distancing and that persons with symptoms stay at home and therefore those measures are discussed to some extent below in relation to workers' right to sick leave. In this section focus will instead be on the measures taken in order to enable employers to cut labour costs or gain financial support when experiencing temporary losses of revenue due to the Covid-19 pandemic. The most important measure consists of the enforcement of economic funds for support in accordance with the Short Time Work Allowance Act.²⁷⁴ This law was enacted following the 2008 financial crisis in order to support employers in temporary financial difficulties²⁷⁵ and allow them to furlough employees instead of needing to turn to redundancies. However, the Covid-19 crisis is the first time this law has been put into practical

²⁷⁰ This veto right for the trade union in these situations follows from Articles 39-40 CDA.

²⁷¹ Adlercreutz, A. and Nyström, B. (2015) *Labour Law in Sweden*. Wolters Kluwer. pp. 137ff.

²⁷² AD 2015:40.

²⁷³ Article 13 CDA.

²⁷⁴ Lag (2013:948) om stöd vid korttidsarbete. Discussed and motivated in Parliament Committee Document 2019/20:FiU51 *Extra ändringsbudget för 2020 – Stöd vid korttidsarbete och andra åtgärder med anledning av coronaviruset* (Additional budget change for 2020 – Support for short-time work and other measures in response to the corona virus) Appendix 3, Government Bill 2013/14:1 *Budgetpropositionen för 2014 – Förslag till statens budget för 2014, finansplan och skattefrågor* (Proposition for the state budget for 2014, finances and tax issues), pp. 61ff and Government Bill 2019/20:132 *Extra ändringsbudget för 2020 – Åtgärder med anledning av coronaviruset* (Extra budgetary changes for 2020 – Measures in response to the corona virus), section 5.

²⁷⁵ es 5 a Short Time Work Allowance Act excludes companies subject to insolvency procedures from the application of the funding scheme.

use. The aim of the law is thus to protect employment contracts and decrease risks of increasing unemployment rates and costs for unemployment benefits.²⁷⁶

The law provides employers with financial support in order to reduce working hours of the employees and thus decrease costs for employers whilst at the same time limiting the reduction in salary for employees in spite of the shorter working hours. Any private enterprise can apply for the short time work allowance as long as the following four criteria are met: 1) the company has to be in a situation of temporary and serious financial difficulties, 2) the difficulties must have been caused by a factor outside of the control of the employer, 3) it shall not be reasonable to demand that the difficulties ought to have been anticipated and prevented by the employer, 4) and the employer must have implemented other means to decrease labour costs.²⁷⁷ The general framework concerning reduction of work hours and salary in accordance with this law is found in Article 13 Short Time Work Allowance Act and set at three different levels: 12 percent reduction of wages for 20 percent reduction of working hours, 16 percent reduction of wages for 40 percent reduction of working hours and 20 percent reduction in wages for 60 percent reduction of working hours. In these three different situations the state covers approximately one third of the costs for the reduced working hours. For example, if working hours are reduced by 20 percent, those 20 percent of the wages are divided with 12 percent as reduction in wages for the employee, 7 percent will be paid by the state as short time work allowance to the employer and one percent will be the cost for the employer.²⁷⁸

During the period of March 16 to December 31 year 2020, the scheme was reinforced in the sense that the state covered a higher proportion of the salary for the reduced working hours and there was also an additional fourth step introduced allowing for reduction of working hours with 80 percent. A similar reinforcement to the scheme has been put in place to cover the period until June 30th 2021 with the same levels of reduction of working hours and reduction of wages.²⁷⁹ During this period, it is possible to apply short time work arrangements with a reduction of working hours set at 20, 40, 60 or 80 percent corresponding to a reduction of wages set at 4, 6, 7,5 and 12 percent of the wages for the employees.²⁸⁰ If the employees have their working hours reduced by 80 percent, they will thus only have their salary reduced by 12 percent, i.e., the employees will receive 88 percent of the ordinary salary in spite of working only 20 percent. The state will cover 60 percent of the wage costs and the employer will thus have costs amounting to 28 percent of the ordinary wage costs.²⁸¹

²⁷⁶ Johansson, C. and Selberg, N. (2020) *COVID-19 and Labour Law: Sweden*, in Italian Labour Law e-Journal, Special Issue 1, Vol. 13.

²⁷⁷ Article 5 a in the Short Time Work Allowance Act, see also Government Bill 2013/14:1 *Budgetpropositionen för 2014 – Förslag till statens budget för 2014, finansplan och skattefrågor* (Proposition for the state budget for 2014, finances and tax issues), pp. 61ff.

²⁷⁸ Government Bill 2013/14:1, p. 354.

²⁷⁹ Law (2021:54) on support for short-time work in certain cases, where Article 10 regulates the levels of work-time deduction and related wage deduction.

²⁸⁰ Law (2020:207) on changes to the law on short time work allowance.

²⁸¹ Johansson, C. and Selberg, N. (2020) *COVID-19 and Labour Law: Sweden*, in Italian Labour Law e-Journal, Special Issue 1, Vol. 13.

In order to implement a scheme for short time work allowances the employer needs to be covered by a central collective agreement allowing for such schemes to be implemented through a local collective agreement. The employer thus needs to conclude a local agreement with the local trade union organisation in question.²⁸² If the employer is not bound by a collective agreement it will still be possible to implement a short time work allowance scheme under the condition that the employer has an individually expressed consent to participation in the short time work allowance scheme from at least 70 percent of the employees in the operating unit for which the scheme is to be implemented.²⁸³ In other words, this framework for support of employers in temporary financial difficulties departs from the traditional Swedish model of incentivising the conclusion of collective agreements.

In relation to this study, it is worth noting that Article 11 Short Time Work Allowance Act enables employers to include both employees with open ended contracts and employees with temporary contracts as long as they have been employed for at least three months with the company. Part-time workers can also be included since the reduction of working hours is set in percentage of the ordinary working hours for each employee.²⁸⁴ For workers with shorter employment contracts and workers employed by the hour the scheme poses two problems. Firstly, the requirement that the employee shall take measures to cut labour costs before being eligible for the state aid of this scheme will likely cause a situation where the employer terminates or chooses not to prolong any short-time temporary contract and/or ceases to call in employees that are subject to casual forms of employment such as work on demand or hourly employments. In the case such workers will still be part of the work force when the employer decides to implement short time work schemes there will be more difficulties getting allowances for reduction of working hours for these workers since they are more likely not to meet the requirement of a three months employment period. In such a case they are at the risk of losing their job at this stage, if that had not been the case already before.²⁸⁵

Even though the short time work allowance scheme allows for increased protection of employments for workers with standard forms of employment it is thus a measure that contributes to the risks for casual workers. Worth noting is also that self-employed are not eligible for short time work allowance²⁸⁶ and therefore they also face risks of being cut off from projects within enterprises making use of self-employed consultants when a short time work allowance scheme is introduced.

Since short time work allowances do not cover self-employed, unless they have a registered limited company and as such are employed in that company, additional measures have been taken in order to also assure financial support for this group of workers in Sweden. The

²⁸² Article 15 Short Time Work Allowance Act.

²⁸³ Article 16 Short Time Work Allowance Act.

²⁸⁴ Article 4 Short Time Work Allowance Act stipulates amongst other things that the concept of ordinary working hours is to be set in relation to the hours that the worker would normally have worked, with no reference to whether the ordinary working time is full-time or part-time.

²⁸⁵ This issue is also highlighted in Johansson, C. and Selberg, N. (2020) *COVID-19 and Labour Law: Sweden*, in Italian Labour Law e-Journal, Special Issue 1, Vol. 13.

²⁸⁶ Article 11 Short Time Work Allowance Act.

support for self-employed suffering loss of revenue due to the pandemic has been discussed in the section above on unemployment benefits. In addition to that support there has also been a temporary reduction of social contributions for self-employed so that such contributions are limited to only cover pension contributions for income from the business above 100.000 SEK.²⁸⁷

2.3.3. Suspensions of the work relationship regarding the workers: sickness, maternity, work-related injury

Legislation governing these issues is found mainly in the Social Security Code, the Sick-Pay Act and the Parental Leave Act, but additional supplements are common in collective agreements, especially for white collar workers. Work-related injury benefits are directed at persons suffering from a work-related injury or work-related illness that affects the person's work capacity either permanently or at least for one year, and these persons have the right of sickness benefits on the same conditions as other persons suffering from sickness in accordance with Section 40 Article 2 Social Security Code.²⁸⁸ To some extent the period of illness caused by the injury is thus likely to exclude this group from being considered in work. Therefore regulations concerning work-related injury and/or illness will be discussed briefly in the section on health care and long-term care policies.²⁸⁹ Thus, the focus in this section will be on the measures guaranteeing wages and occupational stability in case of sickness or maternity, starting off with regulations governing maternity leave.

Maternity leave, parental leave and concurrent benefits are regulated in the Parental Leave Act and in the Social Security Code, where the Parental Leave Act regulates the right to leave of absence and the Social Security Act regulates income supporting benefits. In addition, many collective agreements include regulations on supplementary income support in case of parental leave and a brief discussion of such agreements will therefore be provided. In relation to parental leave and parental allowances it is worth noting that there are specific regulations concerning adoption, but since adoption is a process involving rather high costs, I find it less likely that persons subject to in-work poverty will be able to afford adoption and I

²⁸⁷ Other forms of support have also been introduced in order to for example cover losses due to the fact that the Covid-19 restrictions have limited the possibilities for organising different forms of public events with paying guest within for example the culture and sports sectors. The number of measures introduced have been vast and it is not possible to account for all of them, but those of relevance in relation to employees or dependent self-employed as included in the VUP groups of this study have been briefly mentioned where relevant. It needs to be pointed out that all these measures are temporary and therefore they will not be of relevance for the issue of in-work poverty in the longer-term perspective. The reduction of social contributions for employers and self-employed as well as certain other measures of relevance for organisations earning their income from for example events in sports and culture are discussed more in detail in Government Bill 2020/21:83 *Extra ändringsbudget för 2021 – Förstärkta stöd till företag, nedsättning av arbetsgivaravgifter för unga och andra åtgärder med anledning av coronaviruset* (Extra budgetary changes for 2021 – Increased support for companies, reduction of employer fees for young persons and other measures in response to the coronavirus) amongst others.

²⁸⁸ Government White Paper (SOU) 2017:25 *Samlad kunskap – Stärkt handläggning: Betänkande av utredningen om en mer jämställd och rättssäker försäkring vid arbetsskada* (Collected knowledge – Strengthened cognizance: White paper from the investigation on a more equal and legally certain insurance for work injury), p. 64.

²⁸⁹ Part I section 3.4 below.

have therefore decided to exclude the specific regulations relating to adoption of children in this study.

Article 4 in the Parental Leave Act establishes the right to maternity leave for female workers during a period of at least seven weeks before and seven weeks after the calculated time of giving birth. Two of these weeks, scheduled either before or after the birth, are compulsory unless the worker has taken leave on other grounds (for example vacation). The worker is free to choose whether she wishes to make use of the right to parental allowance or not during this period, which means that the right to leave is not conditioned on also being entitled to parental allowance. However, the period of maternity leave is covered by a right to parental allowance according to Section 12 Articles 5 and 12 in the Social Security Code. The size of parental allowance is dependent on whether the mother has qualified for income-related parental allowance or is only entitled to the residence-based parental allowance. The calculation and different levels of parental allowance will be discussed further below, but before that some additional discussions concerning the length of parental leave is in order.

Parental allowance can be granted for 480 days in total for both parents.²⁹⁰ For the first 180 of these days the allowance is granted on either the income-based level or the basic level depending on whether the parent fulfils the requirements for income-based parental leave or not. Thereafter, an additional number of 210 days of parental allowance at income-based or basic level are available as well as 90 days of parental allowance at the lowest level.²⁹¹ For each parent a number of 90 days are reserved days, but for the other days it is possible for the parents to freely distribute who will take up the parental allowance.²⁹²

Parental allowance is granted on three different levels, depending on whether the person making use of his/her right to parental allowance has qualified for the income-based parental allowance or not. The sickness allowance level is calculated on basis of the persons income and will amount to approximately 77,6 percent of the persons income up to a cap of the times the yearly indexation amount. The basic level amounts to 250 SEK per day and will be paid to persons qualifying for income-based parental allowance, but where the income has been too low in order to generate a daily income-based parental allowance exceeding 250 SEK per day or when the person has not fulfilled the requirement of working 240 consecutive days before the expected birth, but fulfils the other requirements for income-based social security rights. The lowest level amount to 180 SEK per day and this amount is paid to those who are not entitled to income-based social security rights. The lowest level is thus the residence-based parental allowance. In total parental allowance can be paid for 480 days of which 90 days will always be paid at the lowest level.²⁹³ This means that if one of the parents does not make use of at least 90 days, then the days that parent does not take up will not be accessible to the

²⁹⁰ Section 12 Article 12 Social Security Code. Worth noting is that in case more than one child is born at the same time and additional 180 days will be added for each child more than one.

²⁹¹ Section 12 Article 19 Social Security Code.

²⁹² Section 12 Article 17 Social Security Code.

²⁹³ Swedish National Audit Office (2018), *Fastställande av föräldrapenning för egenföretagare* RIR 2018:1 (Determination of parental allowance for self-employed, RIR 2018:1). p. 17.

parents. This regulation has been introduced in order to increase parental leave taken by fathers and have therefore been coined ‘fathers’ days’ in the general debate.²⁹⁴

In order to qualify for income-based parental allowance the requirements, as established in Section 25 Article 3 and Section 12 Article 35 in the Social Security Code, are that the worker has an income from work performed in Sweden, that the performed work can be presumed to last at least six months, or be recurrent on an annual basis and that the yearly income will amount to at least 24 percent of the annual indexation amount set by the Government each year in relation to the Social Security Code; and for the first 180 days of parental allowance that the worker has been working for at least 240 days before the expected birth with an income generating a social security allowance exceeding the basic level for parental allowance. For 2020 the indexation amount is 47.300 SEK and to qualify for income-based parental allowance the yearly income from work will thus need to be at least 11.352 SEK, which means that even someone working few hours a week is able to qualify for income-based parental allowance. Worth noting is that the income to be used for calculation of the benefit does not have to come from an employment, the wording ‘income from work performed in Sweden’ includes work conducted by self-employed. In other words, it is thus the taxed income upon which social security contributions have been paid that will be used as a basis for the calculation.²⁹⁵

The general rule for self-employed running their business as sole proprietors is that the previous three years taxation will be used as a basis for assessing the income of the self-employed. For newly established sole proprietors, where the business has been running for a maximum of 36 months there will instead be an assessment of an adequate wage for comparable work of an employee.²⁹⁶ In this assessment account will also be taken of the number of hours that the self-employed has been working, which means that if the self-employed is working more than full-time then the assessment of the income will also be higher. For self-employed running their business as a limited company the situation is similar to employees since they are considered as employees of the company. This means that for self-employed with limited companies, the wage they decide to take out from the company will affect the levels of the social security contributions and if they do not take out wage on a regular basis there will likely be problems in relation to the social security schemes.²⁹⁷

For persons with very low incomes, parental allowance is likely to be paid on the basic level of 250 SEK per day, since income-based parental allowance at a higher amount than 250 SEK per day will require a monthly net income above 9.800 SEK. As mentioned above there is a

²⁹⁴ For an in-depth study of regulations and norms governing parental leave and parenthood where these issues are also discussed see Julén Votinius, J. (2007), *Föräldrar i arbete. En könskritisk undersökning av småbarnsföräldrars arbetsrättsliga ställning* (Parents at work. A gender-critical study on the positions of parents of young children in labour law). Makadam förlag.

²⁹⁵ Government White Paper (SOU) 2019:41 *Företagare i de sociala trygghetssystemen* (Entrepreneurs and the social security systems), pp. 71ff.

²⁹⁶ Government White Paper (SOU) 2019:41 *Företagare i de sociala trygghetssystemen* (Entrepreneurs and the social security systems), pp. 71ff.

²⁹⁷ Riksrevisionen, RIR 2018:1 *Fastställande av föräldrapenning för egenföretagare* (Determination of parental allowance for self-employed). pp. 18ff.

maximum cap for the income to be used as a basis for calculating the parental allowance and for 2020 that was 473.000 SEK (ten times the yearly indexation amount), meaning that a monthly net income above 39.417 SEK will not generate a further increase of the amount of the parental allowance in accordance with Section 12 Article 26 the Social Security Code. This cap is set at a level that is unlikely to affect any workers at risk of in-work poverty negatively, instead it will only affect persons who find themselves in a fairly stable financial situation in terms of income.

The regulations provide for a certain degree of flexibility in terms of establishing the yearly income to be used as calculation for the income-based social security allowances. For persons with stable employments, expected to last at least for the coming six months, it is fairly easy as the monthly wage is used as a basis for calculating the yearly income base for social security allowances. For persons with irregular working patterns and varying income the calculation will instead be based on an assessment of the previous six months in order to establish what has been the average income during that period which will then be converted to an assessed yearly income.²⁹⁸

What can be concluded from the above is that for workers with stable employments the rules on parental allowance are fairly clear and will generate an income-based parental allowance at a decent level. For workers with higher incomes the income during parental leave will be well above the poverty threshold, as long as they make use of the parental allowance scheme. For workers with lower part-time employments, intermittent work or irregular incomes from self-employment, the income from parental allowance will be less predictable and more likely set at the basic level of 250 SEK per day. In addition, persons with stable employments also have the advantage of benefits based on collective agreements. It is common that collective agreements contain clauses on parental pay for workers on parental leave granting workers an additional income up to 90 percent of the actual wage for a certain period, depending on the length of service with the employer. The collective agreements and supplementary parental leave benefits vary between sectors, with some differences also between white-collar and blue-collar workers. Except for the collective agreement covering the state sector all other supplementary parental leave benefits are subject to qualification periods ranging from nine months to one year for the minimum levels of supplementary benefit and up to two years of employment for the maximum length of the benefits. For blue-collar workers in the private sector there were some improvements in 2014 when a collectively agreed insurance scheme was introduced and the qualification periods are related to employment with a company covered by the insurance scheme, thus allowing for the qualification periods to be fulfilled through employments with different employers.²⁹⁹ What can be stated from the above is that groups already subject to higher risks of in-work poverty for example due to

²⁹⁸ Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time), pp. 205 ff.

²⁹⁹ For a more elaborated discussion and examples of relevant collective agreements see Julén Votinius, J. (2020) *Collective Bargaining for Working Parents in Sweden and its Interaction with the Statutory Benefit System*, in *International Journal of Comparative Labour Law and Industrial Relations*, Vol. 36, No. 3, 367-386, section 4.

fragmented employment periods or casual forms of employment, will also be subject to higher poverty-risks during periods of parental leave. The inequalities between workers at risk of poverty and workers with higher incomes are thus likely to be exacerbated during the years of setting up a family.

Worth noting in conjunction with the rules on maternity leave is that the partner of the mother also has a right to make use of ten days of parental leave specifically for the period in relation to the birth of the child. The right to leave is established in Article 8 of the Parental Leave Act and requires that the person making use of the leave also makes use of the right to temporary parental allowance during the days of leave. Temporary parental allowance is in these situations granted for a maximum of ten days and must be made use of before 60 days have passed since the new born child left the hospital to go home, in accordance with Section 13 Articles 10 and 14 in the Social Security Code. The temporary parental allowance is a work-based benefit (Section 6 Article 6 Social Security Code) and will be calculated on basis of the income of the person making use of the right to leave from work, with a maximum income of 7,5 times the yearly indexation amount in accordance with Section 13 Article 33 Social Security Code. This means that if the partner of the mother giving birth is not qualified for income-based social security benefits or does not hold an employment from which the person takes a leave during these ten days, then the person will not be able make use of this temporary parental allowance.

As for sickness leave and sickness benefits the rights, obligations and entitlements of workers are regulated in the Sick Pay Act and the Social Security Code. The Sick Pay Act concerns workers' right to sick pay and employers' obligation to pay sick pay during the first two weeks of sickness. The Social Security Code contains regulations relating to sickness benefits after those first two weeks and in other situations where the Sick Pay Act is not applicable. Due to the covid-19 crisis several temporary amendments have been introduced and there are also current legal investigations for proposed changes to the legislation due to problems of assuring coverage of sickness benefits to workers with less stable employments. Both the temporary changes due to Covid-19 and the ongoing legislative debate highlight some problematic issues in relation to some of the VUP groups and therefore they will be accounted for briefly throughout the following account for sickness leave and benefits in Sweden.

The Sick Pay Act regulates workers' right to sick pay from their employer³⁰⁰ and is thus applicable to workers as the concept is interpreted within the field of labour law. Self-employed are therefore excluded from the application of this law and are instead subject to regulations in the Social Security Code.³⁰¹ According to Article 3 of the Sick Pay Act the general rule is that a worker is entitled to sick pay from the first day of employment, which means that a worker can basically start a new employment with a period of sick leave. The second

³⁰⁰ Worth noting is that the Sick Pay Act also includes some regulations governing the employer's right to state allowances concerning costs for sick pay in some instances, but these issues are not affecting the rights of the worker and will therefore only be mentioned briefly in relation to the temporary measures taken in response to Covid-19.

³⁰¹ Article 1 Sick Pay Act, see Ryberg-Welander, L. (2018), *Socialförsäkringsrätt: Om ersättning vid sjukdom* (Social Security Law: Concerning sickness benefits). Norstedts Juridik, pp. 101f for a brief discussion.

sentence of the same Article states that there is an exception to this for employments that are intended to last for a period shorter than a month. In such cases the worker will need to have started the employment and have been in service for 14 calendar days before being entitled to sick pay. For workers that are repeatedly employed on shorter contracts with an employer it can be possible to use several different periods of employment as a basis for this qualification, under the condition that the new employment starts within 14 calendar days after the last employment ended.³⁰² Workers with short term employments that do not fulfil the requirements of qualification according to the Sick Pay Act may instead be entitled to sickness allowance according to the Social Security Code, which will be further discussed below.

The period of sickness covered by the Sick Pay Act is 14 calendar days³⁰³ and the sickness period is considered to start the day that the worker reports the sickness to the employer.³⁰⁴ The sick pay the worker receives will be deducted with an amount equal to the sick pay for one working day as a form of qualifying day serving the purpose of discouraging workers from calling in sick unless they really are sick.³⁰⁵ Due to the Covid-19 pandemic this deduction has been temporarily suspended and the worker will receive a flat rate compensation of 700, 804 or 810 SEK for this day from the Swedish National Social Security Agency (Försäkringskassan).³⁰⁶ For the remaining 14 day period covered by the Sick Pay Act the worker will receive sick pay from the employer amounting to 80 per cent of the salary. From the eighth sickness day the worker normally needs to provide a doctor's certificate in order to receive further sickness pay from the employer. Similarly, to the rules on one-day qualifying deduction from the sick pay, this requirement on doctor's certificate has been temporarily suspended due to Covid-19.³⁰⁷ The temporary measures have been implemented in order to assure that people are enabled to follow the recommendations on staying at home even if

³⁰² Article 3 second paragraph Sick Pay Act.

³⁰³ Article 7 Sick Pay Act.

³⁰⁴ Article 8 Sick Pay Act.

³⁰⁵ Article 6 Sick Pay Act. Previously this was called a quarantine day and the deduction amounted to the pay that the worker would have received if he/she would have been working that day. Since some categories of workers suffered a significantly higher deduction, if they for example had their first sick day on a day where they were scheduled for work on hours subject to initial payments for uncomfortable working hours, the regulation was transformed and is now framed in terms of a general deduction based on the average amount of sick pay for one calendar day. For further discussion of this see the Government Bill 2017/18:96 *Karensavdrag – en mer rättvis självrisk* (Quarantine deduction – a more fair deductible).

³⁰⁶ The different amounts relate to different time periods during the Covid-19 pandemic where the flat rate compensation has gradually increased through changes to the initial Regulation (2020:195) regarding sickness benefits on account of Covid-19. The compensation for the one-day qualifying deduction will be applied until June 30th 2021, but there is a current proposal for prolongation until September 30th, 2021. See Government webpage, *Åtgärder på socialförsäkringsområdet med anledning av coronaviruset* (Measures taken concerning social security in response to the Covid-19 pandemic), at https://www.regeringen.se/regeringens-politik/socialforsakringar/atgarder-inom-sjukforsakringen-med-anledning-av-corona/?TSPD_101_R0=088d4528d9ab20006934a919f8c1de317393b2d4264acc798ce66e0516eac0be2fe4dc840972fc0108a17209931430003d0448aac27115e5d7524c99486110d4b2c1c9c2fc9b25103f493b9fccd88f61f33c93418d40cb34fb95705c70ef47db (last accessed 20.05.2021).

³⁰⁷ Regulation (2020:196) on changing regulation (1995:1051) on the duty to present a doctor's certificate etc in some instances of sickness benefits, Act (2020:190) on changes in the act (1991:1047) on sick pay, and Act (2020:191) on changes to act (1991:1047) on sick pay.

they only have mild symptoms. In order to alleviate employers from the extra burden that increased costs for sick pay might cause during Covid-19 the state has also assumed responsibility for sick pay costs, compensating employers in full for sick pay costs during the pandemic.³⁰⁸ After the 14-day period of sickness covered by the Sick Pay Act or if the worker doesn't fulfil the requirements for sick pay the worker will need to apply for sickness allowance from the Swedish National Social Security Agency instead of having sick pay from the employer.

There is no requirement that the decreased working capacity needs to be total during the period of illness covered by the Sick Pay Act, which means that it is possible for the workers to be partially absent from work due to sickness and receive sick pay for the working time each day that the worker is absent.³⁰⁹ The issue of sick pay is often complemented by regulations in collective agreements with more detailed regulations on calculation of sick pay as well as regulations that provide a supplement to the statutory level of the sick pay up to 90 percent of the wage.³¹⁰

As stated before, self-employed are not covered by the regulations in the Sick Pay Act³¹¹ and casual workers are less likely to gain access to the protection offered in that Act. For such workers the protection granted through the regulations governing sickness allowance are therefore of high importance. The regulations on sickness allowance are found in the Social Security Code and currently there is legislative investigations and discussions of changes in relation to these issues. The reason for the legislative debate is that the system with sickness allowance to a great extent has been developed in relation to standard full-time employments and with increasing variations of employment forms on the labour market there have also been increasing problems with persons falling outside the scope of the social security system.³¹² These issues will be highlighted in the following discussion on the current regulations governing sickness allowance.

³⁰⁸ Regulation (2020:195) regarding sickness benefits on account of Covid-19.

³⁰⁹ Article 4 Sick Pay Act requires 'ull or partial' absence due to decreased working capacity from sickness. For a brief discussion see Ryberg-Welander, L. (2018), *Socialförsäkringsrätt: Om ersättning vid sjukdom* (Social Security Law: Benefits in case of illness). Norstedts Juridik, p. 105.

³¹⁰ See for example Clause 28 SKR and OFR, *Allmänna bestämmelser* (General regulations) where it is specified that sick pay will be provided up to 90 percent of the wage and compensation in order to compensate for the cap in the sickness allowance there is also additional payment from the employer during periods of sickness for which sickness allowance is granted. In addition, this clause also provides protection for sick workers that are not granted sickness allowance from the Swedish National Social Security Agency after having been assessed as not having a decreased working capacity. In such cases the employer will pay sick pay compensation instead of 90 percent of the wage for the first 180 days and thereafter with some restrictions to the amount until the 364th day of sickness. Clause 13 Section 8 Almega Vårdföretagarna and Kommunal, *Kollektivavtal, allmänna villkor och löner – Bransch Äldreomsorg* (Collective agreement, general conditions and wages – Elderly care services) is another example that provides the workers with compensation from the employer so that the worker will receive 90 percent of their income during periods of sickness.

³¹¹ An exception here are self-employed that run their business in the form of a limited company and therefore are employed by that company. For them the rules governing sickness benefits are based on the rules for employees, apart from the assessment on the income base for deciding the amount of sickness allowance briefly mentioned below.

³¹² See Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a

In order for a person to be eligible for sickness allowance the person needs to have a decreased working capacity and the decreased working capacity needs to be caused by sickness according to Section 27 Article 2 Social Security Code. The concept of sickness is not defined in legislation and from case law it is clear that it is a difficult concept to grasp. The most important aspect is that there needs to be a connection between sickness and decreased working capacity, meaning that if a person suffers from a form of sickness that does not affect that persons working capacity, then the person will not be entitled to sickness allowance.³¹³ However, also the concept of decreased working capacity lacks a clear definition in law and what can be said about the concept is that the working capacity of a person needs to be assessed in relation to the specific situation in question, weighing in the specific work, tasks or expected work on the labour market for the person in question. For example, whether or not a twisted knee will decrease the working capacity of a person is highly dependent on the importance for that person to be able to walk and move freely when conducting his or her work. The assessment of the persons working capacity is conducted by the Swedish National Social Security Agency, the authority responsible for applying the legislation and decide on applications for sickness allowances. The unclear definitions in the law provides a fairly broad scope of action for the Swedish National Social Security Agency and there are issues concerning the predictability and legal certainty for the individual in relation to this.³¹⁴ This will be discussed further below, but before that it is relevant to also consider the rules for calculation of the amount paid as sickness allowance.

The amount paid as sickness allowance is related to the income of the person, generally on the ground of the persons yearly income, with a cap of eight times the yearly indexation amount,³¹⁵ equalling 378.400 SEK of yearly income or about 31.500 SEK as monthly salary for 2020. The minimum level of income, which is required for a person to qualify for sickness allowance, amounts to 24 percent of the yearly indexation amount, in other words a yearly income of 11.352 SEK. This limit is set in order to assure that only incomes of some importance for a person's living shall be considered in relation to social security benefits intended to offer protection in case of loss of income, such as sickness allowance.³¹⁶ The amount paid in sickness allowance will correspond to roughly 80 percent of the amount the person would have earned if the person had not been ill.³¹⁷ The payment of sickness allowance is generally

sustainable working life over time), p. 86 and Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen* (Sickness benefits adapted for the individual), pp. 61ff.

³¹³ For a detailed discussion of the concept of sickness in relation to sickness benefits and the Social Security Code see Ryberg-Welander, L. (2018) *Socialförsäkringsrätt: Om ersättning vid sjukdom (Social Security Law: Concerning sickness benefits)*, Norstedts juridik, pp. 117ff.

³¹⁴ Ryberg-Welander, L. (2018), *Socialförsäkringsrätt: Om ersättning vid sjukdom (Social Security Law: Concerning sickness benefits)*, Norstedts juridik, pp. 132ff.

³¹⁵ Section 25 Article 5 Social Security Code.

³¹⁶ Ryberg-Welander, L. (2018) *Socialförsäkringsrätt: Om ersättning vid sjukdom (Social Security Law: Concerning sickness benefits)*, Norstedts juridik, pp. 66f.

³¹⁷ Section 28 Article 7, point 1 Social Security Code prescribes a formula for calculation based on 80 percent of the person's yearly income times 0,97. Note that for long-term illnesses of more than 365 days the amount will decrease to 75 percent of the yearly income after day 365 of illness, Section 28 Article 7, point 2 Social Security Code.

based on calendar days from the 15th day of illness.³¹⁸ This means that the person's yearly income base for sickness benefits is divided by 365 and that amount is paid for each calendar day of illness regardless of whether the person would have worked or not.³¹⁹ This form of calendar day payment of sickness allowance is always applied for certain groups such as self-employed and unemployed, on the condition that the unemployed is signed in as an active job seeker with the Public Employment services, who are not eligible for sick pay from an employer.³²⁰ Worth noting in relation to unemployed is that the cap for the sickness allowance is set at 543 SEK per day.³²¹ The reason for this is that the sickness allowance shall be related to the loss of income which in the case of unemployed would be the unemployment benefit. Since the cap in the unemployment benefit is lower than the cap for sickness allowance, this limit has been set in order to assure that it will not be financially beneficial for an unemployed person to be sick instead of searching for employment.³²²

Regardless of how long a person is sick, there is a presupposition that the right to sickness allowance is based on the person losing his/her income due to the illness. The sickness allowance system, as stated before, is based on the premises of an employed person.³²³ For self-employed there are specific regulations on social security contributions and sickness allowance, which will be discussed further ahead. However, for workers employed on casual employment contracts where the person might not have working hours scheduled in a regular or structured manner, the general rules still apply, but the assessment becomes more complicated and will involve also the issue of whether the person shall be considered as sick during unemployment or sick from work. Intermittent workers can in other words be granted sickness allowance on the basis of having decreased working capacity in relation to the work he/she conducts in the intermittent employment or on the basis of having decreased working capacity for work that normally exists on the labour market in line with how unemployed persons are assessed, all depending on circumstances in the specific case.³²⁴

The very first day will be a form of qualifying or quarantined day in similar terms as in relation to sick pay, meaning that there will be no payment of sickness allowance during that day. For the following 13 days, the sickness allowance will be paid in relation to the working-time that the person can be presumed to be unable to fulfil due to illness. In these situations, the calculation of the sickness allowance will therefore be related to the yearly working hours that the person conducts and calculated on an hourly rate.³²⁵ If the person has an agreement with the employer on a schedule during the period of sickness, then sickness allowance shall

³¹⁸ As has been accounted for above, during the first 14 days of illness the employer is obliged to pay sick pay to the employee.

³¹⁹ Section 28 Articles 3-4 Social Security Code.

³²⁰ Section 28 Article 6 Social Security Code.

³²¹ Section 28 Article 11 Social Security Code.

³²² Ryberg-Welander, L. (2018) *Socialförsäkringsrätt: Om ersättning vid sjukdom (Social Security Law: Concerning sickness benefits)*, Norstedts juridik, p. 156.

³²³ Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen (Sickness benefits adapted for the individual)*, pp. 43.

³²⁴ Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen (Sickness benefits adapted for the individual)*, pp. 38ff.

³²⁵ Section 28 Article 5 Social Security Code.

be paid in accordance with the working hours during which the person has been unable to work.³²⁶ If it is unclear to what extent the person would have worked if he/she had not fallen ill, then the calculation of sickness allowance will be based on what can be reasonably assumed in relation to how much the person has worked before the time of illness.³²⁷

The idea is that a worker employed on call who falls ill without having work scheduled shall be subject to an assessment based on what income from work he/she can be presumed to lose due to the illness. This means that the sickness allowance during the first 14 days of illness will be paid in relation to the working hours that the person is unable to fulfil due to illness, and not in relation to the number of days of illness.³²⁸ For intermittent/on-call workers that are partially unemployed and signed up with the Public Employment Services, the sickness allowance during the first 14 days of illness will thus be related to the hours of work the person would have worked unless the person had fallen ill in that part and for the other days of illness it will be based on calendar days in accordance with the regulations governing unemployed and subject to the lower cap for sickness allowance in that part.³²⁹ Worth noting is also that the assessment of an intermittent/on-call worker's incapacity for work is likely to differ depending on whether the person has an agreement with an employer for scheduled work or not. If there is such an agreement, then the person's working capacity will most likely be assessed in relation to that work. If, on the other hand, no such agreement exists then the assessment will instead be conducted in accordance with what is applicable for unemployed persons, meaning that the working capacity will be assessed in relation to the broader definition of work that is normally existing on the labour market. This causes problems with insecurities both in relation to whether the sickness will be assessed as decreasing the person's capacity for work and in relation to how the sickness allowance will be calculated.³³⁰

It is possible to be subject to partial incapacity for work due to illness, since sickness allowance can be granted on different levels; 25, 50, 75 or 100 percent depending on the degree to which the person is considered to have the working capacity decreased from illness.³³¹ In general this also requires that the persons working time follows the degree of incapacity for work in the same manner, i.e. for a person being granted sickness allowance at the level of 25 percent that person is also expected to decrease the working hours each working day with 25 percent. Even though there is some room for flexibility³³² the fairly rigid structures in relation to partial sickness have been criticised as insufficiently flexible for allowing best possibilities for rehabilitation and regained full working capacity of persons suffering from

³²⁶ Section 27 Article 10 Social Security Code.

³²⁷ Section 27 Article 11 Social Security Code.

³²⁸ Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen* (Sickness benefits adapted for the individual), pp. 38ff.

³²⁹ Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen* (Sickness benefits adapted for the individual), p. 40.

³³⁰ Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen* (Sickness benefits adapted for the individual), pp. 61ff.

³³¹ Section 27 Article 45 Social Security Code.

³³² For a brief discussion on the possible flexibility see Ryberg-Welander, L. (2018), *Socialförsäkringsrätt: Om ersättning vid sjukdom* (Social Security Law: Concerning sickness benefits), Norstedts juridik, pp. 150ff.

illness.³³³ The full picture of how many persons that are affected negatively by the application of the rules on reduction of working hours in relation to partial sickness allowance is unclear. There is no specific application system for how working hours shall be reduced, instead it is dealt with in the general decision on whether or not a person shall be granted sickness allowance. Therefore, the decision on how the working hours shall be reduced is not registered and statistics are therefore not available.³³⁴

In order to assure that people do not end up incapable of working for an indeterminate period due to sickness, the regulations governing sickness allowance are also connected to regulations governing rehabilitation aiming at recovery so that the person will be able to go back to work. This is generally discussed in terms of the rehabilitation chain, through which assessments will be made relating to the persons working capacity and potential actions needed to assist the person in regaining full working capacity. This process is based on a presumption that the ill person is employed and the employee, the employer and the Swedish National Social Security Agency as well as healthcare are all involved in various forms throughout the rehabilitation chain. In order to have clear time frames for the rehabilitation, the assessment of eligibility for sickness allowance has been divided into different stages.³³⁵ Depending on how long a person has been ill with a decreased working capacity the assessment of the person's working capacity will be made in relation to different scopes of the labour market.

The first step relates to the first 90 days of illness where the working capacity of the person will be assessed in relation to the worker's regular work or other suitable work that the employer temporarily offers for the worker according to Section 27 Article 46 Social Security Code. After 90 days of illness the assessment for deciding further eligibility for sickness allowance will instead be based on whether it is possible for the person to take on other work for his/her employer according to Section 27 Article 47 Social Security Code. After 180 days of illness the person will be entitled to sickness allowance only if his/her working capacity is decreased also in relation to work that is normally existing on the labour market, Section 27 Article 48 Social Security Code, unless the sickness is of severe character and such an assessment therefore is considered unreasonable.³³⁶ After 365 days of sickness the assessment concerning the capacity to work shall be related to the entire labour market, unless such an assessment is unreasonable, Section 27 Article 49 Social Security Code. The assessment after 180 days and after 365 days of illness are thus similar.³³⁷

³³³ Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen* (Sickness benefits adapted for the individual), pp. 32ff.

³³⁴ Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen* (Sickness benefits adapted for the individual), pp. 110f.

³³⁵ Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen* (Sickness benefits adapted for the individual), pp. 43ff.

³³⁶ Sicknesses such as cancer or severe neuromuscular diseases are examples of this, see Ryberg-Welander, L. (2018), *Socialförsäkringsrätt: Om ersättning vid sjukdom* (Social Security Law: Concerning sickness benefits), Norstedts juridik, pp. 143ff for further discussion.

³³⁷ There was a period when the assessment after 365 days was stricter than after 180 days, but the result was that a lot of persons suffering from severe illnesses lost their right to sickness allowance and after intense

For self-employed the assessment of decreased working capacity is not as clearly defined in the legislation, but from preparatory acts follows that the assessment of working capacity for a self-employed shall be conducted in relation to the self-employed person's regular work during the first 180 days of illness and from day 181 the assessment shall instead be conducted in relation to work that normally exists on the labour market. For unemployed persons the assessment of decreased working capacity will always be conducted in relation to work that is normally existing on the labour market.³³⁸

The rules for assessment of working capacity applicable for unemployed, bears consequences for casual workers employed intermittently/on-call. As mentioned above, intermittent/on-call workers can be subject to an assessment similar to that of unemployed persons in case they do not have scheduled work that they cannot perform during sickness. Since the assessment of a person's decreased working capacity is a dynamic assessment, it is also likely to differ depending on whether the assessment is conducted in relation to a specific work or in relation to the more abstract term of work that is normally existing on the labour market. This means that persons considered as unemployed will be subject to a stricter assessment of working capacity from the first day of illness, since work that normally exists on the labour market will cover a much broader range of work tasks than an assessment based on the specific work the person is employed for. The share of applications for sickness allowance that have been rejected is also significantly higher for the group of unemployed and others where the assessment of the decreased working capacity is conducted in relation to work that normally exists on the labour market. An issue that clearly indicates the problems that on-call workers face in relation to the issue of sickness and social security benefits.³³⁹ This highlights the need for understanding how such an assessment is applied in practice and this is an issue that has generated debate and critique with ongoing debate and investigations concerning potential changes to the legislation.

When considering statistics on the share of rejected applications for sickness allowance it is possible to see that there has been a clear increase of rejected applications from 2015 and the majority of these rejections relate to situations where the assessment of decreased working capacity is related to work that normally exists on the labour market.³⁴⁰ This implies that the assessment of working capacity in relation to work that normally exists on the labour market has become stricter. Research has also shown that there is a clear link between the increased share of rejections and objectives set for the Swedish National Social Security Agency to achieve a decrease in the number of sick days. In other words, when the objectives for decreasing the number of sick days were implemented, the application of the assessment of working capacity was sharpened causing more persons to be considered able to work and

critique the law was changed. See Ryberg-Welander, L. (2018), *Socialförsäkringsrätt: Om ersättning vid sjukdom (Social Security Law: Concerning sickness benefits)*, Norstedts juridik, pp. 143ff for brief discussions.

³³⁸ Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen (Sickness benefits adapted for the individual)*, p. 37.

³³⁹ Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen (Sickness benefits adapted for the individual)*, pp. 62ff.

³⁴⁰ Government White Paper (SOU) 2020:6, *En begriplig och trygg sjukförsäkring med plats för rehabilitering (An understandable and secure sickness insurance with room for rehabilitation)*, pp. 93ff.

thus not eligible for sickness allowance.³⁴¹ The increasing numbers of rejections have also been accompanied with a decreasing number of decisions and activities in relation to workers' need of rehabilitation as well as critique concerning insufficient transparency and insufficient investigation motivating the decision of rejection.³⁴²

Worth highlighting is that there is a requirement of medical certificate that supports the person's decreased working capacity in order to be entitled to sickness allowance after seven days of illness.³⁴³ In other words, the persons that have been rejected sickness allowance are considered unable to work by a medical doctor, but according to the Swedish National Social Security Agency their working capacity is not decreased in a manner that entitles them to sickness allowance. The result is that there are persons declared by a doctor as unable to work due to sickness, but at the same time considered ineligible for sickness allowance due to the strict application of the assessment of working capacity in relation to work than normally exists on the labour market. This will leave these persons without income and place them at high risk of ending up in poverty.³⁴⁴ As mentioned before, legislative debate concerning this has been initiated and there are discussions on changes in order to assure clarifications of the concept of work than normally exists on the labour market, improvements of investigations and transparency for decisions on sickness allowance as well as improvements concerning requirements in relation to activities and measures relating to rehabilitation.³⁴⁵

There are also discussions and legislative investigations as concerns the troublesome situation for on-call workers and the need to improve the protection for these workers in relation to sickness benefits. Discussed changes concern: increased possibilities for these workers to have their working capacity assessed in relation to the work they conduct as on-call workers and not in relation to the general notion of work that normally exists on the labour market; and a calendar day calculation of the sickness allowance in relation to their income from work and not in relation to their unemployment benefits.³⁴⁶ In this legislative debate, the issue of part-time sickness allowance and the lack of flexibility as concerns how the working time shall be reduced in those cases, Has also been raised. There are suggestions for increasing that flexibility in order to allow for partial sickness allowance with reduction of working hours in a more flexible manner that could improve possibilities for persons to regain full capacity for

³⁴¹ Altermark, N. (2020), *Avslagsmaskinen: Byråkrati och avhumanisering i svensk sjukförsäkring* (The rejection machine: Byreacracy and dehumanisation within Swedish sickness insurance), Verbal, pp. 25ff.

³⁴² Government White Paper (SOU) 2020:6, *En begriplig och trygg sjukförsäkring med plats för rehabilitering* (An understandable and secure sickness insurance with room for rehabilitation), pp. 129ff.

³⁴³ Section 27 Art 25 Social Security Code.

³⁴⁴ For further discussion on the consequences and experiences of individuals in relation to this see Altermark, N. (2020), *Avslagsmaskinen: Byråkrati och avhumanisering i svensk sjukförsäkring* (The rejection machine: Byreacracy and dehumanisation within Swedish sickness insurance), Verbal, pp. 107ff.

³⁴⁵ Government White Paper (SOU) 2020:6, *En begriplig och trygg sjukförsäkring med plats för rehabilitering* (An understandable and secure sickness insurance with room for rehabilitation), pp. 155ff.

³⁴⁶ Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen* (Sickness benefits adapted for the individual), pp. 67ff.

work.³⁴⁷ Such changes are likely to improve the situation for casual workers, but it remains to be seen what concrete results this legislative debate will generate.

Throughout the sickness period the employer is also responsible for providing rehabilitation activities and measures to the employee in order to assist the employee in the recovery and in the process of getting back to work. This responsibility is in practice exercised in a form of cooperation between the employer, the employee, the Swedish National Social Security Agency and health care institutions, since the employer cannot be tasked with the medical assessment of what rehabilitation measures are most suitable, nor has the authority to assess the working capacity of the sick employee. In this regard the employee also has the responsibility of participating in rehabilitation measures since refusal to do so can cause a situation where the employer will be considered having just cause for dismissal.³⁴⁸ The obligation on the employer to provide rehabilitation activities and measures is of course not applicable when there is no employment contract and this puts casual workers in a precarious situation. In addition, it also causes difficulties for self-employed since they have no formal employer to turn to in this regard. In these situations, there are unclarities and deficiencies as concerns how relevant measures for rehabilitation shall be arranged. The Swedish National Social Security Agency is responsible for assuring that an investigation concerning the need for rehabilitation and decision on that need is made. However, critique has been raised questioning whether such decisions are properly conducted by the Swedish National Social Security Agency and generally initiated after an already long period of illness, not seldom due to contacts made by the employer.³⁴⁹ Such deficiencies in the activity of the Swedish National Social Security Agency also places additional risks on self-employed where there is no employer that will head the responsibility for rehabilitation activities. For casual workers who are subject to assessments on conditions applicable for unemployed, there will be no employer responsible for rehabilitation activities and as such they will be excluded from the potential measures in the rehabilitation chain.³⁵⁰

The issues raised in relation to casual workers as concerns insecurities relating to the assessment of decreased working capacity and initiation of rehabilitation activities are further increased during a period of illness that proceeds longer than that of a regular flu or similar. Even though sickness allowance will be paid on the basis of calendar days and thus generate a more foreseeable sickness allowance, from the 15th day of illness, the assessment of whether a person employed on call is entitled to sickness allowance will be based on the same criteria as for an unemployed person. In other words, that person's working capacity will be assessed in relation to any work that normally exists on the labour market. For a worker employed on-call in a job that requires physical capacity of for example heavy lifts an injured

³⁴⁷ Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen* (Sickness benefits adapted for the individual), pp. 121ff.

³⁴⁸ For a brief discussion on this see Glavå M. and Hansson, M. (2016), *Arbetsrätt* (Labour Law). Studentlitteratur. pp. 446f.

³⁴⁹ Government White Paper (SOU) 2020:6, *En begriplig och trygg sjukförsäkring med plats för rehabilitering* (An understandable and secure sickness insurance with room for rehabilitation), pp. 138ff.

³⁵⁰ Government White Paper (SOU) 2020:6, *En begriplig och trygg sjukförsäkring med plats för rehabilitering* (An understandable and secure sickness insurance with room for rehabilitation), p. 98.

shoulder will entail a decreased capacity of work for the on-call job. However, since that person's work capacity is instead assessed in relation to the whole labour market, it is likely that the result will be that the person is considered capable of conducting other forms of work and therefore is not entitled to sickness allowance.³⁵¹ Even though preliminary case law indicates that there could be possibilities for assessing the persons working capacity in relation to the on-call job if it would be unreasonable not to do so, there is as of yet no case law from the highest instance on this. If the worker employed on-call will be granted sickness allowance, then the calculation of the sickness allowance amount will be made on the basis of calculation for unemployed and thus related to what the worker would have received as unemployment insurance instead of what he/she would have received as salary.³⁵² The sickness allowance amount paid in these situations will thus be lower than what is the case for workers in more stable employments. This generates a situation of higher economic risks in case of sickness for people with casual employments than for people with more stable employments, both because of the lower levels of the benefits paid and the legal uncertainty as concerns the eligibility for sickness allowance.

For self-employed not running their business in the form of a limited company,³⁵³ but instead in the form of a sole proprietor, the system concerning sickness benefits, is more complicated both in relation to how the income base for calculating the benefits is decided and in relation to when the self-employed has qualified for sickness allowance. The general rule is that the income base for sickness benefits shall be calculated on expected future income assessed by using previous declared incomes, Section 25 Article 6 Social Security Code. Since the declared income is relating to what the income has been before a prognosis needs to be made in relation to how the previous income can be expected to change in the future and this can at times be a difficult assessment to make.³⁵⁴ The process of deciding the income base for sickness benefits for self-employed is complex and involves several steps, for example: assessments of the declared historic income for tax purposes; adjustments of the declared income in relation to financial dispositions of the business; adjustments in relation to the fees paid for social security contributions; whether the self-employed has had longer period of for example parental leave or sickness during the past three years and the future income therefore should be set at a higher level; as well as an assessment in relation to how the

³⁵¹ Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen* (Sickness benefits adapted for the individual), pp. 62ff.

³⁵² Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen* (Sickness benefits adapted for the individual), pp. 41ff.

³⁵³ For self-employed conducting business in the form of a limited company the assessment of income base for deciding on the level for sickness benefits will be conducted on basis of what salary the self-employed has taken up from the company before, what salary the self-employed declares that he/she will take up in the future and the economic conditions of the limited company in order to allow for such a salary. Since self-employed running their business in the form of a limited company are considered as employed by that company the regulations governing sick-pay and sickness allowance are the same as for employed persons. The difference only relates to the decision on income base for sickness benefits and therefore further discussion on this category of self-employed will not be included.

³⁵⁴ Ryberg-Welander, L. (2018), *Socialförsäkringsrätt: Om ersättning vid sjukdom* (Social Security Law: Concerning sickness benefits), Norstedts juridik, pp. 82f.

income has increased or decreased during the last three years.³⁵⁵ For self-employed that have more recently started up their business and for whom there is not enough previous tax declarations to pursue the assessment of future income based on historical income, or where the income is relatively low during the initial phase of the business it is possible to instead make an assessment based on what a comparable worker would receive as salary, Section 25 Article 9 Social Security Code. Such an initial phase will comprise the first 24 months of the business and during this period the income base for sickness benefits shall thus be set in accordance with the presumed income of a comparable worker.³⁵⁶

As already mentioned, self-employed are not covered by the Sick Pay Act,³⁵⁷ instead they are granted sickness benefits in the form of sickness allowance from the beginning of the sickness period. This does not, however, mean that a self-employed falling ill will receive sickness allowance from the first day if sickness, because the self-employed will be subject to a certain amount of quarantine days, i.e. qualifying days at the beginning of a sickness period for which no sickness allowance will be paid. It is in accordance with Section 27 Articles 29-33a Social Security Code possible for the self-employed to choose whether the person wishes to be subject to one, 14, 30, 60 or 90 such qualifying days. If the self-employed does not make an active choice the qualifying period will be set to seven days. The number of qualifying days affect the level of the social contribution fees that the self-employed will have to pay. It is possible for a self-employed to request a change of the number of qualifying days as long as the person is below 55 years. Such a change will only be implemented for future periods of illness, meaning that if a self-employed person falls ill and wishes to change the number of qualifying days, that change will not be applicable to the current period of sickness.³⁵⁸ The most common number of qualifying days for self-employed is seven days, but among the self-employed with highest income from their business choosing one qualifying day seems more frequent. In general, the average income decreases for self-employed in proportion to the number of qualifying days they choose, so that those choosing 90 qualifying days tend to have fairly low incomes. The exception from this tendency is the self-employed with seven qualifying days, who tend to have lower incomes than those choosing one or 14 qualifying days. The fact that income seems to decline in line with the number of qualifying days chosen could be an indication of these persons not being dependent on income or sickness allowances related to their business as the main source of income.³⁵⁹

Part of the measures relating to Covid-19 have been directed at assuring that people with symptoms follow the recommendations of staying at home. Therefore, measures have also been taken in relation to self-employed and the qualifying days at the beginning of a period

³⁵⁵ Government White Paper (SOU) 2019:41 *Företagare i de sociala trygghetssystemen* (Entrepreneurs in the social security systems), pp. 72ff.

³⁵⁶ Ryberg-Welander, L. (2018), *Socialförsäkringsrätt: Om ersättning vid sjukdom (Social Security Law: Concerning sickness benefits)*, Norstedts juridik, pp. 82f.

³⁵⁷ Unless, as mentioned before, they run their business in the form of a limited company and therefore are employed by that limited company.

³⁵⁸ Government White Paper (SOU) 2019:41 *Företagare i de sociala trygghetssystemen* (Entrepreneurs and the social security systems), p. 83.

³⁵⁹ Government White Paper (SOU) 2019:41 *Företagare i de sociala trygghetssystemen* (Entrepreneurs and the social security systems), pp. 85ff.

of sickness. Self-employed are due to these temporary changes able to claim sickness allowance also for the first 14 days of the sickness period and they will in such a case receive a flat rate sum per day of 804 or 810 SEK regardless of the number of qualifying days that the self-employed has chosen.³⁶⁰ This means that a self-employed who has chosen 14 days as a qualifying period will have a significantly higher protection for loss of income during the period covered by this measure related to Covid-19. For those having a shorter qualifying period the income base for sickness allowance will be decisive for whether or not this measure is to their advantage, but for self-employed with an income close to the poverty threshold the measure is likely to be to their advantage. Self-employed with a qualifying period of 30 or more days will have an increased protection, but will nevertheless be at risk of having days of sickness for which no compensation for loss of income is available.

As concerns the assessment of whether or not a self-employed being sick has a decreased capacity of working and thus entitled to sickness allowance, the regular rehabilitation chain is slightly adjusted. During the first 180 days of sickness the assessment of the sickness and decreased working capacity will be made in relation to the job the self-employed is normally conducting. It is only after that period that the assessment will change and the assessment of working capacity will instead be made in relation to work that normally exists on the labour market, with possibilities for exceptions if there are specific reasons.³⁶¹ The procedures for assessing eligibility for sickness allowance is therefore less likely to affect self-employed negatively in the sense that is the case for casual workers. However, there are other issues for self-employed concerning the rehabilitation chain and this relates to the responsibility for initiating and offering measures for rehabilitation previously mentioned. For employees this is the responsibility of the employer, but for self-employed who don't have an employer the situation becomes more difficult. It will for example be problematic for the self-employed to reorganise the business in order to adapt tasks and duties and a self-employed is not able to participate in rehabilitation activities organised by the Public Employment Services without closing down his/her own business completely.³⁶² The self-employed is thus left with fewer alternatives for rehabilitation and with less support in order to be able to come back to work from a period of sickness.

In addition, there are difficulties in relation to the possibilities of granting partial sickness allowance for self-employed in comparison with employees. A self-employed might have to

³⁶⁰ The different amounts relate to different periods of the Covid-19 pandemic, since the regulations have been subject to several prolongations and changes. Initially this was regulated in Article 6 Regulation (2020:195) regarding sickness benefits on account of Covid-19. For further information see Government webpage, *Åtgärder på socialförsäkringsområdet med anledning av coronaviruset* (Measures taken concerning social security in response to the Covid-19 pandemic), at https://www.regeringen.se/regeringens-politik/socialforsakringar/atgarder-inom-sjukforsakringen-med-anledning-av-corona/?TSPD_101_R0=088d4528d9ab20006934a919f8c1de317393b2d4264acc798ce66e0516eac0be2fe4dc840972fc0108a17209931430003d0448aac27115e5d7524c99486110d4b2c1c9c2fc9b25103f493b9fccd88f61f33c93418d40cb34fb95705c70ef47db (last accessed 20.05.2021).

³⁶¹ Government White Paper (SOU) 2019:41 *Företagare i de sociala trygghetssystemen* (Entrepreneurs and the social security systems), pp. 95f.

³⁶² Government White Paper (SOU) 2019:41 *Företagare i de sociala trygghetssystemen* (Entrepreneurs and the social security systems), pp. 96f.

conduct certain administrative tasks for the sake of the business in spite of being sick. If the self-employed spends the whole day at his/her workplace, then the self-employed cannot be considered working to a lesser extent and there will thus be difficulties in considering the working capacity as being decreased. There is also an issue with to what extent the loss of income that the self-employed faces due to sickness is proportionate in relation to the decreased working capacity in a similar manner as is the case for employees. There are also fewer possibilities of control in relation to sickness and decreased working capacity of the self-employed, since it is the entrepreneur him/herself that will need to certify this and there is no employer that assures an additional instance of control and assessment.³⁶³

3. POLICIES AND MEASURES INDIRECTLY INFLUENCING IN-WORK POVERTY

3.1. Minimum income

In Sweden there has thus far not been any initiatives or experiments of implementing a minimum income scheme. This section is therefore not relevant for Sweden, but in order to assure comparability of the different national reports the heading has been kept.

3.2. Childcare

The Swedish childcare system, offering day care for children from the age of one, has been developed under political ambitions of increasing birth rates and enhance parents' labour market participation. The costs for childcare have also for a fairly long time been subsidised and as a consequence considered low in an international perspective. Since 2001-2003,³⁶⁴ with the introduction of state aid to municipalities introducing a maximum fee for childcare, the costs for childcare have decreased and are set in relation to the income of the parents/s. Within certain limits childcare is even free of charge. Free childcare shall be offered three hours a day (525 hours per year) for children aged one year and older, up until the start of the first year of school, for parents that are either on parental leave with another child or unemployed. For children aged three years, up until the first year of school, free childcare of three hours a day shall be offered to all parents regardless of occupational status.³⁶⁵ For parents that wish to make use of childcare exceeding three hours per day the fee is calculated on the basis of the income of the parents where the fee cannot exceed three percent of the income of the parents for the first child, a maximum of two percent for the second child and no more than one percent for the third child. From the fourth child there is no additional fee. There is also a ceiling for the income that can be used for calculation of the fee, for the year 2020 set at 49.280 SEK before taxes per month. The income ceiling is calculated at household level meaning that if there are more than one parent, their total income is used for the calculation. This means that for 2020 the maximum fee cannot exceed 1.478 SEK for the first

³⁶³ Government White Paper (SOU) 2019:41 *Företagare i de sociala trygghetssystemen* (Entrepreneurs and the social security systems), pp. 93ff.

³⁶⁴ The system was not introduced in all municipalities at the same time, but since 2003 all municipalities of Sweden make use of the system in order to claim the state aid (see Lundin, D., Mörk, E. and Öckert, B. (2008), *Maxtaxan inom barnomsorgen – påverkar den hur mycket föräldrar arbetar?* (The maximum fee for childcare – does it affect how much parents work?) in *Ekonomisk Debatt* 7(36), pp. 29-43).

³⁶⁵ Section 8 Articles 4-7 Act (2010:800) on School and Education.

child, 986 SEK for the second child and 493 SEK for the third child. It is always the youngest child that is to be considered as the first child in relation to these calculations.³⁶⁶

For children that have started their first year of school childcare outside of school hours is also available, generally organised within the same localities as the school. The municipalities are obliged to offer such childcare up until the end of the academic year when the child turns 13 years old, i.e. the end of spring term the year that the child turns 13. For this form of childcare there are also limits to the fees, set slightly lower than for the childcare during the preschool years. The limits here are: two percent of the income of the parent/s for the first child; one percent for the second child; and one percent for the third child. For more children than three no additional fee is charged. The ceiling of the income to be used as a basis for calculation is the same and this means that the municipality can charge no more than 986 SEK for the first child and 493 SEK for the second and third child respectively for the year 2020.³⁶⁷ This reform has had a vast impact on assuring more equal levels of the fees for childcare between different municipalities and also decreasing the cost of childcare. However, those that have had the cost for childcare decreased the most are those with high incomes. This means that the costs for childcare make up a higher proportion of the disposable income for low-wage earners than for those with earnings exceeding the income ceiling.

In addition to the fairly generous childcare system in Sweden, it is also worth highlighting that the parental allowance scheme and regulations on parental leave from work are fairly extensive. The general parental leave and parental allowance scheme in Sweden has been explained above, but apart from the overall rights connected to the first periods of becoming a parent in Sweden it is also worth highlighting that for those with responsibilities for younger children, less than twelve years old, there are some additional regulations that complement the child care system in case of for example illness of the child. In such cases there is a right for a parent to take up temporary parental leave, accompanied with temporary parental allowance. The right to leave of absence is established in Article 8 Parental Leave Act and the right to leave is connected to the right to take up temporary parental allowance as regulated in Section 13 of the Social Security Code. The right to take up temporary parental allowance applies when a parent needs to take leave from work for taking care of the child temporarily, due to for example illness of the child or visits to child care facilities for the regular control schemes with for example vaccinations.³⁶⁸ A maximum number of 120 days of temporary

³⁶⁶ The definition on how to calculate and what income to consider for the calculation are found in Article 3 points 1 and 2, and Articles 5 and 5 a Regulation (2001:160) on state subsidies for municipalities that apply cap for maximum fee in child care. The examples in the text are based on the indexation amounts for 2020.

³⁶⁷ The examples are based on the indexation amounts set for 2020 in accordance with the regulation for calculation in Article 3 points 2-3 a Regulation (2001:160) on state subsidies for municipalities that apply cap for maximum fee in child care.

³⁶⁸ Section 13 Article 16 Social Security Code regulates these more common situations for which temporary parental allowance can be taken up. There are, however, several more specific situations also included covering severe illness of children under the age of 18, the death of a child etc. as well as the right for the father/partner of the mother to take temporary parental leave for ten days in conjunction with the birth of the child as discussed previously. The intention here is not to provide an in-depth discussion on all situations for which temporary parental allowance can be granted, instead the general picture of issues important in relation to child care needs is what is in focus.

parental allowance during a calendar year can be taken out for one child.³⁶⁹ The size of the benefit will be calculated and based on the same grounds as sickness allowance, but the income cap to be used for the calculation of the benefit is 7,5 times the annual indexation amount and there will not be any deduction for a qualifying day.³⁷⁰ It is also possible for a parent to transfer the right to take up temporary parental allowance to someone else who is covered by the income-based social security rights.³⁷¹ Which means that it is actually possible for parents to get help from other working persons to share the number of days staying home with an ill child.

3.3. Family and social assistance benefits

Apart from support in the form of social assistance, which will be accounted for below, we have also identified two other forms of benefits that could have an indirect impact on in-work poverty. One is a benefit directed at parents, called child allowance (barnbidrag in Swedish) and one is social assistance in the form of housing allowance (bostadbidrag) which young persons under the age of 29 and families with children can qualify for depending on income.

Starting with the child allowance, this is regulated in the 15th chapter of the Social Security Code. It is a benefit that follows automatically from the birth (or adoption)³⁷² of a child and it is tied to the child albeit paid to the parent who gave birth, or the parent having custody or paid with half amount to each of the parents if they so request. Child allowance is granted with 1.250 SEK per month for each child until the age of 16 years or until the child finishes basic school.³⁷³ If there is more than one child in the family an additional amount will be paid with 150 SEK per month for the second child, 580 SEK per month for the third child, 1.010 SEK per month for the fourth child and 1.250 SEK per month for the fifth child and any child more than five.³⁷⁴ For children that take part in upper secondary education, a similar form of allowance exist and it is granted with 1.250 SEK per month during the time that the child is enrolled full-time in upper secondary studies until the age of 20 years.³⁷⁵ Worth noting is that neither the child allowance, nor the study allowance are not related to the income of the parent since these are benefits directed towards the child. This means that this form of allowance will server rather to increase the disposable income of all households with children than as a form of support assisting those at risk of in-work poverty.

Housing allowance is a publicly funded, non-taxable support for housing costs that, depending on income, can be granted to households with children and young persons between the age

³⁶⁹ Section 13 Article 21 Social Security Code.

³⁷⁰ Section 13 Article 33 Social Security Code.

³⁷¹ Section 13 Article 8 Social Security Code.

³⁷² Since the actual sum of the child allowance is the same in any case, this report will not go into detail on the minor differences in terms of initial administration depending on whether the child has been adopted or given birth to.

³⁷³ Section 15 Articles 3-5 Social Security Code.

³⁷⁴ Section 15 Article 8 Social Security Code.

³⁷⁵ Section 2 Articles 3-7 Study Allowance Act (1999:1395).

of 18-28 years.³⁷⁶ Worth noting is that income in relation to housing allowance is not limited to income from work, instead it relates to declared income for taxation.³⁷⁷ This means that all forms of taxed income are basically considered, including income in the form of unemployment benefits, sickness allowance, parental allowance and so on. Housing allowance can be granted in three different parts: allowance for costs of housing; special allowance for children in the household; and special allowance for children that partially live in the same household.³⁷⁸ Whereas the first form of allowance is directly linked to the cost of housing, the other two have a character based in family policies and are thus only applicable for households with children.³⁷⁹ The allowance for costs of housing is related to the income of the household as well as the cost and size of the housing in relation to the number of children in the household. If the household income exceeds 150.000 SEK for the year during which housing allowance is applied for, then the allowance will be deducted with 20 percent of the income above that limit.³⁸⁰ This deduction applies to all three forms of housing allowance for families with children. In addition it is worth noting that only housing allowance exceeding 100 SEK per month will be paid out.³⁸¹ For housing costs above 1.400 SEK per month the housing allowance will cover 50 percent of the costs up to a maximum of costs corresponding to 5.300 SEK for families with one child, 5.900 SEK for families with two children and 6.600 SEK for families with three or more children.³⁸² In addition, the cost for the housing will be related to the size of the housing. If the size exceeds the recommended square meters,³⁸³ then the cost for the additional square meters will not be considered for the calculation of the allowance. Worth noting is that the amount relating to the maximum cost of housing were last changed in 2012.³⁸⁴

In principle this means that for a family with two children, where the household income is exactly 150.000 SEK per year and the housing cost is 5.900 SEK, then the housing allowance would be 2.250 SEK per month. Worth noting though is that the income level for the household to gain the maximum level of the housing allowance is set at such a low level, that it would generally indicate a single earner household where the person earning an income is not working full-time. The special allowance for children in the household is granted with a

³⁷⁶ Hessmark, L.-G. Jansson, H. Jenryd, M. Lundin A.-K. Rempner, K. and Tired, P. (2012) *Socialförsäkringsbalken – En kommentar: Avd. G Bostadstöd* (Social Security Code – Legal comments: Part G Housing support). Norstedts Juridik. p. 27.

³⁷⁷ The exact regulations for calculation of income in relation to housing allowance are found in Section 97 Articles 2-13 Social Security Code with references to regulations in taxation law.

³⁷⁸ Section 95 Article 2 Social Security Code.

³⁷⁹ Hessmark, L.-G. Jansson, H. Jenryd, M. Lundin A.-K. Rempner, K. and Tired, P. (2012) *Socialförsäkringsbalken – En kommentar: Avd. G Bostadstöd* (Social Security Code – Legal comments: Part G Housing support). Norstedts Juridik. p. 35.

³⁸⁰ Section 97 Article 15 Social Security Code. This income cap for when deduction of housing allowance starts was changed on July 1st 2020 (see Lag (2020:431) om ändring i socialförsäkringsbalken (Act (2020:431) on changes in the Social Security Code)).

³⁸¹ Section 97 Article 16 Social Security Code.

³⁸² Section 97 Article 18 Social Security Code.

³⁸³ The maximum size considered for calculation of the allowance depends on the number of children in the family as regulated in Section 97 Article 20 Social Security Code.

³⁸⁴ Lag (2011:1520) om ändring i socialförsäkringsbalken, (Act (2011:1520) on changes to the Social Security Code.

fixed sum per month of 1.500 SEK for families with one child, 2.000 SEK per month for two children and 2.650 SEK per month for three or more children.³⁸⁵ Special allowance for children that partially live in the same household is granted with a fixed sum of 500, 600 or 700 SEK per month depending on whether it concerns one, two or three or more children.³⁸⁶ The income limitations and deductions for incomes above mean that a household with two children that earns a total income of 534.000 SEK per year will not receive any housing allowance. This would imply a monthly salary per adult (if the household consists of two working persons) of 22.250 SEK, which in comparison with the median wage in Sweden for 2019 of 31.700 SEK³⁸⁷ is approximately 70 percent of the median wage. For a household consisting of one single parent with two children where the parent has an income of 150.000 SEK the total amount of housing allowance for the year would be 51.000 SEK on basis of the modes for calculating the benefit. Child allowance for one year based on two children would amount to 31.800 SEK. In total this would amount to a yearly income of 232.800 SEK, which would imply a monthly income of 19.400 SEK, which is approximately 61 percent of the median disposable income.³⁸⁸ This would seem as a situation where this household would actually be raised above the poverty threshold, but we still need to consider the fact that the 150.000 SEK taxable income for the year will be subject to tax deductions of nearly 30 percent³⁸⁹ and thus the actual disposable income of this household will fall below the poverty threshold regardless of the maximum amount of housing allowance being granted.

For young persons between 18-28 years without children it is also possible to apply for housing allowance in the form of allowance for cost of housing. The maximum income before the size of the allowance starts to be deducted is set at 41.000 SEK per year for a single person and 58.000 SEK per year for a couple. For incomes higher than that the allowance will be deducted by a third of the income exceeding the limit.³⁹⁰ For costs of housing between 1.800 and 2.600 SEK the allowance will cover 90 percent of the costs³⁹¹ and for costs between 2.600 SEK and 3.600 SEK the allowance will cover 65 percent of the costs.³⁹² If the size of the housing is exceeding 60 square meters, then the costs for the housing will be considered in proportion to 60 square meters only.³⁹³ Worth noting is that the income levels set are at such a low level that persons considered as in-work are unlikely to be considered for the maximum level of

³⁸⁵ Section 97 Article 22 Social Security Code.

³⁸⁶ Section 97 Article 22 a Social Security Code.

³⁸⁷ SCB (Statistics Sweden), *Medianlöner i Sverige* (Median wages in Sweden) at <https://www.scb.se/hitta-statistik/sverige-i-siffror/utbildning-jobb-och-pengar/medianloner-i-sverige/> (last accessed 24.05.2021).

³⁸⁸ SCB (Statistics Sweden), Disposable income by type of household, 2011-2019, at <https://www.scb.se/en/finding-statistics/statistics-by-subject-area/household-finances/income-and-income-distribution/income-and-tax-statistics/pong/tables-and-graphs/income--households-the-entire-country/disposable-income-by-type-of-household-2011-2019/> (last accessed 24-05.2021).

³⁸⁹ The precise percentage of taxes depends on where the person lives since taxes varies between different municipalities. In addition, depending on whether all income is from work or if some of it is income in form of sickness benefits or unemployment benefits tax levels will also vary a bit since income from work is subject to specific tax deductions not applicable for unemployment benefits or sickness allowance. The estimate of 30 percent tax deductions is thus a rough but still somewhat reasonable estimate.

³⁹⁰ Section 97 Article 24 Social Security Code.

³⁹¹ Section 97 Article 26 Social Security Code.

³⁹² Section 97 Article 27 Social Security Code.

³⁹³ Section 97 Article 28 Social Security Code.

the housing allowance for young persons. Instead, it is more to be considered a form of support for students taking up study allowances and merely working during breaks in between term time or similar. The share of the recipients of housing allowance (including both households with children and young persons) that are working has also decreased from approximately 40 percent in 1995 to about 35 percent in 2013,³⁹⁴ indicating that this form of assistance is becoming less of a support for persons in work.

A final note on the housing allowance is also that it is paid as a preliminary benefit based on the information provided at the time of application.³⁹⁵ During the year the benefit receiver is therefore obliged to report on changes of income to the Swedish National Social Security Agency³⁹⁶ and a final decision on the housing allowance for the whole calendar year will be based on the final decision on taxable income after the end of the year.³⁹⁷ If the final decision on the housing allowance results in a lower allowance than what has been paid, then the receiver will have to pay back the amount exceeding the final allowance unless that amount is less than 1.200 SEK.³⁹⁸ Even though the number of recipients of housing allowance has decreased over the years, the number of reclaims as well as the average amount of the reclaims have increased.³⁹⁹ In addition to the number of recipients having decreased, it has also been shown that the maximum amounts of the housing allowance, in spite of being in line with inflation, have actually lagged behind wage developments. There have also been tendencies of an increasing share of the housing allowance recipients being subject to a low economic standard.⁴⁰⁰

For persons that are experiencing specific hardship in a situation of difficulties to make ends meet there is also the possibility of applying for social assistance. This has been discussed briefly above in relation to the concept of a fair and adequate wage for assuring a decent standard of living,⁴⁰¹ where references to amounts granted are provided. However, it is also worth highlighting what the requirements are in order to be granted social assistance. The support is means tested and intended as a temporary solution for individuals with no other choice, which means that it will be granted on a case-by-case basis and for one month at a

³⁹⁴ Swedish National Audit Office (2017), *Bostadsbidraget – ur ett fördelnings- och arbetsmarknadsperspektiv* RIR 2017:9, (Housing allowance – from a redistributive and labour market perspective RIR 2017:9), p. 32.

³⁹⁵ Section 98 Article 2 Social Security Code.

³⁹⁶ This requirement of reporting income changes is not specifically regulated in the Social Security Code. Instead, it is clarified in documents concerning the process for housing allowance decisions as dealt with by the Swedish National Social Security Agency. See for example Swedish National Audit Office (2018), *Återkrav av bostadsbidrag – lätt att göra fel* RIR 2018:4 (Reclaims of housing allowance – easy to make mistakes, RIR 2018:4), pp. 18f where this is discussed.

³⁹⁷ Section 98 Article 5 Social Security Code.

³⁹⁸ Section 98 Article 6 Social Security Code.

³⁹⁹ Swedish National Audit Office (2018), *Återkrav av bostadsbidrag – lätt att göra fel* RIR 2018:4 (Reclaims of housing allowance – easy to make mistakes, RIR 2018:4), pp. 22ff.

⁴⁰⁰ Based on statistics covering the years 1995-2013. For further details see Swedish National Audit Office (2017), *Bostadsbidraget – ur ett fördelnings- och arbetsmarknadsperspektiv* RIR 2017:9, (Housing allowance – from a redistributive and labour market perspective RIR 2017:9), pp. 31ff.

⁴⁰¹ Part I section 2.1.1 above.

time.⁴⁰² The means-based side of social assistance has the implication that in order to be eligible the person shall be unable to support him/herself and have exhausted all other available potential resources and/or measures available.⁴⁰³ This includes that the person shall show a certain degree of responsible planning of expenses in relation to expected income.⁴⁰⁴ This further requires that the person has sought to increase his/her working hours in case of part-time or casual work and a person who is able to work full-time cannot take partial unpaid leave and then apply for social assistance to cover the loss of income.⁴⁰⁵

There is a strict requirement that if the person has capacity to work, then the person shall be at the disposal of the labour market, meaning that for someone who is temporarily unemployed there will be requirements of being an active job seeker in order to fulfil the requirements for social assistance. If an unemployed person fails to participate in job seeking activities that have been deemed part of the requirements for being an active job seeker, then the social assistance may be rejected.⁴⁰⁶ For self-employed unable to support themselves as entrepreneurs the person can be required to close down the business and find another job. A person can also be required to sell resources of their own such as for example a car or an apartment unless those resources are considered absolutely necessary for example in order to assure a stable environment for children in the household, getting to and from work or taking children to school. What a person will have to do in order to be granted social assistance will be subject to an individual assessment of the relevant conditions and specific situation for the person in question.⁴⁰⁷ As noted above, if a person is considered as not fulfilling requirements set, for example fails to be an active job seeker, the support may be cancelled. In other words, social assistance is not granted easily and will be fairly difficult to gain access to in a period of highly temporary financial difficulties. In addition, the financial support granted is set at a level that is unlikely to lift someone above the poverty threshold. In fact, the general amounts set have been criticised for not having been augmented in line with cost increases in society and therefore the levels of social assistance have been decreasing in relative terms and the gap in relation to the average disposable income has increased significantly.⁴⁰⁸ Therefore, social assistance for a person affected by in-work poverty will most likely only reduce the severance of poverty, but not serve to lift the person above the poverty threshold.

⁴⁰² Swedish National Board of Health and Welfare (2013), *Ekonomiskt bistånd – Handbok för socialtjänsten* (Social assistance – Instructions for social services), pp. 20ff.

⁴⁰³ Section 4 Article 1 Social Services Act.

⁴⁰⁴ Swedish National Board of Health and Welfare (2013), *Ekonomiskt bistånd – Handbok för socialtjänsten* (Social assistance – Instructions for social services), pp. 21ff.

⁴⁰⁵ RÅ 1987 ref. 167.

⁴⁰⁶ RÅ 1995 ref 97.

⁴⁰⁷ Swedish National Board of Health and Welfare (2013), *Ekonomiskt bistånd – Handbok för socialtjänsten* (Social assistance – Instructions for social services), pp. 22ff.

⁴⁰⁸ Bergmark, Å. (2014) *Ekonomiskt bistånd under socialtjänstlagen – en period av ökad restriktivitet och skärpta villkor*, (Social assistance in accordance with the Social Services Act – a period of increased restrictivity and sharpened conditions). in Petterson, U. (Ed.) *Tre decennier med socialtjänstlagen: utopi, vision, verklighet* (Three decades with the Social Services Act: utopia, vision, reality). Gleerup. pp. 34ff.

3.4. Healthcare and long-term care policies

In relation to long-term care policies and healthcare in Sweden it is worth noting the system for work-related injury insurance as regulated in the Social Security Code. Even though this is a protection mainly intended for persons suffering an injury that affects their capacity for working in a longer-term perspective, i.e. at least for a year, the qualification rules generate a need to discuss this issue in relation to persons subject to risks of in-work poverty to some extent. The most common form of benefit in relation to work-related injuries is a form of annuity intended to cover the injured person's loss of income caused by the decreased capacity of conducting a profession. The term used in relation to the decreased capacity of conducting work differs from that used in relation to sickness benefits in order to assure that decisions concerning the insurance are made on basis of economic invalidity. Therefore, it should not be confused with the term of decreased working capacity as used in relation to sickness allowances.⁴⁰⁹ In order for a person to qualify for annuity due to economic invalidity caused by work-related injury there are two basic requirements that need to be fulfilled in accordance with section 41 Article 2 Social Security Code. Firstly, the work-related injury needs to have caused a decrease of the person's capacity of conducting a profession with at least one fifteenth and that this decreased capacity will last for at least one year. In other words, the decreased capacity of conducting work does not have to be total, instead it can very well be partial, but it has to be of a long-lasting character. Secondly, the person needs to suffer a yearly loss of income of at least one fourth of the annual indexation amount, i.e. currently 11 825 SEK based on the indexation amount for 2020. Only when these basic requirements are fulfilled will the assessment of the person's right to annuity be conducted on the basis of a decision on whether the injury can be considered work-related or not.

The requirement of a minimum level of the loss of income is set at a fairly low threshold and in practice the basic requirements mean that a person with a yearly salary of 177 375 SEK (approximately a monthly salary of 14 800 SEK) will be able to qualify for the work-related injury insurance. The limit is thus set below the threshold of a low wage or in-work poverty, but it is worth noting that persons with irregular or low incomes due to intermittent employments or part-time work face higher risks of not being eligible for the work-related injury insurance.⁴¹⁰ Being subject to in-work poverty is therefore also a risk factor for poverty in case of work-related injuries that affect the capacity to work, which highlights the vulnerable position of these persons. However, for those qualifying for the right to annuity the amount paid will consist of up to 100 percent of the loss of income up to a maximum of 7,5 yearly indexation amounts in accordance with Section 41 Article 18 Social Security Code. Worth noting in relation to this is that certain categories of workers face higher risks of work-

⁴⁰⁹ In Swedish the term used is 'nedsatt förvärvsförmåga' instead of 'nedsatt arbetsförmåga' and for a remark on the need for distinction see Government White Paper (SOU) 2017:25 *Samlad kunskap – Stärkt handläggning: Betänkande av utredningen om en mer jämställd och rättssäker försäkring vid arbetsskada* (Collected knowledge – Strengthened cognizance: White paper from the investigation on a more equal and legally certain insurance for work injury), pp. 63ff.

⁴¹⁰ The difficult position of already vulnerable workers in relation to the work-related injury insurance is also pointed out in Inspection Authority for Social Security Benefits (ISF), Rapport 2019:10 *En jämställdhetsanalys av handläggningen av arbetsskadeförsäkringen* (Report no. 2019:10 An equality analysis of work-related injury insurance processes), pp. 29ff.

related injuries or at least accidents at work, some of which are also facing higher risks of in-work poverty. For persons with lower level of education and foreign background the risks of facing accidents at work are higher, and these groups also face higher risks of in-work poverty. However, the risks for accidents at work are also higher within certain sectors such as transport, production industry, mining, agriculture and construction where risks of in-work poverty are lower. In addition, self-employed also face higher risks of accidents at work.⁴¹¹ It is also worth noting that temporary agency workers, regardless of which sector they work in, face higher risks of accidents at work.⁴¹²

The collectively agreed insurance coverage for work-related injuries and work-related illnesses complements the legislated benefits related to work-related injury or illness in the sense that it also covers loss of income above the maximum level of 7,5 yearly indexation amounts in the statutory work-related injury insurance.⁴¹³ The form of illnesses and injuries covered are more or less the same as those for which compensation is granted in accordance with the legislation, since the administering insurance company in principle follows the decision by the Swedish National Social Security Agency on what to approve.⁴¹⁴ A slight difference lies in the assessment of lasting work-related illness, where the collectively agreed insurance hold the requirement that the illness must have persisted for at least 180 days, in comparison to the legislated requirement that the illness can be presumed to continue for at least one year. The collectively agreed insurance covers all employees in workplaces where there is an applicable collective agreement, but it is also possible for self-employed to sign up and pay for this insurance on their own and approximately 50 percent of self-employed in Sweden have done so.⁴¹⁵ This is thus a form of collectively agreed instrument that nevertheless can play a role for self-employed that are normally falling outside the scope of the collectively agreed additional protection mechanisms in Sweden. Nevertheless, it works mainly as a complement for those with higher earnings and is therefore likely to be of less importance for those subject to risks of in-work poverty.

⁴¹¹ On risk factors for workplace accidents see Swedish Work Environment Authority (Arbetsmiljöverket), Arbetsmiljöverkets analysrapporter 2014:2 *Risikfaktorer för arbetsolycka – bakomliggande faktorerers inverkan på individens olycksrisk* (Labour Inspection Authority analytical reports 2014:2 *Risk factors for accidents at work – underlying factors affecting the risk of accidents for individuals*).

⁴¹² Swedish Work Environment Authority (Arbetsmiljöverket) (2013), Projekt rapport – *In- och uthyrning av arbetskraft* (Project report – *Temporary agency work*).

⁴¹³ Government White Paper (SOU) 2017:25 *Samlad kunskap – Stärkt handläggning: Betänkande av utredningen om en mer jämställd och rättssäker försäkring vid arbetsskada* (Collected knowledge – Strengthened cognizance: White paper from the investigation on a more equal and legally certain insurance for work injury), pp. 66f.

⁴¹⁴ The collectively agreed insurances for the private sector (TFA), the municipal and regional sectors (TFA-KL) and the state sector (PSA) are all administered by the same insurance agency. For further info see Afa försäkring (no year indicated), *Trygghet vid arbetsskada – Om lagstadgad och kollektivavtalad arbetsskadeförsäkring* (Security in case of work-related injury – About statutory and collectively agreed insurances for work related injuries).

⁴¹⁵ Government White Paper (SOU) 2017:25 *Samlad kunskap – Stärkt handläggning: Betänkande av utredningen om en mer jämställd och rättssäker försäkring vid arbetsskada* (Collected knowledge – Strengthened cognizance: White paper from the investigation on a more equal and legally certain insurance for work injury), pp. 66ff.

Healthcare is part of the Residence-based social benefits⁴¹⁶ in Sweden, meaning that neither access to nor cost of healthcare is dependent upon income or employment status. In accordance with Section 7 Article 3 and of the Healthcare Act each region has the responsibility of assuring good healthcare for every individual resident within the territory of the region. The cost for healthcare is subsidised to a vast extent. Persons seeking healthcare thus pay fixed rates for different forms of examinations. There is also a maximum annual ceiling above which the person in need of health care will no longer pay additional cost for further care needs. The rates for appointments with doctors or other medical professionals can vary slightly between the different regions of Sweden. For 2020 the fee will be between 150-400 SEK, where the lower fees are set for an appointment with a general medical practitioner and the higher fees are for an appointment with a specialist medical practitioner.⁴¹⁷ The maximum annual ceiling for healthcare costs is set at 1.150 SEK⁴¹⁸ and once a person has paid cost for healthcare of that amount the person will not be charged for further healthcare costs the rest of the year. In case of hospitalisation the maximum fee charged will be 100 SEK per day.⁴¹⁹ Worth noting is that children and young people, up until the age of 20 years,⁴²⁰ have access to healthcare for free regardless of whether the care requires hospitalisation or not.⁴²¹ Healthcare in Sweden is thus generally affordable and neither access to, nor cost will depend on income or employment status. However, even though the fees are fairly low it is worth noting that for a person with a strained economy the fees will still set a higher threshold for seeking healthcare than for a person with a high income.

⁴¹⁶ The term 'social benefit' is used here rather than social insurance since health care is separate from the state social insurance system and instead falls under the responsibility of the regions, see Ryberg-Welander, L. (2018), *Socialförsäkringsrätt: Om ersättning vid sjukdom (Social Security Law: Concerning sickness benefits)*, Norstedts juridik, p. 43 for a brief discussion.

⁴¹⁷ Information retrieved from the web page of the Swedish organisation representing local municipalities and regions (Sveriges Kommuner och Regioner, SKR), see

<https://skr.se/halsasjukvard/patientinflytande/patientavgifter.14668.html> (last accessed 18/09/2020).

⁴¹⁸ Section 17, Article 6 Healthcare Act specifies 0,025 annual indexation amounts as the maximum limit and SKR has then calculated this and specified with a specific amount in their recommendations to the regions. The cap of 1150 SEK is set at national level, but regions can set the cap at a lower amount if they wish. I have not found any example of a region setting a lower cap though. Worth noting is that fees for appointments where the person in need of healthcare doesn't show up or if the person wishes to have an appointment without suffering from a disease or injury will still be charged regardless of whether the person has reached the cap of maximum annual fees for healthcare or not.

⁴¹⁹ SKR, see <https://skr.se/halsasjukvard/patientinflytande/patientavgifter.14668.html> (last accessed 18/09/2020).

⁴²⁰ There are minor deviations to this, where some regions start charging fees the day a person turns 20 years, some regions start charging fees the calendar year that the person turns 20 years, two regions have set the limit for free healthcare at 18 years instead and one region has a higher limit of 23 years for psychiatric healthcare appointments. See the document provided by SKR on fees for healthcare services 2020 available at https://skr.se/download/18.1509f18f17059700521f0222/1582650823232/avgifter_öppen_slutenvard_2020_uppdaterad.pdf (last accessed 2020-09-18). Regulations on fees for healthcare are found in Section 17 of the Healthcare Act, where general limitations for amounts of fees are set in Article 6 and additional limitations for children in the same household in Article 7, but the principles on free healthcare for children are actually expressed in the recommendations set by SKR.

⁴²¹ Free healthcare also applies to persons above the age of 85 years (in accordance with section 17 Article 3 Healthcare Act), but different regulations apply in relation to the need of elderly home services or the living in elderly care facilities/homes. These issues will not be dealt with further, due to the scope of this study.

Worth highlighting is that dental care is not covered by the general rules on health care in Sweden.⁴²² Therefore dental care is not subject to the same limitations of fees and can thus be more expensive. Fees for dental care are thus not subject to the same regulations. Until the calendar year that a person turns 23 dental care is free of charge, but for people older than that the fees are set by the regions and not subject to statutory limitations.⁴²³ Dental care is thus more expensive than general healthcare and this can be an issue for persons at risk of poverty who do not feel compelled to spend money on dental care, or might not be granted social assistance in order to afford dental care (or be willing to go through the procedures for applying for social assistance) and as a result become affected by problems related to poor dental health. Since poor dental health is also increasing the risk for other health related problems, such persons are thus facing increasing risks of sickness periods and the problems related to decreased income.⁴²⁴

On a final note, when discussing the issue of the health care system in Sweden it is of importance to also mention the changes introduced in 2008 concerning citizens right of choice of health care provider. These changes were introduced with the aim of improving quality in health care services by the means of assuring competition within the sector by opening up for private companies to provide health care services.⁴²⁵ In principle this means that citizens shall be assured the possibility of choosing between different providers (public or private) of the health care services they need. It is mandatory for the regions to assure such a possibility of choice for the citizens and municipalities are free to also make use of the regulations and as a result outsource parts of their health care services to private companies through public procurement. However, the lack of specific and clear regulations on public procurement in relation to working conditions have caused a situation where the public authorities formulating the requirements for public procurement do not take necessary account of working conditions when assessing the bids. As a result, this change has been considered to have generated a weakened protection and worsening of working conditions within the health care sector. In particular, the introduction of New Public Management, which has gained further influence in the health care sector due to the increased privatisation of the sector, has been highlighted as a root cause of the implementation of manning policies that have had negative effects for the working conditions in this sector.⁴²⁶ A study conducted

⁴²² Section 2 Article 1 Healthcare Act.

⁴²³ Article 15a Dental care Act (1985:125). The exception being dental care that needs surgery or care of a character that requires hospitalisation where the fees are to be applied in accordance with the regulations in the healthcare Act instead.

⁴²⁴ These issues were highlighted during the national workshop for the project where it was also pointed out that in addition to increasing general health problems, persons with poor dental health can also face difficulties in relation to finding jobs because poor dental health can contribute to a negative perception of the person during for example job interviews.

⁴²⁵ This is regulated in Act on systems for free choice (lag (2008:962) om valfrihetssystem, abbreviated LOV) and a thorough investigation on the reasons for this system can be found in Government White Paper (SOU) 2008:15, LOV att välja – lag om valfrihetssystem: betänkande (Permission to choose - Act on a system of choice: Government White Paper).

⁴²⁶ A brief overview of previous research in addition to a study focusing on the specific case of personal assistance for disabled and how municipalities have dealt with public procurement of such services in relation to working conditions for employees in the sector can be found in Schömer, E. and Olsson, L., (2019) *Arbetstagares villkor i skymundan vid upphandling av sociala välfärdstjänster* (Workers conditions in the shade

by Kommunal showed that the wage differences between blue-collar occupation in public health and care services compared to private companies in the same sector were about 2 300 SEK less in private enterprises.⁴²⁷ In addition, it is worth noting that working conditions in terms of working hours, work schedules and so on can differ⁴²⁸ and that different forms of collectively agreed additional benefits in relation to sickness, parental leave, pensions and in situations of redundancies may hold differences between public and private employers.⁴²⁹

3.5. Education and lifelong learning

The issue of education and life-long learning in Sweden has been accounted for, to some extent, in previous sections concerning public employment services and the issue of vocational training. The different forms of support offered through the public employment services including the possibilities for being assigned to an introduction employment, can be considered as supportive measures for individuals that lack the skills required on the labour market in order to find a job with a decent salary. The shortcomings of those structures, including the limited regulations on vocational training, have also been discussed in the previous sections. Therefore, those aspects will be left out here and instead the focus will be on a brief, but general overview of the education system in Sweden in terms of accessibility and costs.

The overarching principle in Sweden is that education shall be free of charge and the right to free education is found in Section 2 Article 18 Instrument of Government. This right is further regulated in the specific legal acts applying to basic and secondary education and the legal acts governing higher education.⁴³⁰ The right to free education applies for the basic compulsory school years lasting until the ninth grade as well as for the voluntary, but necessary, upper secondary school, including adult schooling for those that have not completed upper secondary school or basic compulsory education. It also applies for adult schooling in terms of courses in Swedish as a foreign language for immigrants. In addition, higher education is also subject to these principles and therefore there are no general term fees for universities.⁴³¹ For higher education as well as for adult schooling it is also possible to

during processes of public procurement of social welfare services), in Mannelqvist, R., Ingmanson, S. and Ulander-Wänman, C (Eds.) *Festskrift till Örjan Edström*. Umeå universitet, Skrifter från juridiska institutionen, No. 41.

⁴²⁷ Andersson, H. *Så mycket bättre? 2018 – En jämförelse av anställningsvillkor och löner i privat och kommunalt driven äldreomsorg* (So much better? 2018 - A comparison of working conditions and wages in private and public elderly care). Kommunal, 2018.

⁴²⁸ Since working-time regulations are semi-discretionary it is possible with varying forms of deviations between different collective agreements.

⁴²⁹ For a discussion on the differences between different sectors of the labour market in relation to parental leave benefits see Julén Votinius, J. (2020) *Collective Bargaining for Working Parents in Sweden and its Interaction with the Statutory Benefit System*, in *International Journal of Comparative Labour Law and Industrial Relations*, Vol. 36, No. 3, 367-386.

⁴³⁰ Relevant regulations concerning free education are for primary school Section 7 Article 3, for secondary school Section 15 Article 17 and for adult schooling Section 20 Article 7 Act on education (Skollag (2010:800)). For tertiary education the regulation on free education are found in Section 4 Article 4 Act on higher education (Högskolelag (1992:1434)).

⁴³¹ Free university education applies to Swedish residents and EU residents, but third country nationals will need to pay fees.

apply for study allowances in order to support oneself during the period of studies.⁴³² The cost for education in Sweden is therefore not much of an issue for discussion, but a brief comment on other aspects relating to the Swedish school system could still be useful.

The school system in Sweden has since the 1990s undergone changes whereby schools can now be run by private enterprises, albeit publicly financed. These changes were introduced in order to open for individuals to choose the school they preferred and the intention was that increased competition would generate better schools run in more cost-efficient manners. The assumption was that these changes would lead to poor performing schools becoming outperformed by well-performing schools and that the quality of education would thus increase. However, the system of privatization of schools and free choice for the individual has been criticised for actually doing the opposite and having increased socio-economic inequalities instead. It has been claimed that the system has generated a division of schools between schools with well-performing pupils from families with median to higher incomes and schools with socio-economic vulnerable pupils that tend to not perform as well. In this sense, the socio-economic background of a pupil is likely to affect what school this pupil attends and how the pupil will perform in school.⁴³³ Even though this is an issue not directly affecting in-work poverty, it is worth bearing in mind in terms of the effects for children growing up in in-work poor households and whether or not those children would face higher risks for ending up in similar situations as their parents.

⁴³² Study allowances in Sweden are comprised of a combination of a benefit and a loan and subject to certain requirements of study performance. In addition, there are limits as to how much a person can earn as income whilst taking up study allowance, which in principle excludes possibilities of combining the study allowance with more than temporary, extra work as a student. Therefore, the specific details of this system will not be accounted for here. The regulations governing this system are found in Act (1999:1395) on study allowances (Studiestödslagen).

⁴³³ The reform of the Swedish school system is scrutinised from several different points of view in Dahlsted, M. and Fejes, A. (Eds.), (2019), *Skolan, marknaden och framtiden* (The school, the market and the future). Studentlitteratur. The issue were addressed in an inquiry concerning the Swedish school system (see Government White Paper (SOU) 2017:35 *Samling för skolan: Nationell strategi för kunskap och likvärdighet* (Coming together for the school: A national strategy for knowledge and equality)), but it did not lead to a change of the idea of free choice of schools nor of the possibilities for private enterprises to run schools.

SPECIFIC VUP ANALYSIS

PART II. VUP GROUPS ANALYSIS

I. VUP GROUP 1. LOW- OR UN-SKILLED STANDARD EMPLOYMENT

1. Definition

The legally defined standard form of employment is in accordance with Article 4 Employment Protection Act an employment of indefinite duration. Whether such an employment should be a full-time or part-time employment is not defined in law, but the presumption of a full-time employment is often part of the definition of standard employment in debate and research. Such a presumption is also possible to identify through the reasoning and requirements adopted in relation to social security benefits and from clauses in collective agreements, whereby part-time employments can be subject to specified clauses of various forms and in that sense framed as a form of employment deviating from the standard form of employment.⁴³⁴ As for low-skilled workers, the Swedish legislation does not separate between different categories of workers, but the collective bargaining system is generally established in line with different categories where blue-collar workers organised in trade unions belonging to the central organisation LO are generally perceived as belonging to such a category. White-collar workers (organised in trade unions belonging to TCO) and academically trained professionals (organised in unions belonging to SACO) are in general not considered part of the groups conducting low-skilled work.⁴³⁵ The term low-skilled work is not, however, positively perceived in Sweden and blue-collar unions often seek to promote other concepts for characterising the work that their members conduct, seeking to emphasise that blue-collar work often require specific skills and as such should not be considered low-skilled work.⁴³⁶ The workers of interest for this analysis would thus be workers in professions where there is no general requirement of higher education and where the work is considered less qualified in terms of the formal level of education required.

Since this VUP group shall take into consideration workers employed in poor sectors it is also of importance to clarify that there are no sectors in Sweden that fall under the definition of a poor sector according to EU standard, because there is no sector in Sweden where at least 20 percent of the workers are low-wage earners. At EU level the five sectors identified as poor sectors are:

- Accommodation and food services activities;
- Administrative and support services activities;

⁴³⁴ An example from collective agreements are clauses regulating employers' obligation to seek to assure a minimum number of weekly working hours for part-time employees or to try and provide full-time employment for part-time employees before recruiting new staff. See for example Clause 16 section 1 and Clause 5 section 1 SKR and OFR, *Allmänna bestämmelser* (General regulations). The definition of a part-time worker in Article 2 Act on Prohibition of Discrimination of Part-Time Employees and Employees with a Fixed-Term Employment (SFS 2002:293) is based on the idea that the worker conducts working hours of a lesser amount than a worker who is employed on a full-time basis whereby the assumption full-time work as the standard form of work and part-time work as something deviating from the standard form of work can also be derived.

⁴³⁵ Adlercreutz, A. and Nyström, B. (2015) *Labour Law in Sweden*. Wolters Kluwer. pp. 172ff.

⁴³⁶ These forms of opinions have been consistently expressed by representatives for LO-affiliate unions in my contacts with them during the work with this project.

- Arts, entertainment and recreation;
- Wholesale and retail trade; repair of motor vehicles and motorcycles;
- Other services activities.⁴³⁷

In the Swedish context four of these sectors of activity also show higher rates of low-wage earners than the overall rate of low-wage earners in Sweden at 3,61 percent in 2018,⁴³⁸ whereas wholesale and retail trade; repair of motor vehicles and motorcycles show lower rates of low-wage earners at 2,29 percent. The highest rate of low-wage earners is found in arts, entertainment and recreation at 13,39 percent, followed by accommodation and food services activities at 11,46 percent and administrative support services activities at 10,17 percent. Other services activities show a rate of low-wage earners at 6,39 percent, which is still well above the overall rate. However, worth noting for the Swedish context is that also the sectors education; and human health and social work activities, show higher rates of low-wage earners than the overall rates, at 5,40 and 3,71 percent respectively.⁴³⁹ However, since that data excludes employees in public entities and those sectors of activity still to a fairly high degree are publicly run in Sweden the figures need to be interpreted with caution and it needs to be pointed out that the rates of low-wage earners are only applicable for employees in private entities in these sectors. For example, within the health and care services sector the exclusion of public run entities from the statistics can have a certain impact since wages tend to be lower in privately run health and care services entities than in publicly run organisations. A study based on wage statistics for full-time employed persons in elderly care conducted by the trade union Kommunal in 2018 showed that the wage difference between private and public elderly care facilities was around 10 percent with an approximately 2.300 SEK lower wage in private elderly care.⁴⁴⁰

When searching for information on a more detailed level for occupations a report from the Swedish National Mediation Office concerning minimum wages shows that wages below 60 percent of the median wage in Sweden are rare, but three occupations show higher rates of such low wages than the rates for the labour market as a whole. The occupations are restaurant personnel; customer services personnel etc in the private sector; and private sector cleaner. Whereas the total proportion of employees earning a wage below 60 percent of the median wage was 0,9 percent, these occupations showed figures of 7,9 percent (restaurant personnel), 3,6 percent (customer services personnel etc) and 1,6 percent (private sector cleaners). A majority of these workers, however, are either younger than 20 years, work less than 40 percent of full-time or have variable supplements to their salary that raise their pay above 60 percent of the median wage. If employees that fit into either of those three groups are excluded, then the proportion of employees earning less than 60 percent of the

⁴³⁷ The sectors of activity are taken from the NACE rev. 2 classification. See EUROSTAT, *Statistical classification of economic activities in the European Community*, part. IV, *Structure and Explanatory Notes*, in <https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF>.

⁴³⁸ The overall rate is based on the overarching sector of industry, construction and services (except public administration, defence, compulsory social security) and focuses on employees, but excludes apprentices in accordance with the NACE rev. 2 classification. See EUROSTAT, *Statistical classification of economic activities in the European Community*, part. IV, *Structure and Explanatory Notes*, in <https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF>.

⁴³⁹ Eurostat: `earn_ses_pub1n`, extraction 18.01.2021.

⁴⁴⁰ Andersson, H. *Så mycket bättre? 2018 – En jämförelse av anställningsvillkor och löner i privat och kommunalt driven äldreomsorg (So much better? 2018 - A comparison of working conditions and wages in private and public elderly care)*. Kommunal, 2018. p. 11f.

median wage is significantly lower: 1,9 percent of employees working as restaurant personnel; 1,8 percent of employees working as customer services personnel etc in the private sector; and 0,6 percent of employees working as private sector cleaners. This can be compared to the rate of 0,3 percent for the whole labour market.⁴⁴¹

Since restaurant personnel, customer services personnel and private sector cleaners also are likely to fit within relevant sectors of activity identified at the European level (accommodation and food services; administrative and support services; and other services) there are good reasons to provide an analysis relating to these groups of blue-collar workers in this analysis of workers in low-wage standard employment. However, since the sectors of education and; human health and social work activities (in private run entities) also show higher numbers of low-wage earners than the overall rate in Sweden it has been deemed relevant to also include blue-collar workers within these two sectors in the further analysis. In addition, the five sectors highlighted at European level need to be addresses in order to assure comparability with the other countries included in the project. These considerations have been the basis for selection of collective agreements to include in the study of working conditions and therefore collective agreements relating to other sectors of activity and occupations requiring higher levels of education have not been studied to the same extent.⁴⁴² Worth noting, however, is that the analysis in relation to in-work poverty rates will need to be conducted in a manner where several sectors are grouped together since those figures have not been possible to exploit at a detailed sectoral level.⁴⁴³ Therefore, the following analysis will be using examples from different sectors when possible, but more often an overall picture for standard employees in low-skilled occupations in low-wage sectors will be accounted for and discussed.

2. Relevant legal framework

2.1. Unionization and collective agreements coverage

When going through statistics on trade union membership levels for Swedish workers it is evident that there has been an overall decline in unionisation rates during the past 15 years and that this declining trend is specifically noteworthy amongst blue-collar workers. 15 years ago, blue-collar workers showed higher rates of unionisation than white-collar workers. However, whereas white-collar workers show a slight decline in unionisation rates, the declining rates for blue-collar workers have been significant and unionisation rates for white-collar workers are now higher than for blue-collar workers in both public and private sector.⁴⁴⁴ The decline has been specifically noteworthy for some of the sectors identified as relevant in relation to low-wage workers. For the private sector overall the unionisation rates for blue-collar workers have declined from 74 percent in 2006 to 57 percent in 2019. In retail and trade the decline is less, but from already lower rates of unionisation with 64 percent in 2006 down

⁴⁴¹ Hällberg, P. and Kjellström, C., *Collective agreements and minimum wages*, (2020) Swedish National Mediation Office, p. 4.

⁴⁴² Worth noting is that this report does not refer to all collective agreements studied, since the ambition has been to keep the length of the report reasonable and reader friendly. Examples, are given in different places of the report, when such examples are found useful for the argumentation and discussion in the report.

⁴⁴³ See the explanatory text in the appendix.

⁴⁴⁴ Kjellberg, A. (2020), *Den svenska modellen i en oviss tid: Fack, arbetsgivare och kollektivavtal på en föränderlig arbetsmarknad* (The Swedish Model in Uncertain Times: Trade Unions, Employers and Collective Agreements on a Changing Labour Market). Arena Idé, p. 134, picture 1.

to 52 percent in 2019. The sector with lowest rates of unionisation is the hotel and restaurant sector where the rate of unionisation has decreased the most from 52 percent in 2006 to 27 percent in 2019. Business services, where customer services would be included, show a declining rate of unionisation from 68 percent in 2006 to 49 percent in 2019 and for other services in the private sector where cleaning is included the unionisation rates have declined from 71 percent in 2006 to 50 percent in 2019.⁴⁴⁵ Preliminary figures from March and April 2020 do show increasing membership rates in several of the relevant trade unions,⁴⁴⁶ but so far it has not been possible to find updated statistics on unionisation rates for the sectors concerned.

Collective agreement coverage in Sweden is generally high, but there are differences between the public and private sectors as well as between different parts of the private sector and between smaller and larger employers. For the public sector, where we would for example find some of the blue-collar workers in health and care services, education services and social activities services, collective agreement coverage is 100 percent. The situation is somewhat different within the private sector where the total collective agreement coverage for workers between 15-74 years was 82 percent in 2018.⁴⁴⁷ These figures relate to the share of employees covered by collective agreements for the whole labour market, but more detailed statistics on collective agreement coverage, in relation to the share of employees covered in specific industry sectors, have not been possible to find. However, some statistics in relation to smaller companies holding collective agreements within different private sectors do exist. Worth noting is that the share of smaller companies is fairly high in Sweden. In 2018, 97 percent of all companies employing at least one person were of the size between 1-49 employees. However, due to the fact that bigger companies employ a larger share of employees in Sweden it needs to be pointed out that figures relating to the share of collective agreements amongst smaller companies will generate lower numbers than what a calculation based on the coverage in relation to share of employees would.⁴⁴⁸

What can be concluded from the figures available in relation to smaller companies is that the smaller the company the lower the probability of the employer having a collective agreement. In 2017, collective agreement coverage was just above 31 percent for companies with 1-4 employees and 58 percent for companies with 5-9 employees. This can be compared to 94 percent for companies with at least 250 employees.⁴⁴⁹ Figures for 2015 for companies with

⁴⁴⁵ Kjellberg, A. (2020), *Den svenska modellen i en oviss tid: Fack, arbetsgivare och kollektivavtal på en föränderlig arbetsmarknad* (The Swedish Model in Uncertain Times: Trade Unions, Employers and Collective Agreements on a Changing Labour Market). Arena Idé, p. 134, table 1.1. Worth noting is that the sectors indicated in this table do not fully correspond to the categorization of sectors in accordance with the NACE rev 2 classification and therefore figures are not possible to provide for each of the identified potential low-wage sectors identified in the previous section.

⁴⁴⁶ Kjellberg, A. (2020), *Den svenska modellen i en oviss tid: Fack, arbetsgivare och kollektivavtal på en föränderlig arbetsmarknad* (The Swedish Model in Uncertain Times: Trade Unions, Employers and Collective Agreements on a Changing Labour Market). Arena Idé, p. 183, table 69.

⁴⁴⁷ Kjellberg, A. (2020), *Den svenska modellen i en oviss tid: Fack, arbetsgivare och kollektivavtal på en föränderlig arbetsmarknad* (The Swedish Model in Uncertain Times: Trade Unions, Employers and Collective Agreements on a Changing Labour Market). Arena Idé, p. 90.

⁴⁴⁸ Calmfors, L. Ek, S. Kolm, A.-S. and Skedinger, P. (2019) *Kollektivavtal och lönebildning i en ny tid* (Collective Agreements and Wage Formation in a New Era), Dialogos, pp. 59f.

⁴⁴⁹ Kjellberg, A. (2020), *Den svenska modellen i en oviss tid: Fack, arbetsgivare och kollektivavtal på en föränderlig arbetsmarknad* (The Swedish Model in Uncertain Times: Trade Unions, Employers and Collective Agreements on a Changing Labour Market). Arena Idé, p. 92.

1-49 employees in different parts of the private sector show that the highest share of small companies covered by collective agreements was the hotel and restaurant sector at 66 percent followed by transport at 56 percent, construction at 53,5 percent and industry at 52 percent collective agreement coverage. Within retail and trade, small companies held a collective agreement coverage of 45 percent and for small companies in the private education and care sector the coverage rate was 40,5 percent. The lowest share of collective agreement coverage for smaller companies was found amongst those active within other services, which includes private sector cleaning, at 22 percent.⁴⁵⁰ With the exception of the hotel and restaurant sector the lowest shares of collective agreement coverage is thus found in female dominated sectors such as retail, education and care services and other services, whereas male dominated sectors such as construction and industry show a higher rate of collective agreement coverage amongst the small companies.

For the retail and trade sector in particular statistics from the trade union organisation Handels based on workplaces where at least one employee is a member of the trade union indicate higher shares of collective agreement coverage than the figures based on the situation amongst small companies. The statistics from Handels are for January 2021 and show that 78,3 percent of workplaces, where at least one employee is a member of Handels, are covered by collective agreements and that the share of their members working in a workplace with a collective agreement was 93,3 percent.⁴⁵¹ The trade union organisation amongst blue-collar workers in trade and retail is, however, fairly low at 52 percent in 2019,⁴⁵² which indicates that numbers based on workplaces where at least one employee is a member of the trade union are likely to indicate higher numbers than for the sector as a whole. Since the statistics from Handels cover also larger companies this can be considered to confirm that larger employers are more likely to sign collective agreements. In addition, it also shows that when there are employees that are members of the relevant trade union for the sector, then there will be a higher probability that the employer will also sign a collective agreement.

2.2. Statutory provisions that worsen working conditions

Due to standard employment being the presumption on which most labour law protection, social security benefits and additional benefits from collective agreements are based, these workers are subject to few (if any) statutory provisions or clauses in collective agreements that would be considered to worsen their conditions.⁴⁵³ The main problems for these workers are instead related to the risks posed by the decreased income connected to social security benefits, which in general only cover income up to 80 percent of the previous wage.⁴⁵⁴ This construction increases the risks for these workers of falling below the poverty threshold

⁴⁵⁰ Kjellberg, A. (2020), *Den svenska modellen i en oviss tid: Fack, arbetsgivare och kollektivavtal på en föränderlig arbetsmarknad* (The Swedish Model in Uncertain Times: Trade Unions, Employers and Collective Agreements on a Changing Labour Market). Arena Idé, p. 175, table 60.

⁴⁵¹ Handels, (2021) Statistical document without title provided by contact at Handels.

⁴⁵² Kjellberg, A. (2020), *Den svenska modellen i en oviss tid: Fack, arbetsgivare och kollektivavtal på en föränderlig arbetsmarknad* (The Swedish Model in Uncertain Times: Trade Unions, Employers and Collective Agreements on a Changing Labour Market). Arena Idé, p. 134, table 1.1.

⁴⁵³ The issue of standard employment being the presumption for the framing of labour law and social security protection has been highlighted throughout the general analysis in Part I of this report.

⁴⁵⁴ For further details on the calculation of amounts for social security benefits see the sections above in relation to sickness benefits, parental leave benefits and unemployment benefits.

during periods where the worker temporarily takes up social security benefits. In relation to unemployment benefits, it is especially noteworthy that the requirement of accepting a suitable job, involves a threshold of a wage as low as 90 percent of the unemployment benefit paid as a minimum for deeming the income from the job suitable.⁴⁵⁵ This means that these workers, who will be subject to fairly low unemployment benefits, face risks of having to accept job offers with a wage at such a low level as to increase their risk of in-work poverty even further. Even though it is doubtful that a job offer involving a wage that is significantly lower than wage levels applied in collective agreements would be considered suitable and minimum wage levels in general tend to be set above the poverty threshold,⁴⁵⁶ the lack of case law as to what is a suitable job offer in relation to the wage offered for that job causes a specific risk for these workers.

Finally, to be considered and discussed in relation to risks for these groups are issues relating to outsourcing tendencies and/or privatisation of certain forms of low-skilled work relating to for example health and care services. This, in addition to the issue of the lower level of collective agreement coverage in the private sector and especially for certain sectors and occupations where there are also higher rates of low-wage earners cause concern. The importance of collective agreements in setting minimum wages and the lack of a clear enforcement practice concerning minimum wages in workplaces where there is no collective agreement cause risk for certain groups of low-skilled workers. If they are employed by private employers without collective agreements, they could be subject to wages below the levels established in collective agreements applicable for other workplaces in the same sector.⁴⁵⁷ This problem is particularly pertinent for occupations where there is a surplus of workers, a low level of trade union membership and the job seekers and/or workers are less likely to voice their rights or express demands for decent working conditions. In such situations it is possible for the employer to unilaterally set the wage and also find workers willing to accept even very low wages. The lack of minimum wage protection for workers in workplaces without collective agreements⁴⁵⁸ is therefore an issue that requires attention and needs to be addressed in discussions on in-work poverty.

⁴⁵⁵ As regulated in Swedish Inspection Authority for Unemployment Benefits Regulation No. 2015:3 (IAFFS 2015:3).

⁴⁵⁶ For a brief discussion on minimum wage levels in collective agreements in relation to poverty thresholds see Hällberg, P. and Kjellström, C., *Collective agreements and minimum wages*, (2020) Swedish National Mediation Office. As for the criteria for assessing the suitability of a job offer, the application of these has been investigated and discussed in Inspection for Unemployment Benefits (IAF), Report 2017:16 *Tillämpningen av regelverket för lämpligt arbete* (The application of the regulations on a suitable job). However, the issue of the wage level for a suitable job offer was not explored in detail in that investigation and it has not been possible to find case law offering clear conclusions in relation to this issue. The conclusion that a job offer with a wage significantly below the minimum levels in relevant collective agreements is drawn on the basis that conditions from collective agreements are generally part of assessing good practice on the labour market and it is hardly plausible to assess something that would be considered as deviating from good practices on the labour market as suitable.

⁴⁵⁷ The Swedish model for setting wages and collective agreements as the core of this model has been discussed in detail in Part I section 2.1.2 on minimum wage policies above.

⁴⁵⁸ For further discussion on this see the Part I section 2.1.2 on minimum wage policies above.

2.4. Active policies, training and unemployment benefits

As accounted for above in the general analysis within the section covering vocational training there are no requirements obliging an employer to provide vocational training during an employment. Instead, such an obligation can only be found to a limited extent in relation to the situation where the employer offers the employee a new position as an alternative to dismissal, or on the basis of regulations in transition collective agreements.⁴⁵⁹ Since standard employees are generally covered by the application of such clauses, they could benefit from the support offered through the transition agreements. However, it is still the case that any such support will be only in the case of a redundancy situation and thus training policies or activities during employment are not guaranteed for these workers. An employer is of course free to offer vocational training for employees regardless of there being no such statutory demands. The presence of such initiatives for low-wage workers are difficult to assess. A report from the trade union Handels showed that vocational training is rarer for workers in retail than for the labour market as a whole. In addition, there were differences between different categories of employees within retail and trade showing that white-collar workers more often than blue-collar workers were offered vocational training.⁴⁶⁰

If these workers do end up unemployed, there are potential issues in relation to unemployment benefits. The reforms concerning fees for unemployment benefits in 2006-2007 resulted in a higher share of persons from low-wage sectors leaving the unemployment benefits funds since the increase of the fees were the highest in such sectors.⁴⁶¹ Even though the temporary Covid-19 related changes to the unemployment benefits requirements for eligibility are likely to have increased membership levels again it is difficult to assess the impact of this on low-wage workers. In addition, these changes are temporary and unless changes to the previous permanent rules are made the limitations to the cap of benefits paid and the stricter eligibility criteria in terms of length of membership required for access to income-based unemployment benefits will again pose similar risks for low-wage workers as they did before Covid-19. The lower wages for workers in this group in combination with the higher risks of facing unemployment are thus likely to increase the risk for poverty of this group in the situation where such a worker would become unemployed.

3. Descriptive data and impact analysis

3.1. Workforce composition

Workers in low-wage and low-skilled occupations employed full-time on a permanent employment contract make up a fairly small proportion of the entire in-work population in Sweden.⁴⁶² Throughout the years the proportion has varied slightly, 7,5 percent in 2007, 6,9

⁴⁵⁹ As discussed in Part I section 2.2.1 and 2.2.3 above covering unemployment policies and vocational training.

⁴⁶⁰ Berggren, C. (2018) *En kompetent handel – Omställning och kompetensförsörjning i handeln* (A competent retail sector – Transition and competence resource in retail) Handels rapporter 2018:3, Handels, pp. 10ff.

⁴⁶¹ For more detailed discussion on this see Kjellberg, A. (2010) *Vilka "hoppade av" a-kassan eller avstod från att gå med? En studie av a-kassornas medlemsras* (Who 'dropped out' from the unemployment benefit funds or refrained from joining? A study of the declining membership rates in the unemployment benefit funds). Studies in Social Policy, Industrial Relations, Working Life and Mobility. Research Reports; Vol. 2014:2 (new edition). Department of Sociology, Lund University, pp. 36ff.

⁴⁶² See Table 1 in the appendix. The information in this section is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor"

percent in 2013 and 7,5 percent in 2019. In 2019 these workers were subject to slightly higher rates of in-work poverty (8,0 percent) and severe material deprivation (1,0 percent) than the overall rates for the entire in-work population (at 7,8 percent and 0,7 percent respectively), but their situation has over the years not differed significantly from the overall situation. The majority of these workers are male (62 percent in 2019), but in comparison to workers in standard employment in all low-skilled occupations there is a higher share of female workers in poor sectors (38 percent compared to 33 percent in all low-skilled occupations in 2019). In general, younger workers are also overrepresented in this group, with higher shares of workers aged 18-34 (but also higher share of workers aged 35-49) than the workforce as a whole. As is the case also for the overall in-work population, younger workers are subject to higher rates of in-work poverty at 10,5 percent, but for this VUP Group workers aged 18-34 do not show higher rates of in-work poverty than is the case for this age group overall at 10,8 percent. Instead, in this VUP Group it seems to be the older workers aged 50 and above that are more at risk of in-work poverty than what is the case for that age group overall, with in-work poverty rates at 8,1 percent compared to the overall figure of 5,3 percent for all persons in work aged 50 and above. This could indicate that persons that remain in these occupations throughout their working life face some challenges related to possibilities for wage developments that match changing conditions in relation to the persons' health or within the persons' households over years. In the report from the Swedish Mediation Office on minimum wages it is possible to see that for some of the specific industries related to these so-called poor sectors, for example retail trade, restaurant personnel or private sector cleaners, there is a vast part of the employed that earn a wage above, but closer to 60 percent of the median wage.⁴⁶³

A vast majority (64,7 percent) of the workers in this VUP Group have a medium level education.⁴⁶⁴ Due to the small sample size, it is not possible to deduce what share of these workers have a low or high level of education, However, it is reasonable to assume that the level of education is lower for this group of workers than for the overall in-work population since low-skilled sectors in general show a very low share of higher educated workers in comparison to the labour market as a whole. In terms of nationality of standard employed persons in low-skilled and low-wage sectors it is also difficult to make any assessments since the sample size is too small. For low-skilled sectors in general the share of standard employed persons with non-Swedish citizenship is only slightly higher than the share of in-work persons with non-Swedish citizenship overall (7,9 percent compared to 7,7 percent), but higher than the share of non-Swedish citizens amongst permanently, full-time employed persons in all sectors (5,9 percent). Noteworthy though is that regardless of what part of the labour market that is considered (the whole in-work population, employees only, employees with a standard employment, or standard employees in low-skilled sectors) the in-work poverty rates are significantly higher for persons not having a Swedish citizenship than for persons with a

project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019.

⁴⁶³ Hällberg, P. and Kjellström, C., *Collective agreements and minimum wages*, (2020) Swedish National Mediation Office, pp. 7ff.

⁴⁶⁴ See Table 1 in the appendix. The information in this section is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019.

Swedish citizenship. It is highly unlikely that the situation would be different for non-Swedish citizens in low-skilled occupations in poor sectors. The difficulties that foreign workers face on the Swedish labour market are thus not only an issue in relation to access to the labour market, but also an issue in relation to working conditions and wages. The issue of discrimination based on nationality or ethnicity is therefore of importance in addressing the problem of in-work poverty in Sweden.

The majority of standard employees in poor sectors (61 percent) work in trade, transport, accommodation and food services or information and communication services and the rest (39 percent) work in other services, which includes also education, administrative support services and human health and social work activities. Worth noting in relation to specifically workers within the elderly care services sector, is that the privatisation of this sector has generated specific challenges related to differences between publicly and privately employed workers. A study conducted in 2018 by Kommunal, the main trade union organising blue-collar workers in the elderly care services sector, showed that both wages and working conditions differ depending on whether the employer is a municipality or a private company. The average basic salary was in 2016 around 2.300 SEK higher with a public employer than with a private employer in this sector and this difference has been increasing over time.⁴⁶⁵

3.2. Impact on selected households' in-work poverty

When seeking to explore the situation for the different household types it is worth noting that this group of workers will generally have a wage above the poverty threshold, due to the minimum wage levels in collective agreements being set at levels that fulfil such criteria.⁴⁶⁶ The construction of the social security system on the premise of a standard employment also implies that these workers in general will have access to social security benefits such as sick pay, sickness allowance, parental leave benefits and so on.⁴⁶⁷ The main risks for these workers in relation to in-work poverty therefore relate rather to the fact that social security benefits do not compensate fully for the loss of income and that these workers therefore due to the lower wage levels might face an income closer to, or below, the poverty threshold in case of sickness, parental leave or unemployment. Two things, relating to sickness benefits and unemployment benefits, need to be stressed in relation to this.

Starting with the issue of sickness benefits, the Swedish National Social Security Agency has published a report concerning statistics on days with sickness allowance for different categories of workers. The report was elaborated due to the need to understand how persons facing more difficulties on the labour market, often being subject to poorer working conditions are affected in terms of increased risks for sickness.⁴⁶⁸ The report shows that if

⁴⁶⁵ Andersson, H. *Så mycket bättre? 2018 – En jämförelse av anställningsvillkor och löner i privat och kommunalt driven äldreomsorg (So much better? 2018 - A comparison of working conditions and wages in private and public elderly care)*. Kommunal, 2018. p. 11.

⁴⁶⁶ For further discussion on minimum wage levels in collective agreements in relation to low-wage criteria see Hällberg, P. and Kjellström, C., *Collective agreements and minimum wages*, (2020) Swedish National Mediation Office.

⁴⁶⁷ This is further discussed in Part I section 2.3.3 above on measures relating to the temporary suspension of the employment due to for example sickness or maternity.

⁴⁶⁸ Försäkringskassan (2021), *Korta analyser 2021:1 Sjukfrånvaron högst bland de som saknar gymnasieutbildning och bland utrikes födda som varit länge i Sverige (Brief analyses 2021:1 Sick leave most*

such statistics separate groups with earnings at a level that shows a stronger work-life attachment, which standard workers would be considered as having, then the actual number of sickness days are much higher for certain groups.⁴⁶⁹ Younger workers between the age 16-29 show significantly higher number of days with sickness allowance when the criterion of stronger work-life attachment is used than the entire population in that group do, with 7,8 days compared to 3,0 days. For workers aged 60-69 there is also a significant difference in this regard, with 17,8 days for those with stronger work-life attachment in comparison to 7,6 days for the whole population in this age group.⁴⁷⁰ In relation to persons with a low level of education the difference in number of days with sickness allowance between the whole population in that group and those with a stronger work-life attachment is specifically noteworthy. Those with stronger work-life attachment have 21,8 sick days in comparison to 7,2 sick days for the whole population in this group.⁴⁷¹ There are also significant differences for foreign-born persons that have spent more than 10 years in Sweden with 17,2 days of sickness for those with a stronger work-life attachment compared to 10,7 days for the whole group in this population. The report further highlights the strong link between sectors with higher risks in terms of work environment and risks for the workers' health. It is highlighted that some of the sectors where for example foreign-born workers more commonly are employed, such as health and care services, are also prominent in relation to work environment strains and increased risks concerning sickness.⁴⁷² There could thus be a link between sectors which are more accessible for marginalised groups of workers and higher levels of sickness. If we assume that workers employed in the occupations falling within the category of low-wage occupations requiring low level of education also to a higher extent consist of such marginalised groups,⁴⁷³ then it would thus also be reasonable to assume that the workers in this VUP group are faced with higher risks of sickness. The loss of income due to sickness allowance not covering the full income from work could thus be part of the in-work poverty problem for these workers.

frequent amongst those lacking secondary education and amongst foreign-born that have spent longer times in Sweden). p. 1.

⁴⁶⁹ The distinction for stronger work-life attachment was set at a yearly income of four yearly indexation amounts, amounting to 182.000 SEK for the year under study. Försäkringskassan (2021), *Korta analyser 2021:1 Sjukfrånvaron högst bland de som saknar gymnasieutbildning och bland utrikes födda som varit länge i Sverige* (Brief analyses 2021:1 Sick leave most frequent amongst those lacking secondary education and amongst foreign-born that have spent longer times in Sweden). p. 2.

⁴⁷⁰ Försäkringskassan (2021), *Korta analyser 2021:1 Sjukfrånvaron högst bland de som saknar gymnasieutbildning och bland utrikes födda som varit länge i Sverige* (Brief analyses 2021:1 Sick leave most frequent amongst those lacking secondary education and amongst foreign-born that have spent longer times in Sweden). p. 3.

⁴⁷¹ Försäkringskassan (2021), *Korta analyser 2021:1 Sjukfrånvaron högst bland de som saknar gymnasieutbildning och bland utrikes födda som varit länge i Sverige* (Brief analyses 2021:1 Sick leave most frequent amongst those lacking secondary education and amongst foreign-born that have spent longer times in Sweden). p. 4.

⁴⁷² Försäkringskassan (2021), *Korta analyser 2021:1 Sjukfrånvaron högst bland de som saknar gymnasieutbildning och bland utrikes födda som varit länge i Sverige* (Brief analyses 2021:1 Sick leave most frequent amongst those lacking secondary education and amongst foreign-born that have spent longer times in Sweden). pp. 4ff.

⁴⁷³ Even though the statistics for this VUP group are subject to deficiencies due to the small sample sizes for non-nationals and persons with low level of education (see Table 1 in the Appendix), this assumption is considered plausible on the basis of the general picture of the Swedish labour market as provided in the introduction to this report.

In relation to unemployment benefits the problem for this group can be understood in two parts. Firstly, we have the issue of the construction of unemployment benefits and the cap to the statutory benefits that make collectively agreed supplements for the unemployment benefits available only for those earning an income that would exceed that cap.⁴⁷⁴ Since the workers in this VUP group are less likely to earn an income exceeding the cap for the statutory benefit they will be less likely to be able to access the collectively agreed supplements in case of unemployment. In addition, during unemployment they also face the issue concerning the assessment of being an active job seeker in order to retain the unemployment benefit, which involves the need of accepting suitable job offers where the wage of the offered job can be as low as 90 percent of the unemployment benefit.⁴⁷⁵ This means that in case of unemployment these workers may face a situation where they are actually pushed towards accepting an even less remunerated employment, which would thus increase the risk of in-work poverty for these workers.

In addition to the already discussed risks, we can also see that amongst these workers it is slightly more common to live alone or to live in a household with only one person in work than it is for the whole in-work population.⁴⁷⁶ Even though the overall in-work poverty rate for this group of workers is comparable to the whole group of employed in Sweden it is possible to see that certain categories within this VUP group face higher risks of in-work poverty than the whole group of low-wage workers in low-skilled occupations. In particular in-work poverty rates higher than the overall figure for this group are found amongst: young workers aged 18-34; single person households; workers living in a household with only one in-work person; and households with children. Younger persons are more likely to be single, live alone and potentially also more likely to earn a wage close to the minimum level set in the collective agreement, or even subject to a specific lower wage level for young workers. Single person households could thus be more likely to be subject to issues in relation to periods of sickness or unemployment where the benefits paid fall below the poverty threshold, which could be an explanation of the higher in-work poverty rates for young and single persons in this VUP group. Due to the low cap for income set for housing allowances for young persons⁴⁷⁷ they are excluded from the possibility of making use of housing allowance to increase their income.

For a worker in this group living either as a single parent or in a household where only one parent is working the situation seems fairly similar. It is possible to see that households with only one person in-work have significantly higher rates of in-work poverty (12,9 percent) than households with two working persons (four percent). We also see that having children in the household increases the in-work poverty rate with a little more than four percentage

⁴⁷⁴ For further discussion see Part I section 2.2.1 concerning unemployment benefits above.

⁴⁷⁵ This requirement is set out in Swedish Inspection Authority for Unemployment Benefits Regulation No. 2015:3 (IAFFS 2015:3). For further discussion on the requirement of being an active job seeker and the relation to the income of a suitable job see Part I section 2.2.1 concerning unemployment benefits above.

⁴⁷⁶ The following assessments relating to common traits for workers in this group and in-work poverty rates are based on the previous discussion on work-force composition for which the information is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019. For further details see Table 1 in the Appendix.

⁴⁷⁷ Further discussion of this cap is provided in Part I section 3.3 above.

points.⁴⁷⁸ It seems as if the lower wage levels for the workers in this VUP group are not always sufficient for assuring a living standard above the poverty threshold if the wage is to support a family and the difficulties are likely to be increased if the working person in the household face a period of sickness or unemployment. These households would gain from different indirect measures such as child allowance, subventions for child care and could potentially gain some support from housing allowance. In relation to the housing allowance, it is, however, worth mentioning that the income cap for the maximum benefit is set at such a low level that even these households would, most likely, reach that cap and thus not be able to gain the maximum benefit level of this allowance.⁴⁷⁹ It is therefore reasonable to assume that single parents and households with children where the only working person is a low-wage worker in a low-skilled occupation are more likely to be in a situation where social security benefits do not fully serve to lift these workers out of in-work poverty.

If we compare with figures for households with two persons working, we see that the in-work poverty rates are significantly lower for those households in comparison with the overall figures for workers in low-skill occupations in low-wage sectors (four percent compared to eight percent overall), indicating that as long as these workers are in a household where there is also another working person, then they are less likely to face a situation of in-work poverty. Some still do and the reasons for that are not possible to derive from the statistics, but maybe it is caused by one of the working persons having a low work-intensity due to the close connection between the number of worked hours and in-work poverty in Sweden.⁴⁸⁰

ii. VUP GROUP 2. SOLO AND BOGUS SELF-EMPLOYMENT

1. Legal framework

1.1. Notion and main features

As has been explained in Part I section 1.1, Swedish labour law is a binary system where a person performing work for another party is either considered an employee and thus protected under labour law or an assignment worker who is not protected by labour law. The term self-employed is on the other hand not specifically defined in labour law, instead the presumption would be that a self-employed person is a person who performs work under conditions that would classify that person as an assignment worker according to labour law.⁴⁸¹ Such an assessment could also be the case for a solo self-employed person even though increasing dependence and subordination towards one main client could also lead to increasing reasons for classifying the person performing work as an employee.⁴⁸² As for bogus

⁴⁷⁸ The information is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019. For further details see Table 1 in the Appendix.

⁴⁷⁹ Further discussion on these forms of indirect measure is provided in Part I section 3.2 and 3.3 above.

⁴⁸⁰ The issue of the close connection between low work-intensity and in-work poverty in Sweden is addressed both in the introduction to this report and Part I section 2.1.2 concerning minimum wage policys in the general analysis above.

⁴⁸¹ For further discussion see Westregård, A. (2018), *Digital collaborative platforms: A challenge for the social partners in the Nordic model*, in NJCL 2018/1, pp. 89-112.

⁴⁸² For a discussion on the legal assessment of a work relationship in accordance with Swedish labour law, whereby dependence and subordination are two of the factors considered for the overall assessment of the

self-employed, the presumption is that the self-employment is used as a façade in order to circumvent labour law legislation and in a situation where the work relationship would be examined in court under labour law the work performing party would be classified as an employee.⁴⁸³ However, such an assessment would only happen in case there would be a dispute in court and in practice a self-employed and his/her client would most likely structure their relations on the basis that employment law does not apply for the work performing party.

In line with the above, the main distinction in practice for self-employed will rather relate to the status of the worker in question in relation to tax law. If a person has registered as a sole proprietor, then that person will also be dealing with relations on the labour market as a self-employed.⁴⁸⁴ Therefore, the main source for distinguishing a person as a self-employed would in my opinion stem from the regulations in tax law governing the establishment of tax status for a sole proprietor. In this regard the changes introduced in order to facilitate the start of business as a sole proprietor, as discussed in the general analysis, are likely to have generated a risk of increased use of self-employed in a manner that would likely fall under the classification of bogus self-employed.⁴⁸⁵ This risk has also been highlighted by the tax authority and its inspection unit in relation to the application of the legislation, but there is no available statistics that could help assess the extent of this potential problem.⁴⁸⁶

In relation to social security law, the distinction between employees and self-employed are not exactly the same as in labour law. Instead, the assessment of whether a person applying for social security benefits shall be considered in relation to the regulations governing employees or those applicable for self-employed, will be determined on the basis of whether that person is considered a dependent contractor or not.⁴⁸⁷ For persons considered as self-employed in relation to the social security system, there are reported issues as concerns the more complex administration and income assessment for calculation of the level of

relationship, see Part I section 1.1 concerning the employment relationship and scope of application of labour law.

⁴⁸³ An example of such an assessment is found in the case AD 2013:92 where a transportation company was found not to be able to circumvent the employers' responsibilities for a lorry driver by means of using an intermediate service providing company (with similar ownership as the main transportation company) to sign agreements on provisions of services with the individual lorry driver. The circumstances in the case instead showed that the work conducted was performed under conditions of an employment relationship and the lorry driver was considered to be an employee of the transportation company.

⁴⁸⁴ Worth noting is that persons establishing a limited company under which he/she takes on assignments it is most likely the case that those persons will consider themselves as self-employed, albeit they formally are employees of that limited company. In relation to tax law and social security law those persons will thus be treated as employees with the declared income in the form of salary they take out from the limited company as a basis for calculation of income-based benefits. For the sake of clarity in relation to the definition of the concept of a self-employed in a legal sense the discussion in this section will refer to sole proprietors since that would be the most clear-cut definition of self-employed in relation to the Swedish legal system.

⁴⁸⁵ Government White Paper (SOU) 2018:49, *F-skattesystemet – några särskilt utpekade frågor*, (*The Business Tax System – some pertinent issues*), pp. 46ff and Swedish Tax Agency (Skatteverket) (2013), *Rapport om effekterna av den ändrade ordalydelsen i 13 kap. 1 § inkomstskattelagen (1999:1229)*, (Report about the effects of the changes to Section 13 Article 1 Income Tax Act), Dnr 131-165148-13/113.

⁴⁸⁶ Swedish National Audit Office (2020), *Statens insatser mot exploatering av arbetskraft – regelverk, kontroller samt information och stöd till de drabbade* RIR 2020:27 (State measures against exploitation of labour – regulations, inspections and information and support for those affected, RIR 2020:27).

⁴⁸⁷ Westregård, A. (2020), *Protection of platform workers in Sweden. Part 2 Country report*. Nordic future of work project 2017-2020: Working paper 12. Pillar VI. Fafo.

benefits.⁴⁸⁸ In addition, this group of workers face practical problems in relation to being absent from work, where losing the client due to being unavailable for work during a period might decrease their willingness to actually take leave in case of sickness, becoming a parent or so on. Losing the client and becoming unemployed instead also poses specific difficulties for this group since their access to unemployment benefits is tied to requirements of putting their business on hold or even closing down their business in case of repeated unemployment⁴⁸⁹ and as such making it difficult for them to get back in employment by means of their own business.

1.2. Obstacles to the application of labour law and social security standards

As has been concluded in the section on minimum wage regulations,⁴⁹⁰ there is no protection for minimum wages in relation to self-employed. Instead, these workers individually negotiate on the terms and conditions for the work to be performed with their client. Even though some trade unions do provide these workers with possibilities of membership and certain forms of advice they could be at risk of agreeing on lower remuneration in order to maintain or gain an assignment.⁴⁹¹ In addition, these workers face certain challenges in relation to various forms of social security benefits. The assessment of the income base upon which sickness allowance and parental allowance are calculated is more complex and generates less foreseeability than is the case for employed. For sickness allowance there are also specific regulations on qualification periods for self-employed and they face higher financial risks from falling ill than employed persons do. In addition, they are facing less protections since they have no support from an employer in case of longer illness that would also require rehabilitation in order to come back to work.⁴⁹² This could mean that self-employed that suffer from health-related problems risk ending up in a more vulnerable position and find it harder to get back to work. It is also worth highlighting that in addition to direct effects on incomes these workers also face risks for their business when they take leave from work, which could result in them actually not making use of social security benefits to the same extent as employees.⁴⁹³

In relation to unemployment benefits this group of workers also face more challenges than employed, due to the more complicated process of establishing their income and unemployment benefit amount. Unemployment benefits are also to some extent less accessible to this group since they are subject to additional requirements in terms of having to close down the business if unemployment is repeated within a specific time frame. Thus they are unable to claim part-time unemployment benefits.⁴⁹⁴ These limitations on

⁴⁸⁸ As discussed in the sections covering for example sickness benefits, parental leave benefits and unemployment benefits above.

⁴⁸⁹ As discussed in Part I section 2.2.1 on unemployment benefits above.

⁴⁹⁰ Part I section 2.1.2 above.

⁴⁹¹ Swedish National Audit Office (2020), *Statens insatser mot exploatering av arbetskraft – regelverk, kontroller samt information och stöd till de drabbade* RIR 2020:27 (State measures against exploitation of labour – regulations, inspections and information and support for those affected, RIR 2020:27).

⁴⁹² As discussed in Part I section 2.3.3 on sickness benefits above.

⁴⁹³ This issue is briefly, but recurrently, discussed in relation the current rules being perceived as complicated and causing unpredictability for self-employed in relation to social security benefits in Government White Paper (SOU) 2019:41 *Företagare i de sociala trygghetssystemen* (Entrepreneurs and the social security systems).

⁴⁹⁴ As discussed in Part I section 2.2.1 on unemployment benefits above.

unemployment benefits are likely to have caused problems for some self-employed in light of the Covid-19 pandemic, especially those having lost assignments for companies that have made use of short-time work allowance schemes. It is not unlikely that self-employed have faced higher risks of losing assignments in such situations due to the requirement to cut down labour costs in other possible ways before being eligible as an employer to access short-time work allowances.⁴⁹⁵ Some of the temporary measures introduced to support self-employed due to financial difficulties generated by the Covid-19 pandemic are likely to have eased the situation for those self-employed who have suffered economic downturn from the pandemic. These temporary measures, however, do not deal with the issues raised in relation to the difficulties of foreseeing the actual income from social security benefits. Even though there are ongoing legislative debates on the position of self-employed in the social security systems⁴⁹⁶ it is at the time being not possible to draw any conclusions as to what extent potential changes will be beneficial for self-employed.

1.3. Unionization and application of collective agreements

As has been discussed in the general analysis, an exception to the Swedish labour law binary system of distinction between employees and assignment workers, is found in the Co-Determination Act. In this act the concept of dependent contractor opens for including self-employed that are in a position similar to that of employees in the coverage of the act and as a consequence also allow for including those in the coverage of collective agreements. However, there is a risk that collective agreements covering self-employed could be in breach of competition law.⁴⁹⁷ It is therefore of little surprise that none of the collective agreements, included in the study conducted for this report, include self-employed in the coverage of the agreement. The probability that we would see a development where self-employed become included in the coverage of collective agreements is also low, since several of the trade unions that allow self-employed to be members of their organisations also are of the opinion that competition law does not allow for collective agreements for self-employed.⁴⁹⁸ The non-application of collective agreements for this group of workers also mean that they do not get access to the various forms of collectively agreed additional social security schemes such as parental pay, additional sick pay or support measures in relation to unemployment as established in transition agreements.

Trade union organisation amongst self-employed is likely to be lower than for employees, not least since far from all trade unions are open for membership for self-employed. Even though trade unions are identified as organisations set up with the specific objective of pursuing the interest of employees in relation to their employers,⁴⁹⁹ this definition does not preclude trade

⁴⁹⁵ As regulated in Article 5 a in the Short Time Work Allowance Act. Further discussed in Part I section 2.3.2 on short-time work allowances above.

⁴⁹⁶ See for example Government White Paper (SOU) 2019:41 *Företagare i de sociala trygghetssystemen* (Entrepreneurs and the social security systems).

⁴⁹⁷ Westregård, A. (2020), *Protection of platform workers in Sweden. Part 2 Country report*. Nordic future of work project 2017-2020: Working paper 12. Pillar VI. Fafo.

⁴⁹⁸ Not all trade unions in Sweden are open for self-employed, but some of those that are express that they would not be able to negotiate collective agreements for self-employed due to restrictions from competition law. Instead, there are other reasons for self-employed to be members of a trade union, for example to gain access to insurances and services offered by the trade unions. These positions from trade unions were expressed during the digital national workshop sessions held in March 2021.

⁴⁹⁹ Article 6 Co-Determination Act.

unions to also allow other categories of members. The trade unions that allow self-employed to be members of the organisation are in general, either trade unions directed at occupations where self-employment is more common or trade unions organising white-collar workers or professionally trained academics where the professional identity is an important focus for the organisation.⁵⁰⁰ The largest white-collar workers' union, Unionen, has reported to have approximately 10.000 self-employed amongst their members, but the main interests of these members are not to achieve collective agreement coverage. Instead, the self-employed that are members of Unionen tend to be members in order to access certain forms of insurances and advice services granted to members of the trade union.⁵⁰¹ Trade union membership for self-employed in Sweden can thus be seen rather as a form of additional security for the individual member than as a way to organise workers.

2. Descriptive data and impact analysis

2.1. Workforce composition

Albeit statistics on bogus self-employed are impossible to find it is possible to find statistics for self-employed without employees and it is reasonable to assume that at least part of these could also be dependent self-employed and possibly bogus self-employed. First of all, it is worth noting that in spite of the self-employed without employees being subject to increasing levels of in-work poverty throughout the years and also significantly higher rates of in-work poverty than the overall in-work population, they are also subject to decreasing rates of severe material deprivation. In-work poverty rates for this group have increased from 18,3 percent in 2007, to 22,1 percent in 2013 and 24,3 percent in 2019, whereas the figures for the whole in-work population have been 6,4 percent, 7,6 percent and 7,8 percent for the respective years.⁵⁰² However, severe material deprivation for self-employed without employees has decreased from 0,6 percent to 0 percent over the same course of years whereas the overall in-work population still show a severe material deprivation rate of 0,7 percent in 2019, down from 1,0 percent in 2007. In spite of the significantly higher rates of in-work poverty amongst this group they are still less likely to suffer from severe material deprivation. Therefore it is reasonable to assume that the in-work poverty rate is less indicative of the living standard for this group of workers. Nevertheless, some significant characteristics for self-employed without employees are useful to bear in mind in relation to the discussion on in-work poverty and the situation for these workers.

When comparing the in-work persons of this group with the overall in-work population we see that they tend to be older than the overall in-work population. 49 percent of the self-employed without employees are 50 years or older, compared to 35,4 percent of the overall

⁵⁰⁰ This issue was to some extent discussed with trade union representatives during the national workshops held within this project. Occupational identity and self-employment being more frequent within a specific occupation were identified as main contributing factors for trade unions to decide to open up membership also for self-employed.

⁵⁰¹ This issue was taken up during the national workshop sessions where representatives of different trade unions that also allow self-employed as members, such as Unionen, were present and expressed the intentions of opening up for membership for self-employed.

⁵⁰² The information in this section is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019.

in-work population. They are also to a higher degree male than the overall in-work population, with 67,9 percent self-employed without employees being male in comparison with 53,5 percent of the whole in-work population. However, in contrast to the overall in-work population, where men have higher rates of in-work poverty, the female self-employed without employees show higher rates of in-work poverty than the male part of this group. 79,4 percent of the self-employed without employees work full-time which is fairly similar to the in-work population overall at 81,5 percent. Worth noting though is that the self-employed without employees that work part-time actually show lower rates of in-work poverty than those working full-time, which is the complete opposite for the overall in-work population where part-time work show significantly higher rates of in-work poverty.

In terms of educational level, the self-employed without employees are slightly less likely to have a higher education than the workforce as a whole. 29,4 percent of the self-employed without employees have a higher-level education in comparison with 36,9 percent of the whole working population. As for the skill level of the occupation the self-employed without employees are found equally spread between low- and high-skilled occupations. Those in low-skilled occupations show significantly higher rates of in-work poverty than those in high-skilled occupations. Even though there is a stark difference in in-work poverty rates between self-employed without employees and the overall in-work population, this difference is even stronger for those in low-skilled occupation with more than 21 percentage points higher rates than for the whole in-work population.

A majority of the self-employed without employees, 63,9 percent, live in households with one or two persons and about two thirds of them, 66,4 percent, have no children under the age of 18, albeit about a fifth of them, 20,5 percent, have more than one child under 18. These figures are fairly similar to those for the whole in-work population, where 60,3 percent have no children and 22,9 percent have more than one child under 18. However, in contrast to the overall in-work population where in-work poverty rates tend to increase slightly for those having one or more children under 18, the in-work poverty rates for self-employed without employees are significantly lower if they have more than one child under 18 than if they have no or only one child. 40,5 percent of self-employed without employees are also the only in-work person in the household and as for the entire in-work population the rates of in-work poverty are higher for these. The in-work poverty rate for self-employed without employees that are also the only in-work person in the household at 43,8 percent is drastically higher than for those living in households with more than one person in work at 11 percent, thus a difference of more than 32 percentage points. This significant difference, in comparison to the overall in-work population where the difference is about 9 percentage points, indicate that self-employed without employees that are also the single earner of a household face higher risks of in-work poverty than employees.

2.2. Impact on selected households' in-work poverty

The situation for self-employed in relation to questions of in-work poverty and living conditions is somewhat difficult to assess since the relatively high rates of in-work poverty are combined with absence of severe material deprivation for this group.⁵⁰³ In addition it is

⁵⁰³ The information is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating

impossible to find any information allowing for distinguishing dependent self-employed or those that should be considered as bogus self-employed from the group of self-employed without employees. Studies concerning self-employed have shown that they tend to work more and earn less than employees in the same occupation,⁵⁰⁴ but whether that also implies that they are in a more socio-economically vulnerable position is very difficult to assess. The main risks for these workers therefore consist of the discussed difficulties in relation to social benefits, in particular sickness allowance and unemployment benefits.⁵⁰⁵ Since these workers are not covered by supplementary benefits stemming from collective agreements, they are dependent upon the statutory benefits.⁵⁰⁶

The challenges in relation to statutory social benefits relate both to the assessment of the income base for deciding the amount paid as and specific criteria set in relation to access to these benefits. For example, the fact that self-employed are to decide themselves on the number of quarantine days to be applied at the beginning of a sickness period, with the automatic set number of days at seven, unless the self-employed does an active choice, has caused a situation where a majority of the self-employed are subject to seven quarantine days before sickness allowance starts to be paid.⁵⁰⁷ This means that these workers will be left without support from sickness allowance during the first seven days of sickness. Even though these days are covered by a flat rate compensation in light of the Covid-19 pandemic,⁵⁰⁸ this measure is temporary and thus not available at other times.

In relation to unemployment benefits there are least two issues which cause concern for these workers. The first consists of the restrictions concerning tasks conducted for their own business whilst taking up unemployment benefits, which make it practically impossible for these workers to combine unemployment benefits as a means of support whilst also seeking to improve their possibilities for rendering their business more successful in a period of temporary unemployment. The second issue concerns the requirement of being an active job seeker involving the assessment of a suitable job offer with a remuneration that could be as low as 90 percent of the unemployment benefit that they receive.⁵⁰⁹ The result of these requirements is that self-employed that end up in a period of unemployment will be

to another year the data presented in the text refer to the year 2019. For further details see Table 2 in the Appendix.

⁵⁰⁴ This has been a significant trend amongst freelancers in various occupations and for a study on how freelance journalists' strategies for coping with the situation see Norbäck, M. and Styhre, A. (2019), *Making it work in free agent work: The coping practices of Swedish freelance journalists*. in *Scandinavian Journal of Management*, Vol. 35, Article 101076.

⁵⁰⁵ Discussions on the regulations for self-employed in relation to sickness benefits, parental allowance and unemployment benefits are found in Part I sections 2.2.1 and 2.3.3 in above.

⁵⁰⁶ It is possible that these workers could sign up for and pay for individual insurances that to some extent cover for example loss of income in case of sickness, but the contents and potential impact of such private insurances have not been possible to examine within the scope of this study.

⁵⁰⁷ Government White Paper (SOU) 2019:41 *Företagare i de sociala trygghetssystemen* (Entrepreneurs and the social security systems). pp. 85ff.

⁵⁰⁸ An overview of all the measures is available from Government webpage, *Åtgärder på socialförsäkringsområdet med anledning av coronaviruset* (Measures taken concerning social security in response to the Covid-19 pandemic), at https://www.regeringen.se/regeringens-politik/socialforsakringar/atgarder-inom-sjukforsakringen-med-anledning-av-corona/?TSPD_101_R0=088d4528d9ab20006934a919f8c1de317393b2d4264acc798ce66e0516eac0be2fe4dc840972fc0108a17209931430003d0448aac27115e5d7524c99486110d4b2c1c9c2fc9b25103f493b9fccd88f61f33c93418d40cb34fb95705c70ef47db (last accessed 20.05.2021).

⁵⁰⁹ Both these issues are explained in Part I section 2.2.1 on unemployment benefits above.

discouraged from seeking to improve the possibilities for rendering their business a more secure source of income whilst at the same time being pushed towards accepting a job with a lower wage.

When considering the in-work poverty patterns for self-employed without employees in relation to different forms of households it is clear that if the self-employed is the only person working in the household, then the in-work poverty risks are the highest.⁵¹⁰ This means that for several of the self-employed living as a single parent or in a household with children, but being the only working parent, the social security measures offered through statutory law are not sufficient for them to gain a disposable income above the poverty threshold. It is not, however, possible to identify in-work poverty rates for single persons since those are grouped together with households of two persons in the statistics.⁵¹¹ However, the figures found in the statistics actually make the picture somewhat blurred in relation to these workers as being the only working parent in a household with children. The reason is that for workers living in households with one or two persons the in-work poverty rate is 13 percentage points higher than for workers in a household of more than two persons. This would imply that self-employed living as a single parent face more difficulties than self-employed living with another parent regardless of whether the other parent is working or not. However, self-employed in households with more than one child are subject to lower in-work poverty rates than those with only one child or without children at all. This in combination with the above-mentioned severe material deprivation rate at zero makes it very difficult to assess to what extent both direct and indirect measures are sufficient for assuring self-employed a decent standard of living in relation to the four different household types.

iii. VUP GROUP 3. FIXED-TERM, AGENCY WORKERS, INVOLUNTARY PART-TIMERS

1. Fixed-term employees

1.1. Legal framework

1.1.1. Notion and main features

The main rule is that an employment shall be for an indefinite duration according to Article 4 Employment Protection Act (EPA), but this law allows fixed-term employments in specific cases. Article 5 EPA defines three forms of fixed-term employments, which are: 1. General temporary employment (in Swedish 'allmän visstidsanställning') which does not require any specific reason for its temporary duration;⁵¹² 2. Substitute/temporary replacement employment; and 3. Seasonal employment for work that is characterised by specific seasonal needs. In addition to these three forms of fixed-term employments Article 6 EPA allows for time limited probationary employments if the probation period does not last longer than 6

⁵¹⁰ See Table 2 in the Appendix with statistics for VUP groups. The information is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project.

⁵¹¹ The information is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019. For further details see Table 2 in the Appendix.

⁵¹² Adlercreutz, A. and Nyström, B. (2015) *Labour Law in Sweden*. Wolters Kluwer. p. 80.

months. Such employments are also automatically transformed to a permanent employment after the end of the probationary period unless the employer or the employee wishes to end the employment during the probationary period. The probationary fixed-term employment therefor holds an anti-abusive measure in the meaning of both a limited duration for this form of employment and a requirement of automatic transformation to a permanent employment.

For other forms of temporary employments, the regulations implemented in Swedish law in order to prevent abuse consist of a set of requirements that will generate a transformation of the temporary employment into a permanent employment. The requirements are set out in Article 5 a EPA and relate to general fixed-term employments and substitute/temporary replacement employments. This article prescribes that a transformation from a fixed-term employment into a permanent employment shall take place when an employee during a period of five years has been employed as a substitute for more than two years.⁵¹³ This form of transformation also applies to general fixed-term employments, i.e. after more than two years of employment in the form of general temporary employment during a period of five years the contract shall be transformed to a permanent contract.⁵¹⁴ In addition, in cases where a worker has been employed for more than two years on a general temporary employment during a period when the worker has held successive temporary employments in the form of general temporary employment, substitute employment or seasonal employment the employment shall also be transformed to a permanent employment.⁵¹⁵ Temporary employments are in such cases considered successive when a second temporary employment has started within six months after the previous temporary employment ended.⁵¹⁶ Worth noting in this regard is that the total period during which the employee has held temporary employments with the same employer can under this second rule of transformation exceed five years. If an employer would not respect a court decision on transforming a temporary employment to a permanent employment in accordance with the transformation rules, then the employer would have to pay damages corresponding to a minimum of 16 months of salary to the employee in accordance with Article 39 EPA.⁵¹⁷ There are, however, no statutory limitations in the form of minimum length of the different forms of fixed-term employment allowed in accordance with Article 5 a EPA, nor any limits to how many times a fixed-term employment can be renewed.⁵¹⁸

As has been pointed out in Part I section 1.3, Swedish labour law is to a large extent semi-discretionary and this is of importance in relation to fixed-term employment contracts. In accordance with Article 2 paragraph 3 EPA, it is possible to agree on deviations from the law as concerns the forms of fixed-term employments allowed for and the rules on transformation through collective agreements. Different forms of deviations from the law in collective agreements are also fairly common, both as concerns the forms of fixed-term

⁵¹³ Article 5 a, paragraph 3 EPA.

⁵¹⁴ Article 5 a, paragraph 1, point 1 EPA.

⁵¹⁵ Article 5 a, paragraph 1, point 2 EPA.

⁵¹⁶ Article 5 a, paragraph 2 EPA.

⁵¹⁷ The article as such prescribes for different levels of damages between 6 and 32 months of salary depending on the length of service, but in cases concerning transformation of fixed-term employments 16 months of salary would most likely be the amount set since the employee will have had at least two years of service, but is unlikely to exceed five years of service.

⁵¹⁸ Collective agreements often hold clauses on different forms of fixed-term employments with for example a minimum duration for a general temporary employment. This is discussed more in detail in relation to casual workers below.

employments allowed and as concerns the rules governing transformation from fixed-term to permanent employment. Specific forms of temporary employments during school holidays for young people still in education or for students in higher education are fairly common.⁵¹⁹ Regulations simplifying the conversion rules for temporary employments in the Employment Protection Act are also fairly frequent. Such simplified rules often consist of a requirement of more than three years in total of fixed-term employment either on a substitute or general temporary employment,⁵²⁰ but can also specify three years in relation to substitute employments and in some cases only one year for conversion of general temporary employments.⁵²¹

One peculiar form of deviation that has been found mainly in collective agreements covering blue-collar workers in private education, health and care services, are clauses allowing for fixed-term employees to renounce the right to become permanently employed by signing an individual contract with the employer on renouncing that right for six months. The requirement is that the initiative for such an agreement shall be taken by the employee. In most such cases the collective agreement also allows for several such individual contracts to be agreed upon.⁵²² Why such clauses are implemented in the collective agreements is in my opinion questionable since an employee is always free to resign from a position and there is therefore in my view no motivation for such a clause. The only party in the employment relationship that could gain from these clauses is the employer and therefore there is a risk that the employer will exert pressure on fixed-term employees to initiate the signing of an individual agreement to renounce the right to have the employment transformed into a permanent employment. Such a risk is particularly prominent when there are insufficient mechanisms for control of these individual agreements by the trade union.

Sanctions for employers that do not respect the regulations on temporary employments consist mainly of damages where both the economic aspects in terms of wages the employee should have been entitled to and the damage the person has suffered shall be taken into account.⁵²³ If it is found that a fixed-term employment should be converted to an indefinite employment, but the employer is unwilling to accept that, then the employer can be freed from the obligation to convert the employment by paying damages to the employee. In such

⁵¹⁹ Such forms of employment exist for example in collective agreements signed by the employers' organisation Sobona (representing employers that are enterprises owned by municipalities, previously KFS), see for example their collective agreement covering tourism sector or health and care services where these forms of temporary employments are regulated in Article 2 in each agreement (see KFS, Kommunal, Unionen, Vision, Ledarna, Sveriges Ingenjörer, Förtecknade SACO-förbund and Civilekonomerna, *Avtal – Besöksnäring* (Agreement – Tourism industry) and KFS, Kommunal, Vision, Förtecknade SACO-förbund and Vårdförbundet, *Vård och omsorg – Bransch-och löneavtal* (Health and care services – Agreement on sector regulations and wages)).

⁵²⁰ See for example Article 4 paragraph 4, SKR (Swedish employers' organisation representing municipalities and regions) and OFR (Negotiation advisory committee for trade unions representing workers in public sector), *Allmänna bestämmelser* (General regulations), the general collective agreement covering all employees working for Swedish municipalities and regions.

⁵²¹ See for example Article 5, paragraph 3 in the collective agreement for retail trade between Svensk Handel and Handels, *Detaljhandel* (Retail trade). Other collective agreements covering different parts of retail and trade industry have similar clauses.

⁵²² See for example Article 3 paragraph 2 in Almega Vårdföretagarna and Kommunal, *Kollektivavtal, allmänna villkor och löner – Bransch Äldreomsorg* (Collective agreement, general conditions and wages – Elderly care services) or Article 3 paragraph 5 in Almega Tjänsteföretagen and Kommunal, *Kollektivavtal – Friskolor* (Collective agreement – Privately run schools).

⁵²³ Article 38 EPA.

situations, damages are set in relation to the length of employment and the minimum level is 16 monthly wages if the employee has been employed for less than five years.⁵²⁴

1.1.2. Equal treatment, working conditions and social security benefits

The Act on Prohibition of Discrimination of Part-Time Employees and Employees with a Fixed-Term Employment⁵²⁵ protects these workers from direct and indirect discrimination in relation to pay and working conditions.⁵²⁶ As such it is illegal for the employer to for example set a lower wage for a fixed-term employee in comparison with a permanent employee in a comparable situation simply because of the temporary duration of the employment. The prohibition of discrimination does not apply if the employer can show that there are objective reasons for the different treatment.⁵²⁷ It is also illegal for an employer to apply criteria that seem neutral but in practice discriminates fixed-term employees unless there is a justified objective for the different treatment and the criteria set does not extend beyond what is necessary in order to achieve that objective.⁵²⁸ Case law on this is so far scarce, but show that in order for a temporary worker to be considered in a comparable situation of a permanent employee the tasks, obligations and responsibilities for the workers need to be comparable both in relation to content of the work⁵²⁹ and in relation to the conditions under which the work is to be conducted.⁵³⁰

The Act on prohibition of part-time and fixed-term employees does only relate to pay and working conditions as set in the relationship between the employer and the employee, including conditions set through collective agreements. As such there is no prohibition of discrimination of fixed-term workers in relation to for example social security or unemployment benefits. As has been shown in Part I of this analysis the eligibility criteria for social security benefits, whether it relates to sickness allowance, parental allowance or unemployment benefits are based on assumptions on standard employments.⁵³¹ The requirements for eligibility to these benefits are thus more difficult to fulfil for fixed-term employees, especially fixed term employees that are employed for short fixed-term employments.⁵³² Fixed-term employees therefore face specific risks and challenges in relation to access to social security benefits. In light of the Covid-19 pandemic there have been some alleviations in eligibility criteria, especially for unemployment benefits where the qualification

⁵²⁴ Article 39 EPA.

⁵²⁵ Lag (2002:293) om förbud mot diskriminering av deltidsarbetande arbetstagare och arbetstagare med tidsbegränsade anställning.

⁵²⁶ Articles 3 and 4 Act on prohibition of discrimination of part-time and fixed-term employees.

⁵²⁷ Article 3 Act on prohibition of discrimination of part-time and fixed-term employees.

⁵²⁸ Article 4 Act on prohibition of discrimination of part-time and fixed-term employees.

⁵²⁹ In both of the cases AD 2008:97 and AD 2008:32, the court considered that the temporary workers were not in a comparable situation and that discrimination therefore had not occurred. The main reason was that the temporary employees did not have the same level of responsibilities as the permanent employees.

⁵³⁰ In the case AD 2017:31 there were very specific and detailed reasoning due to the case concerning employees in the armed forces, employed for conducting work during a mission abroad. In order to partake in the mission abroad the employees had to serve certain time in training in Sweden. The claims of discrimination were partially rejected by the court due to the specific regulations governing these forms of employments in the armed forces and the fact that the temporary employees were employed specifically to perform a mission abroad whereas the permanent employees had their employments localised in Sweden, but in their contract of employment had clauses requiring the employee to partake in missions abroad.

⁵³¹ For further discussion see Part I sections 2.2.1 and 2.3.3 above.

⁵³² As discussed in sections Part I sections 2.2.1 and 2.3.3 above.

period of membership to access the income-based unemployment benefit has in practice been cut down to four months from previously twelve.⁵³³ These alleviations have made it temporarily easier for fixed-term workers to access unemployment benefits, but they are as stated temporary.

1.1.3. Unionization and collective agreements' application

Even though collective agreement coverage is high in Sweden and fixed-term workers are by no means exempted from the application of collective agreements, there are issues as concerns the representation of fixed-term workers. These issues are mainly related to the lower level of unionisation amongst fixed-term workers than amongst permanent employees. Differences in unionisation between fixed-term and permanent employees have existed for a long time in Sweden, but in addition to an overall trend of decreasing trade union membership the differences between fixed-term and permanent employees are also increasing. This is specifically noteworthy in relation to fixed-term, blue-collar workers for which trade union membership rates have dropped from 63 percent in 2005 to 37 percent in 2018. This can be compared to permanently employed blue-collar workers for which the membership rates have dropped from 83 percent in 2005 to 67 percent in 2018. Similar developments can be seen for white-collar workers with a stronger decrease of trade union membership rates for fixed-term employees. For these membership rates have dropped from 68 percent in 2005 to 53 percent in 2018 in comparison to white-collar permanent employees where the rates have dropped from 80 percent in 2005 to 75 percent in 2018.⁵³⁴ At the same time the share of temporary employed has increased amongst blue-collar workers from 20,6 percent in 2005 to 23,4 percent in 2019. If full-time students are excluded from the statistics the increasing share of temporary employees amongst blue-collar workers is less, from 18,2 percent in 2005 to 19,9 percent in 2019. For white-collar workers the share of fixed-term employees has instead dropped, especially when excluding full-time students from the statistics, 9,9 percent in 2005 whereas in 2019 the share of fixed-term employed white collar workers was 8,2 percent.⁵³⁵

The combination of decreasing trade union membership amongst fixed-term employees and the increasing share of temporary contracts amongst blue-collar workers call for concern. Trade unions need to take action in order to increase levels of organisation amongst fixed-term workers. However, in order for fixed-term employees to see the relevance of trade union membership they also need to be better protected by collective agreements and for that to happen also employers' organisations need to take responsibility in coming negotiating rounds.

The value of trade union membership and the protection from collective agreements for fixed-term employees need to be understood in the light of the fact that many of the collectively agreed additional benefits that supplement social security benefits are not readily

⁵³³ For discussion on this see Johansson, C. and Selberg, N. (2020), *COVID-19 and Labour Law: Sweden*, in Italian Labour Law e-Journal, Special Issue 1, Vol. 13.

⁵³⁴ Kjellberg, A. (2020), *Den svenska modellen i en oviss tid: Fack, arbetsgivare och kollektivavtal på en föränderlig arbetsmarknad* (The Swedish Model in Uncertain Times: Trade Unions, Employers and Collective Agreements on a Changing Labour Market). Arena Idé, p.164, table 46.

⁵³⁵ Kjellberg, A. (2020), *Den svenska modellen i en oviss tid: Fack, arbetsgivare och kollektivavtal på en föränderlig arbetsmarknad* (The Swedish Model in Uncertain Times: Trade Unions, Employers and Collective Agreements on a Changing Labour Market). Arena Idé, p.164, table 47.

available for fixed-term workers. Collectively agreed benefits supplementing parental allowances often hold requirements of having been employed for one year to access the minimum period of supplemental parental benefit and some also holding the requirement that the worker needs to be employed for at least three months after parental leave. The more favourable agreements for fixed-term workers are: the one applicable for the state sector where no qualification period is required; and since 2014 the specific insurance scheme introduced for blue-collar workers in the private and cooperative sectors whereby the qualification period of one year can be reached through employments with different employers covered by the insurance scheme.⁵³⁶ As for requirements in transition agreements for benefits that supplement unemployment benefits or other forms of advice and support when facing a situation of being made redundant there are also eligibility criteria in terms of length of employment and in some cases requirement of having a permanent employment in order to be eligible for the benefits.⁵³⁷ These forms of qualification criteria discussed make it more difficult for fixed-term workers to gain from collective agreements and can thus be considered an argument for them not to unionise as long as they are not permanently employed.

1.2. Descriptive data and impact analysis

1.2.1. Workforce composition

In relation to fixed-term workers, the EU-SILC data concerning in-work poverty,⁵³⁸ gather both fixed-term workers and involuntary part-time workers in the same category.⁵³⁹ This makes the analysis somewhat blurred, but we still find it possible to identify the risk groups in relation to in-work poverty on the basis of the statistics and as such provide an analysis focusing on those risk groups. Worth noting is that the data does show that 60,8 percent of the workers within the group of fixed-term and involuntary part-time workers actually work full-time. This would imply that a majority of these workers are fixed-term workers, but unfortunately data on the share of permanent versus fixed-term contracts within this group is not available. Overall figures for employees, show that fixed-term workers make up a little more than 12 percent of the employees in Sweden and it is also possible to see that in-work poverty rates are significantly higher at 20 percent for employees on temporary contracts in

⁵³⁶ As has been discussed in Part I section 2.3.3 covering parental leave the qualification periods vary between different collective agreements. The only one not holding a qualification period is the collective agreement covering employees in the state sector. For further discussion of these collective agreements see Julén Votinius, J. (2020), *Collective Bargaining for Working Parents in Sweden and its Interaction with the Statutory Benefit System*, in *International Journal of Comparative Labour Law and Industrial Relations*, Vol. 36, No. 3, 367-386.

⁵³⁷ For further discussion see Part I section 2.2.1 and 2.2.3 above.

⁵³⁸ See table 3 in the appendix. Unless otherwise clearly indicated, the information in this section is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019.

⁵³⁹ See table 3 in the appendix. Unless otherwise clearly indicated, the information in this section is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019.

comparison with employees having a permanent contract where the in-work poverty rate is instead 4 percent. In relation to this it is also worth noting that the in-work poverty rate, for the full-time workers amongst the fixed-term and involuntary part-time workers, is significantly lower (15,2 percent) than for those working part-time (26 percent), albeit still being considerably higher than for the in-work population as a whole where full-time working persons are subject to an in-work poverty rate of 6,4 percent.

In addition, it is worth noting that the in-work poverty rate for this group of workers is significantly higher and increasing more rapidly than is the case for the in-work population as a whole. Between 2007 and 2019 the in-work poverty rate has increased from 6,4 percent to 7,8 percent for the whole in-work population. For fixed-term workers and involuntary part-time workers the rate has gone from 15,3 percent to 19,5 percent, in spite of this group remaining at a similar share of the whole in-work population (12 percent in 2007 and 12,2 percent in 2019). It is also noteworthy that the rate of severe material deprivation has decreased slightly over these years for the whole in-work population (from 1,0 percent to 0,7 percent), but for the fixed-term and involuntary part-time workers severe material deprivation rates have instead increased from 3,2 percent to 3,5 percent. It would thus seem to be the case that in-work poverty rates for this group of workers are also more relevant in relation to their living standards than is the case for self-employed.

The vast majority of these workers are employed within trade, transport, accommodation and food service, information and communication and other services, which are also the parts of the labour market where the vast majority of the in-work population conduct work. However, in-work poverty rates are much higher for fixed-term and involuntary part-time workers, above 20 percent, than for the in-work population as a whole, just above 7 percent for the same segments of the labour market.⁵⁴⁰ In light of the Covid-19 pandemic the elderly care services sector has been granted specific attention in the Swedish debate and working conditions within this sector have been highlighted as problematic.⁵⁴¹ This is a sector where the share of fixed-term employments is significantly higher than for the labour market in general. Worth noting is that there are differences depending on whether the employer running the elderly care services organisation is public or private, where the share of fixed-term employments was 27 and 37 percent respectively in 2017, compared to 16 percent for the whole labour market.⁵⁴² Even though the higher share of fixed-term employments in this sector to some extent can be explained by difficulties for employers to find personnel with the required qualifications for permanent employment,⁵⁴³ we find it unlikely that the full share of fixed-term employments can be explained by shortage of staff.

⁵⁴⁰ See table 3 in the appendix. Unless otherwise clearly indicated, the information in this section is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019.

⁵⁴¹ The issue of employment conditions within the elderly care sector was specifically addressed in Government White Paper (SOU) 2020:80 *Äldreomsorgen under pandemin* (Elderly care during the pandemic), pp. 250ff.

⁵⁴² Andersson, H. *Så mycket bättre? 2018 – En jämförelse av anställningsvillkor och löner i privat och kommunalt driven äldreomsorg* (So much better? 2018 - A comparison of working conditions and wages in private and public elderly care). Kommunal, 2018. pp. 14f.

⁵⁴³ The problem of finding relevantly trained and educated staff for certain occupations as an important explanation for high shares of fixed-term employments has been highlighted from employers' representatives during project workshops with stakeholders.

When considering aspects such as age, gender and nationality for this group of workers it is evident that in this group young workers, female workers and foreign-born workers are over represented in relation to the in-work population as a whole. 51,5 percent of fixed-term and involuntary part-timers are aged between 18-34 years in comparison with 29,1 percent of the overall in-work population.⁵⁴⁴ 58,5 percent are women in comparison with 46,5 percent of all employed and in terms of nationality 21,9 percent are foreign born compared to 7,7 percent of the whole in-work population. Groups of workers that in general are considered to have a weaker position on the labour market are thus over-represented amongst fixed-term and involuntary part-time workers. The fact that these workers are in a vulnerable position is also highlighted when considering the in-work poverty rates for these categories of workers. When considering the situation from a gender perspective we can see that the in-work poverty rate differs more between all employed women and fixed-term and involuntary part-time working women (5,7 compared to 19,5 percent) than what is the case for men (6,8 compared to 19,5 percent). Albeit it is clear that also fixed-term and involuntary part-time working men face much higher difficulties than is the case for working men in general. What can be said it that even though both men and women are subject to the same in-work poverty rate of 19,5 percent, the situation for women in relation to fixed-term and involuntary part-time work is worse than for men since women, as stated before, are over represented within this group.

For younger workers we can see that fixed-term and involuntary workers are generally younger than the overall in-work population and they are also subject to somewhat increasing in-work poverty rates (23,8 percent in 2019 compared to 21,1 in 2007), whereas those aged between 18-34 years in the overall in-work population have actually been subject to slightly decreasing in-work poverty rates (10,8 percent in 2019 compared to 11,3 percent in 2007). The most significant increase of the in-work poverty rate is found within the group of fixed-term and involuntary part-time workers aged between 35 and 49 years, where in-work poverty has risen from 9,5 percent in 2007 to 22,2 percent in 2019. This is in stark contrast to the situation for this age group in the overall in-work population where the in-work poverty rate has increased less drastically from 5,5 percent in 2007 to 7,8 percent in 2019. Being young, but also being middle aged and at the stage in life when you most likely have children to support are thus clear risk factors for in-work poverty for fixed-term or involuntary part-time workers.

Fixed-term and involuntary part-time workers are slightly more likely to live in a single person household. 29 percent compared to 24,6 percent of the entire in-work population live in a household of only one person. It is also for single person households that in-work poverty rates are the highest for this group of workers, at 29 percent. However, in-work poverty rates are significantly higher for this group of workers than for the overall in-work population regardless of the size of the household they live in. Noteworthy, is that households with more than two persons are subject to lower rates of in-work poverty than households with exactly two persons, which is the opposite to the overall picture. Almost half of the fixed-term and involuntary part-time workers make up the only in-work person in the household and for

⁵⁴⁴ See table 3 in the appendix. Unless otherwise clearly indicated, the information in this section is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019.

them in-work poverty rates are also significantly higher at 30,2 percent, than for the overall in-work population with only one person in the household being in work at 13,5 percent. Most of the workers in this group live in households without children. When comparing with the entire in-work population it is also more common for fixed-term and involuntary part-time workers to have only one child than to have more than one child. As could be expected, in-work poverty rates are higher for those with more than one child (25,2 percent), but those without children in the household actually face higher risks of in-work poverty (19,2 percent) than those with only one child (16,9 percent).

The group most affected by in-work poverty amongst the fixed-term and involuntary part-time workers consist of workers that are foreign-born, where 43,3 percent are subject to in-work poverty. As stated before, this group is also over represented amongst these workers making up a 21,9 percent share of the group in comparison with 7,9 percent of all employees and 7,7 percent of the overall in-work population. Foreign-born workers are becoming an increasing share of the work force in Sweden, but worryingly they are also subject to increasing risks of in-work poverty. These trends are visible for the in-work population overall as well as amongst employees and even though the statistics cannot show the developments in relation to fixed-term and involuntary part-time workers it would not be unreasonable to assume that the situation is the same within this group. As a foreign-born person the risk of in-work poverty is thus higher as default and on top of that a foreign-born person is also more at risk of having a fixed-term or involuntary part-time job where the risk of in-work poverty is even higher.

In addition to the risk factors already discussed, it is also possible to see that amongst this group of workers it is more common with a low educational level, where 20,2 percent of this group have a low education compared to 12,1 percent of the entire in-work population. Regardless of educational level, this group of workers are subject to significantly higher in-work poverty rates than is the case for the overall in-work population, but for those with a low education the in-work poverty rate is as high as 32,2 percent. For those with a medium or high-level education, in-work poverty rates are still high, at 13,8 and 14,1 percent, showing that these forms of employments are clear risks in relation to in-work poverty. The over representation of low-level educated within the group, however, highlights the educational level as a clear risk factor both in terms of increasing the risk of ending up in a fixed-term or involuntary part-time job and increasing the risk of in-work poverty within such forms of employment.

The link with low skill level in the occupation is also very clear. In-work poverty rates for fixed-term and involuntary part-time workers are much higher than for the overall in-work population regardless of skill level. In-work poverty rates reach 16,5 percent for high-skilled and 21,5 percent for low-skilled fixed term and involuntary part-time workers compared to 5 percent for high-skilled and 10,7 percent for low-skilled occupations in the entire in-work population. However, the share of workers in occupations with low skill level is significantly higher amongst fixed-term and involuntary part-time workers at 63,8 percent compared to 48,9 percent of the whole in-work population. Furthermore, the share of fixed-term and involuntary part-time workers in low-skilled occupations has also increased over the years (from 62,4 percent in 2007 to 63,8 percent in 2019) in contrast to a decrease of low-skilled occupations for the whole in-work population (from 50,8 percent in 2007 to 48,9 percent in 2019). In addition to highlighting the fact that fixed-term and involuntary part-time work is a clear risk factor for in-work poverty as such, there is also an increasing risk related to low-

skilled occupations. It would seem that these forms of employments are increasing within low-skilled occupations, making such occupations a risk per se in relation to in-work poverty.

Statistics also show that between the years 2005 to 2019 the share of fixed-term workers has increased by 2,8 percent amongst blue-collar workers, whereas there has been a decrease of 0,6 percent amongst white-collar workers. Even when such statistics exclude full-time students the differences between blue-collar and white-collar workers persist with an increase of the share of fixed-term employments amongst blue-collar workers of 1,7 percent and a decrease of 1,7 percent amongst white-collar workers.⁵⁴⁵ When considered in relation to the educational level of the workers as discussed above it is thus possible to say that in Sweden, in-work poverty has a very clear link to class. This is evident, since a lower level of education and a lower occupational skill level in combination will generate higher risks for precarious working conditions in terms of employment duration and number of working hours, which in turn increases the risk of in-work poverty rather drastically. This issue of class has been highlighted also in other research focusing on fixed-term employments, where it has been shown that precarious forms of fixed-term employments are becoming increasingly common at the expense of substitute contracts, which can be considered a more stable form of fixed-term employment. That study also showed that this development is particularly prominent within blue-collar occupations.⁵⁴⁶ Since transitioning from a fixed-term employment to a permanent employment is also less common for those on precarious forms of fixed-term employments than for workers on for example substitute contracts,⁵⁴⁷ the risks of getting stuck in a situation of various fixed-term employments in combination with periods of unemployment have also increased.

1.2.2. Impact on selected households' in-work poverty

When assessing the situation concerning in-work poverty for fixed-term workers and the potential that direct and indirect measures might have in relation to sufficiently counteract in-work poverty, there are some uncertainties in relation to the available statistics. These uncertainties are caused by the fact that it is not possible to distinguish between fixed-term workers on more stable and long-term temporary contracts from fixed-term workers on short-term contracts. In addition, since they are grouped with involuntary part-timers the situation requires additional caution when seeking to discuss the situation. Some clear risk factors have been identified as young age, having a low level of education, being foreign-born, working in an occupation with a low skill level, living as a single person or being the only working person in the household.⁵⁴⁸ The length of a fixed-term employment will be important

⁵⁴⁵ Kjellberg, A. (2020), *Den svenska modellen i en oviss tid: Fack, arbetsgivare och kollektivavtal på en föränderlig arbetsmarknad* (The Swedish Model in Uncertain Times: Trade Unions, Employers and Collective Agreements on a Changing Labour Market). Arena Idé, p.164, table 47.

⁵⁴⁶ Alfonsson, J. (2020), *Alienation och arbete: Unga behovsanställdas villkor i den flexibla kapitalismen* (Alienation and work: The conditions for young on-demand employees in the flexible capitalism). Arkiv, pp. 157ff.

⁵⁴⁷ Berglund, T., Håkansson, K., Isidorsson, T. and Alfonsson, J. (2017), Tidsbegränsat anställdas framtida arbetsmarknadssituation. in *Arbetsmarknad & Arbetsliv*. Vol 23, No. 2. 47-66.

⁵⁴⁸ As discussed in the section above on workforce composition. For further details see table 3 in the appendix. Unless otherwise clearly indicated, the information in this section is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the author. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor"

in relation to the requirements of previous work as set out for statutory parental leave benefits and unemployment benefits.⁵⁴⁹ The length of employment for fixed-term workers is thus important for their access to such benefits, but since the data does not provide ground for distinguishing the share fulfilling the requirements of previous work amongst the fixed-term workers, it is very difficult to draw conclusions as to whether they can access those benefits or not. Similarly, the supplementary benefits established in collective agreements also tend to have qualification periods,⁵⁵⁰ but to what extent fixed-term workers affected by in-work poverty fulfil those criteria or not is not possible to conclude. This means that what we can say is that fixed-term workers are likely to face higher risks of not being eligible for social security benefits during periods of unemployment or parental leave.

The relatively young age of the workers in this group in combination with the fact that it is slightly more common for these workers to live alone, could indicate that single person households in this group more often consist of a young person. The higher rate of in-work poverty for both these categories also indicate that single person households to a higher extent combine fixed-term work with periods of unemployment. The increased risk of not fulfilling requirements for unemployment benefits would thus expose such persons in this group of workers to the risk of having to resort to the very low level of compensation provided from the basic unemployment benefit amounting to only 365 SEK per day.⁵⁵¹ Since this form of benefit is paid for five days per week the income during one month would only be approximately 7.665 SEK (based on 21 working days during a month), which is far below the poverty threshold. Nevertheless, the housing allowance available for young persons will still not be accessible to that person due to the very low cap for incomes set for the specific form of housing allowance directed at young persons.⁵⁵² If the person instead would qualify for income-based unemployment benefits, then the situation would improve, but it is not unreasonable to assume that the person would still be in a strained position. Even though it is plausible that a fair share of young fixed-term workers are in a period of establishing themselves on the labour market, the segmented labour market in Sweden, with higher thresholds for gaining a stable position especially for foreign-born workers,⁵⁵³ generates risks for these groups. It seems as if young and foreign-born workers risk becoming trapped in a situation of in-work poverty for longer periods and the difficulties they face in accessing sufficient support through social security structures therefore need attention. These problems become even more pressing when considering the class structures of the

project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019.

⁵⁴⁹ Further discussion on previous work requirements in relation to parental leave benefits and unemployment benefits is found in Part I sections 2.3.3 and 2.2.1 above.

⁵⁵⁰ These issues are discussed in Part I sections 2.2.1 and 2.3.3 covering unemployment benefits and parental leave benefits above.

⁵⁵¹ As elaborated in Part I section 2.2.1 on unemployment benefits in the general analysis above.

⁵⁵² For further details concerning the requirements for young persons in relation to housing allowance see Part I section 3.3 above.

⁵⁵³ As discussed in the introduction to this report. For further discussion see for example Arbetsmarknadsekonomiska Rådet AER (2017), *Arbetsmarknadsekonomisk rapport – Tudelingarna på arbetsmarknaden* (Labour market economic report – The dualised labour market); Vernby, K. and Dancygier, R. (2018) *Employer discrimination and the immutability of ethnic hierarchies: A Field Experiment*. Working Paper 2018:17. IFAU Institutet för arbetsmarknads- och utbildningspolitisk utvärdering; or Aldén, L. and Hammarstedt, M. (2014), *Integration of immigrants on the Swedish labour market – recent trends and explanations*. Report 2014:9, Linnaeus University Centre, Labour Market and Discrimination Studies.

segmented labour market in terms of disadvantages for those with low level of education and those working in occupations with low skill level.⁵⁵⁴

For a fixed-term worker living as a single parent with one or more children or being in a household of two parents with children as the only working parent, the same risks in relation to fulfilling criteria of length of employment in order to access various benefits exist. In addition, having one wage for making a living causes additional risks, which is visible in the difference of more than 20 percentage points in in-work poverty rates between households with one and households with more than one person working.⁵⁵⁵ A decreased income during a period of sickness, unemployment and in periods of parental leave, especially if the working person is the one taking parental leave, will thus generate additional strain increasing the risks of in-work poverty for the household. The housing allowance for households with children is designed in a more generous manner than for young persons. However, the figures indicating in-work poverty rates for households with one working person and for households with children are much higher for fixed-term workers and involuntary part-time worker than for the overall in-work population. This indicates that the housing allowance is not sufficient for alleviating these households from in-work poverty.

As is the case in general, households with children and two working parents seem to be in a less difficult situation in terms of in-work poverty, but fixed-term and involuntary part-time workers still face higher in-work poverty rates than the overall working population. Whether this is an issue of fewer working hours and as such a lower income due to part-time work or due to a fragmented working year with periods of being out of work is difficult to assess. However, the strong link between having an unstable labour market position and in-work poverty⁵⁵⁶ is clearly present also for these households. It can therefore not be excluded that there are fixed-term workers in dual-earner households that due to challenges of gaining a more stable position on the labour market become trapped in a situation of in-work poverty.

2. Temporary agency workers

2.1. Legal framework

2.1.1. Notion and main features

Temporary agency work is regulated in the Act on temporary agency work,⁵⁵⁷ where definitions are provided to some of the relevant terms in Article 5. A temporary work agency is in line with this definition a legal entity whose purpose is to have workers employed in order to rent them out for conducting work for a user company under the supervision and direction of the user company.⁵⁵⁸ The user company is thus defined as the legal entity for whom work is performed and who conducts the direction and supervision of that work.⁵⁵⁹ Since the

⁵⁵⁴ As briefly discussed in the section above on workforce composition.

⁵⁵⁵ See table 3 in the appendix. Unless otherwise clearly indicated, the information in this section is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the author. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019.

⁵⁵⁶ As discussed in the introduction to this report.

⁵⁵⁷ Lag (2012:854) om uthyrning av arbetstagare.

⁵⁵⁸ Article 5 point 1, Act on temporary agency work.

⁵⁵⁹ Article 5 point 2, Act on temporary agency work.

temporary work agency is the employer of the temporary agency worker, the agency also holds the primary employer responsibility for the worker. However, it is the user company that leads and directs the work to be conducted and therefore is required to fulfil the immediate responsibilities connected to supervision and direction of work that normally falls on the employer. This generates a situation where the temporary work agency and the user company, to some extent, are considered to have shared responsibilities for the temporary agency worker, not least in relation to aspects of health and safety at work.⁵⁶⁰

The term temporary agency worker is only implicitly defined through the recurring reference to a worker employed by the temporary work agency. As will be discussed in the next section, the act focuses on equal treatment of temporary agency workers, but it also contains some other protective measure for temporary agency workers in relation to their possibilities of taking up employment with a user company. The temporary work agency is prohibited from preventing their employees to take up employment with a current or previous user company⁵⁶¹ and they are also prohibited from taking up any form of fees from their employees in order to either place them with a specific user company or allow them to take up employment directly with the user company.⁵⁶² In addition, user companies are required to inform temporary agency workers about available positions in the form of permanent employments or probationary employments that become available within the user company.⁵⁶³ Breaches of these requirements for temporary work agencies and user companies result in damages to the temporary agency worker.⁵⁶⁴

There are no statutory limitations to the use of temporary work agencies or temporary agency work, apart from the requirements of equal treatment. As such, the use of temporary agency work would be difficult to classify as abusive. There have been discussions in the past of whether or not an employer who decides to dismiss employees on the basis of redundancies and afterwards instead agreeing with a temporary work agency on renting workers as a means to circumvent employer responsibilities.⁵⁶⁵ These discussions have led to some collective agreements holding clauses requiring negotiations with the trade union before taking in temporary agency workers during a specific period following redundancies within the company.⁵⁶⁶ However, the few cases decided by the Labour Court have indicated a fairly vast scope for employers to make use of temporary agency work in line with the employer

⁵⁶⁰ Temporary agency workers have been reported to more often than other workers be subject to accidents at work and due to this the Swedish Work Environment Authority initiated specific inspections in relation to temporary agency work. This led to further development of tools for temporary work agencies and user companies in order for them to develop better knowledge and better processes for assuring health and safety at work for temporary agency workers in compliance with regulations on these issues. See Åkerlund, E. (2018) *Slutrapportering regeringsuppdrag "Tillsyn inom bemanningsbranschen"* (Final report for government assignment "Inspection within the temporary agency work sector"). Project report 2017/025994, Swedish Work Environment Authority.

⁵⁶¹ Article 9, Act on temporary agency work.

⁵⁶² Article 10, Act on temporary agency work.

⁵⁶³ Article 12, Act on temporary agency work.

⁵⁶⁴ Articles 13-14, Act on temporary agency work.

⁵⁶⁵ Such discussions were rather intense in the negotiating round of 2010, see Glavå M. and Hansson, M. (2016), *Arbetsrätt* (Labour Law). Studentlitteratur. p. 38 for a brief comment.

⁵⁶⁶ See for example Appendix A Clause 1 Livsmedelsföretagen and Handels, *Butiksavtalet* (Collective agreement for grocery shops), which requires the employer to take up negotiations with the local trade union before renting in temporary agency workers if the period is foreseen to last more than five weeks.

prerogatives,⁵⁶⁷ but the issue seems at the moment not to be very present in debate. It might be because the fears from trade unions that temporary agency work would become a means that employers would resort to in order to evade employer responsibilities has simply not materialised. Temporary agency work holds a fairly small part of the Swedish labour market, in 2018 the temporary work agencies affiliated to the employers' organisation Kompetensföretagen employed about 93.000 full-year equivalent workers⁵⁶⁸ or roughly 2 percent of the labour market force.

2.1.2. Equal treatment, working conditions and social security benefits

The principle of equal treatment of temporary agency workers is regulated in Article 6 of the Act on temporary agency work, which entered into force on January 1st 2013. The Swedish legislator has in this Act that implemented the Temporary Agency Work Directive,⁵⁶⁹ allowed for derogations⁵⁶⁷ from the principle of equal treatment through collective agreements under the condition that the overall protection for temporary agency workers as required by the Directive is respected.⁵⁷⁰ In addition, the requirement of equal treatment in terms of wages does not apply to workers that are employed on a permanent employment contract and receives wage also for periods when no work is performed for a user company.⁵⁷¹ In relation to this it is worth noting that working conditions for temporary agency workers have been regulated in collective agreements well before the implementation of the Directive in Swedish legislation.⁵⁷² The employers' organisation representing temporary work agencies has been very active in seeking to improve the reputation and legitimacy of temporary work agencies on the Swedish labour market. This strategy has focused also on assuring a high degree of collective agreement coverage for temporary work agencies and in 2017 approximately 97 percent of the workers employed by temporary work agencies were covered by collective agreements.⁵⁷³ It is thus of interest to consider the regulations on working conditions and more specifically wages in collective agreements applicable for temporary agency workers in order to understand to what extent these workers are more likely to be at risk of in-work poverty than workers employed directly by the user companies.

For blue-collar workers the main collective agreement⁵⁷⁴ covering temporary work agencies holds a principle concerning pay that seeks to assure equal treatment between temporary

⁵⁶⁷ To our knowledge there have been two cases and in both of them the court found that the use of temporary agency work was considered as legally permissible and that no misuse on terms of intention to circumvent legislation on employment conditions could be proved. See AD 2003:4 and AD 2007:72.

⁵⁶⁸ Kompetensföretagen (2019), *Årsrapport 2018* (Annual report 2018), Infront Data.

⁵⁶⁹ Government Bill 2011/12:178 (Regeringens proposition 2011/12:178) Lag om uthyrning av arbetstagare (Act on temporary agency work).

⁵⁷⁰ Article 3 of the Act on temporary agency work.

⁵⁷¹ Article 8 of the Act on temporary agency work.

⁵⁷² Berg, A. (2008). *Bemanningsarbete, flexibilitet och likabehandling: En studie av svensk rätt och kollektivavtalsreglering med komparativa inslag*. Lund: Juristförlaget i Lund. pp. 254ff.

⁵⁷³ Arbetsmarknadsekonomiska Rådet AER (2018), *Arbetsmarknadsekonomisk rapport – Olika vägar till jobb* (Labour market economic report – different roads to work). p. 67.

⁵⁷⁴ Bemanningsavtalet between Almega Bemanningsföretagen and LO-förbunden, hereinafter the TAW blue-collar collective agreement. The version of this agreement taken into account is the agreement in force during the years 2017-2020 (which was prolonged until October 31st 2020), which was replaced with a new agreement during the winter 2020/2021. There are no reasons, however, to assume that the clauses concerning wage calculation have been changed in the new agreement due to the long history of these clauses. What most likely has been changed is the lowest level of pay though, but since the data for median

agency workers and those employed directly by the user company whilst at the same time allowing for certain simplifications as to the right comparator at the user company. The agreement differentiates between the wage paid for hours during which the temporary agency worker performs work at a user company and specific rules on guarantee wage for un-booked hours. For hours when the worker performs work at a user company the wage shall be calculated in accordance to the average level of remuneration for comparable groups of workers at the user company. When this calculation is made both the basic hourly salary and wage supplements for performance at work such as for example bonuses shall be included. For the wage supplements the latest period of measurement may be used as the basis.⁵⁷⁵ This mode of calculation will thus include all workers conducting comparable work at the user company regardless of their time of employment and regardless of the length of experience of the temporary agency worker that is sent there. This means that the levels of remuneration paid to workers with longer periods of employment at the user company most likely will increase the level of remuneration for the temporary agency worker. In this sense young temporary agency workers with less experience will thus gain from a higher level of remuneration than they would have received as employed directly by the user company whereas older and more experienced temporary agency workers are likely to get paid less than they would have been paid as directly employed by the user company.⁵⁷⁶

There are two exemptions to the principle of average level of remuneration for comparable groups of workers at the user company. The first exemption relates to the situation when the user company agrees with the local trade union organization on the level of remuneration for temporary agency workers during a certain period and for specific work. Such an agreement needs to respect the overarching principle that remuneration for temporary agency workers shall be neutral in line with the main rule and the temporary work agency and its local trade union counterpart need to confirm the agreed level of remuneration for it to be applied. There is also a requirement that such agreements are revised upon the conclusion of a new sectoral collective agreement or when the annual wage revisions at the user company have been confirmed.⁵⁷⁷ The second exemption relates to smaller assignments amounting to a maximum of 10 days and 20 persons. For such smaller assignments the temporary agency worker shall be paid in accordance with his/her most recent average level of remuneration for the last know period of 3 months. If the temporary agency worker has performed work for the same user company during the last period of 12 months this exemption cannot be applied, instead the main rule on average level of remuneration for comparable groups of workers will be applied.⁵⁷⁸

For working hours when the temporary agency worker is not booked at a user company, but performs work or participates in education that the employer has ordered the worker to participate in, there is a guarantee hourly wage set in the agreement. For 2019 this guarantee hourly wage was set at 117,84 SEK for qualified workers and 111,44 SEK for others. A maximum of 8 hours per day can be paid as guarantee.⁵⁷⁹ In addition to the guarantee hourly

pay, in-work poverty and so on used in this report and discussions relate to figures from 2018 the levels identified in this agreement are still useful.

⁵⁷⁵ Clause 4 section 2 the TAW blue-collar collective agreement.

⁵⁷⁶ Berg, A. (2008). *Bemanningsarbete, flexibilitet och likabehandling: En studie av svensk rätt och kollektivavtalsreglering med komparativa inslag*. Lund: Juristförlaget i Lund. pp. 254ff.

⁵⁷⁷ Clause 4 section 3, TAW blue-collar collective agreement.

⁵⁷⁸ Clause 4 section 4, TAW blue-collar collective agreement.

⁵⁷⁹ Clause 5 sections 1-2, TAW blue-collar collective agreement.

wage there are also wage supplements for unsocial working hours and for over-time if the temporary agency worker performs work or participates in education without being booked for work at a user company.⁵⁸⁰ Worth noting is that the guarantee wage also sets a limit in the sense that regardless of the calculated level of remuneration for hours when work is performed at a user company the guarantee wage can never be undercut.⁵⁸¹

For white-collar workers the collective agreement does not specifically hold a principle of equal pay in relation to comparable workers in the user company. Instead, the wage regulations in this collective agreement stress the individual wage setting model and assures the workers, employed for performing assignments at differing user companies,⁵⁸² wage protection through clauses on guarantee wage when the temporary agency worker is not performing work at a user company. This is combined with a specific form of wage supplement for hours worked at a user company.⁵⁸³ The wage clauses in this collective agreement define the minimum wage levels for white-collar workers of 20 and 24 years old,⁵⁸⁴ but stress the individual wage setting mechanisms whereby the wage shall be set in accordance with specified criteria taking into account the competence, skills and experience of the individual worker as well as wage structures in the company.⁵⁸⁵ As for the guarantee wage and wage supplements for work performed at a user company there are differing modes of calculation depending on whether the worker has been employed for at least 18 consecutive months with the temporary work agency or less. For workers that have been employed less than 18 consecutive months with the temporary work agency the guarantee wage shall amount to a monthly wage based on 133 hours of work.⁵⁸⁶ A wage supplement is paid for each hour exceeding 133 hours per month that the worker carries out work at a user

⁵⁸⁰ Clause 5 sections 5-6, TAW blue-collar collective agreement.

⁵⁸¹ Clause 4 sections 2 and 4, TAW blue-collar collective agreement.

⁵⁸² The following discussion on guarantee wage and wage supplements for hours of work at a user company are only applicable for the workers that are employed in order to conduct work at user companies, but where the user company can vary. The clause does not apply to workers employed in order to conduct work at one specific user company only, in other words the situation where a user company outsources a part of its organization to a temporary work agency and that agency employs workers specifically for that work. However, such situations are rare and following dialogue with a trade union representative from Unionen it makes up such a small part of the business of temporary work agencies that these do not even keep statistics on the number of assignments or employees affected.

⁵⁸³ For further discussion on these wage clauses see Berg, A. (2008). *Bemanningsarbete, flexibilitet och likabehandling: En studie av svensk rätt och kollektivavtalsreglering med komparativa inslag*. Lund: Juristförlaget i Lund. pp. 254ff.

⁵⁸⁴ Worth noting is that in relation to academically trained professions there are no minimum wage levels set in line with the general tradition on the Swedish labour market on so called numberless agreements for academically trained professions. For a comment on numberless agreements for academically trained professions in relation to minimum wages on the Swedish labour market see for example Hällberg & Kjällström (2020).

⁵⁸⁵ Löneavtal, Tjänstemän i bemanningsföretag, between Almega Bemanningsföretagen, Unionen, hereinafter TAW White-collar wage agreement, and Akademikerförbunden and Allmänna anställningsvillkor, Avtal för tjänstemän, between Almega Bemanningsföretagen, Unionen and Akademikerförbunden, hereinafter TAW White-collar agreement. Both these agreements were prolonged until October 31st 2020 due to the Covid-19 pandemic and new agreements have recently been reached, but it has not been possible to take into account the new versions of the agreements. As for the clauses on guarantee wage and wage supplements for hours performed at a user company, these have been the same since 2004 (Berg, A. (2008). *Bemanningsarbete, flexibilitet och likabehandling: En studie av svensk rätt och kollektivavtalsreglering med komparativa inslag*. Lund: Juristförlaget i Lund. pp. 254ff) and there are no reasons to assume that the newest versions of the agreements have provided changes to these clauses.

⁵⁸⁶ Clause 12.2.1 TAW White-collar agreement.

company. This wage supplement is calculated by taking the hourly guarantee wage (the monthly guarantee wage divided by 133) times 1,08.⁵⁸⁷

For workers that have been employed for 18 consecutive months or longer the guarantee monthly wage will instead be based on 150 hours of work during a month⁵⁸⁸ and the wage supplement will be paid with the hourly wage (i.e. the monthly wage divided by 150) times 1,16 for every hour of work at a user company that exceeds 150 hours during one month.⁵⁸⁹ This mode of wage protection through a guarantee wage is as such more beneficial for temporary agency workers that stay longer as employed with the temporary work agency.⁵⁹⁰ Even though the regulations do not require equal treatment with workers at the user company, the preparatory acts concerning the implementation of the TAW Directive are clear on the fact that the Swedish legislator has considered these rules suitable to uphold the general level of protection required in order to allow for exemptions from the principle of equal treatment.⁵⁹¹ To what extent the Swedish legislator is correct in this assumption is not possible to assess due to the lack of case law from the CJEU on this matter. However, there is no guarantee that white-collar temporary agency workers will be paid a wage equal to what they would have been paid if employed directly at the user company, but they do uphold a certain income protection through the guarantee wage. Studies where the wages of temporary agency workers have been compared to other workers in the same occupation have also shown that especially white-collar temporary agency workers tend to earn less than other white-collar workers in similar occupations. For blue-collar workers there are less differences and wages are more comparable between temporary agency workers and other workers.⁵⁹²

The temporary agency work collective agreements also holds clauses limiting the use of casual employment contracts by demanding that the employee in question needs to have another main source of income or occupation in order to take up an intermittent employment for on-demand work. It is clearly expressed that this form of employment is to be used only in cases where the employee in question wishes to have extra work. In addition, there are also limitations to the use of temporary employment contracts with obligations on the employer to inform the trade union on the use of such contracts as well as requirements that students provide written confirmation of being enrolled in studies in order to conclude temporary or intermittent employment contracts.⁵⁹³ According to the employers' organisation Kompetensföretagen, temporary agency workers are in general employed for about six to 18 months with the temporary work agency, during which they perform work for one or two user companies. It is also common that temporary agency workers continue their

⁵⁸⁷ Clause 12.2.3 TAW White-collar agreement.

⁵⁸⁸ Clause 12.2.2. TAW White-collar agreement.

⁵⁸⁹ Clause 12.2.3 TAW White-collar agreement.

⁵⁹⁰ Berg, A. (2008). *Bemanningsarbete, flexibilitet och likabehandling: En studie av svensk rätt och kollektivavtalsreglering med komparativa inslag*. Lund: Juristförlaget i Lund. pp. 254ff.

⁵⁹¹ Government White Paper 2011:5 (SOU 2011:5) *Bemanningsdirektivets genomförande i Sverige* (The implementation of the Temporary Agency Work Directive in Sweden). pp. 166ff and Government Bill 2011/12:178 (Regeringens proposition 2011/12:178) *Lag om uthyrning av arbetstagar* (Act on temporary agency work). pp. 95ff.

⁵⁹² Arbetsmarknadsekonomiska Rådet AER (2018), *Arbetsmarknadsekonomisk rapport – Olika vägar till jobb* (Labour market economic report – different roads to work). pp. 74ff.

⁵⁹³ Clause 3 section 1 TAW blue-collar collective agreement and Clause 2.2.2 TAW White-collar agreement.

employment with a user company after one or two years of employment with the temporary work agency.⁵⁹⁴

In relation to temporary agency workers' access to social security benefits there are no specific issues due to their employment with a temporary work agency, instead such access is rather connected to the form of employment contract they have. The stricter rules for casual forms of employment within the temporary agency work sector would thus indicate that these workers are subject to less problems in relation to social security benefits since they are more likely to hold a standard employment or at least a longer-term temporary contract, thus limiting the problems arising from the fact that social security benefits and eligibility criteria for such benefits are modelled upon standard employments. Historically, in the late 1990s and early 2000s, there have been issues in relation to access to unemployment benefits for temporary agency workers, since the eligibility criteria caused difficulties for workers that accepted new temporary assignments to access unemployment benefits after repeated temporary employments.⁵⁹⁵ However, those issues were solved after a judgment where the court declared that as long as a fixed-term employment is entered into in accordance with law and applicable collective agreements, the end of such an employment shall not be a reason for considering the unemployed as responsible for his/her situation of unemployment.⁵⁹⁶ Thus, unemployment after a period of fixed-term employment with a temporary work agency cannot be considered a reasonable cause for denying unemployment benefits.

However, the situation for temporary agency workers has not been without problems, especially in relation to health and safety at work where the problem with temporary agency workers more often being subject to incidents and accidents at work got specific attention from the Swedish Work Environment Authority more recently. The Work Environment Authority initiated a specific round of inspections directed towards temporary work agencies and user companies, whereby several decisions on need for improvement of systematic controls and reporting mechanisms were issued. In order to assist temporary work agencies and user companies in assuring better processes for securing health and safety at work for temporary agency workers the Work Environment Authority also developed new tools and clarified the structures for the shared work environment responsibilities between temporary work agencies and user companies.⁵⁹⁷

2.1.3. Outsourcing and matching between labour demand and supply

The issue of temporary agency work in relation to outsourcing and matching between labour demand and supply on the Swedish labour market need to be understood in relation to the still fairly small share of the labour market that this sector holds. Even though the sector has been growing, after roughly 30 years of existence, its share of the labour market still lingers

⁵⁹⁴ Kompetensföretagen (2020), *Därför behövs kompetensföretag* (The reason temporary work agencies are needed). This information has not been confirmed nor denied by trade unions in my contacts with them.

⁵⁹⁵ Berg, A. (2008). *Bemanningsarbete, flexibilitet och likabehandling: En studie av svensk rätt och kollektivavtalsreglering med komparativa inslag*. Lund: Juristförlaget i Lund, pp. 271ff.

⁵⁹⁶ RÅ 2007 ref. 20 I-II.

⁵⁹⁷ Åkerlund, E. (2018) *Slutrapportering regeringsuppdrag "Tillsyn inom bemanningsbranschen"* (Final report for government assignment "Inspection within the temporary agency work sector"). Project report 2017/025994, Swedish Work Environment Authority.

around 2 percent.⁵⁹⁸ The main role that temporary work agencies fulfil on the Swedish labour market consist of temporary agency work, recruitment and organisation of transition solutions within the structures regulated in the various transition collective agreements.⁵⁹⁹ In 2018 approximately 260 000 persons gained employment through these three different parts of the temporary agency work sector in Sweden.⁶⁰⁰ Even though the wage regulations in collective agreements allow for exemptions for example in relation to temporary agency workers employed for outsourcing appointments,⁶⁰¹ this form of activity makes up such a small part of the temporary agency work sector that the employers have as of yet not even seen a need for detailed statistics on outsourcing assignments.⁶⁰² Furthermore, the question raised during the initial years of the 2000s, concerning employer strategies to dismiss staff due to redundancies in order to be able to make use of temporary agency workers instead and that way evade employers' responsibilities, seems nowadays to be a dead question.⁶⁰³ It is therefore reasonable to assume that neither outsourcing as a phenomenon, nor temporary agency work as a means to evade employer responsibilities, make up strong driving factors for precarity or in-work poverty of temporary agency workers in Sweden.

One issue worth noting though is that the share of foreign-born workers is much higher amongst temporary agency workers than the workforce at large. As has been mentioned above, 27 percent of temporary agency workers were in 2019 foreign-born compared to 19 percent of the population in Sweden.⁶⁰⁴ This can be seen in a positive light as an indication that temporary agency work provides a channel for foreign-born workers to establish themselves on the Swedish labour market⁶⁰⁵ and as such providing foreign-born workers a possibility for getting out of in-work poverty. Even though research has shown that

⁵⁹⁸ In 2018 and 2019 temporary work agencies employed 93 000 persons in full-year equivalents (see Kompetensföretagen (2019), *Årsrapport 2018* (Annual report 2018), Infront Data. Kompetensföretagen (2020), *Därför behövs kompetensföretag* (The reason temporary work agencies are needed) and the labour market force was at that year 5 441 800 persons (based on statistics from Statistics Sweden see SCB (Statistics Sweden), *Befolkningen 15-74 år (AKU), i 1000-tal efter kön, ålder, arbetskrafttillhörighet och år* (The population in 1000s according to gender, age, labour market position and year), at https://www.statistikdatabasen.scb.se/pxweb/sv/ssd/START_AM_AM0401_AM0401A/NAKUBefolkning2Ar/table/tableViewLayout1/ (last accessed 27.05.2021)).

⁵⁹⁹ Kompetensföretagen (2020), *Därför behövs kompetensföretag* (The reason temporary work agencies are needed).

⁶⁰⁰ Kompetensföretagen (2019), *Årsrapport 2018* (Annual report 2018), Infront Data.

⁶⁰¹ These workers are not covered by the wage clauses on guarantee wage and wage supplement for booked hours in Clause 12.2.1 TAW White-collar agreement. For blue-collar workers the exemptions relate to smaller assignments in terms of time and number of workers and situations where the temporary work agency and the user company have agreed upon a specific wage level to be considered comparable in relation to relevant employees of the user company (see Clause 4 sections 3-4 TAW blue-collar collective agreement) and these exemptions also hold specific regulations assuring trade union control.

⁶⁰² Information based on dialogue with a trade union representative from Unionen on this issue. The fact that a trade union representative confirms the small share of outsourcing of temporary work agencies' can be considered a fairly strong indication that outsourcing is not a prevalent problem in relation to working conditions and wages for temporary agency workers in Sweden.

⁶⁰³ As briefly discussed in the section on notion and main features of temporary agency work above, where the regulation in collective agreements concerning the use of temporary agency workers in a period following redundancy dismissals and connected case law is mentioned.

⁶⁰⁴ Kompetensföretagen (2020), *Därför behövs kompetensföretag* (The reason temporary work agencies are needed).

⁶⁰⁵ Arbetsmarknadsekonomiska Rådet AER (2018), *Arbetsmarknadsekonomisk rapport – Olika vägar till jobb* (Labour market economic report – different roads to work). pp. 67ff.

unemployed that take up work for temporary work agencies to a higher extent risk getting stuck in temporary agency work than unemployed taking up a more regular form of employment, this effect of getting trapped in temporary agency work was less significant for non-western immigrants.⁶⁰⁶

2.1.4. Unionization and collective agreements' application

The unionisation rates for specifically temporary agency workers are difficult to assess, since statistics on union membership are generally related to specific trade unions and sectors. Since temporary work agencies cover several diverse industry sectors and their employees thus can be members of various unions, depending on the sector within which they work as well as whether they are blue-collar, white-collar or academically trained professionals, it is a difficult task to retrieve relevant statistics. However, temporary agency workers tend to be younger and also more often foreign-born than what is the case for the labour market in large. In 2019, 40 percent of temporary agency workers were under the age of 29 years and 27 percent were foreign born.⁶⁰⁷ Since these groups are those with generally lower rates of unionisation⁶⁰⁸ it is thus reasonable to expect that the unionisation levels are lower amongst temporary agency workers than the workforce at large. However, at the same time there is a very high coverage rate for collective agreements amongst temporary work agencies in relation to the private sector at large. Temporary work agencies have a collective agreement coverage rate of 97 percent, which is the result of the strive of the employers' organisation to improve the image and reputation of temporary agency work through assuring regulations of working conditions in line with the Swedish labour market model.⁶⁰⁹ This high level of collective agreement coverage also implies that trade unions have better access to and possibilities for reaching temporary agency workers in order to provide information and promote trade union membership.

2.2. Descriptive data and impact analysis

2.2.1. Workforce composition

It has not been possible to retrieve statistics specifically for temporary agency workers in relation to in-work poverty and therefore it is difficult to say anything precise on this issue in relation to the workforce composition or the household composition of this specific group. At the early stages of temporary work agencies in Sweden the majority of the workers were found within different forms of administrative services and the main part of the workforce was female. However, throughout the years temporary work agencies directed towards different sectors and occupations have developed and temporary agency work is now found amongst a vast spectrum of occupations generating an increased heterogeneity amongst the

⁶⁰⁶ Hveem, J. (2013) *Are temporary work agencies stepping stones into regular employment?* in IZA Journal of Migration, Vol. 21, No. 2, pp. 1-27.

⁶⁰⁷ Kompetensföretagen (2020), *Därför behövs kompetensföretag* (The reason temporary work agencies are needed).

⁶⁰⁸ Kjellberg, A. (2020), *Den svenska modellen i en oviss tid: Fack, arbetsgivare och kollektivavtal på en föränderlig arbetsmarknad* (The Swedish Model in Uncertain Times: Trade Unions, Employers and Collective Agreements on a Changing Labour Market). Arena Idé, pp. 46ff.

⁶⁰⁹ Calmfors, L., Ek, S., Kolm, A.-S. and Skedinger, P. (2019), *Kollektivavtal och lönebildning i en ny tid* (Collective agreements and wage formation in a new era). Dialogos, p. 25.

workers.⁶¹⁰ It is still a fairly small segment of the Swedish labour market, amounting only to about two percent of all employees in Sweden. However, as mentioned before the share of young workers and also the share of foreign-born workers is higher amongst temporary agency workers than the overall workforce. It is also less common amongst temporary agency workers to have finished a tertiary education than for the overall workforce, albeit the share of workers with low level of education is the same for temporary agency workers as for the overall workforce.⁶¹¹ Temporary agency workers are thus a heterogenous group, but considering the fact that young workers and foreign-born workers in general face higher risks of in-work poverty this group could also be at higher risk of in-work poverty. However, the requirements and restrictions concerning temporary and casual employments found in the collective agreements covering temporary agency workers would indicate a lower risk for insecure employments with low working hours. That would thus lessen the risk for this group of workers in relation to in-work poverty.

2.2.2. Impact on selected households' in-work poverty

In relation to temporary agency workers, the different household compositions and risks for in-work poverty the lack of statistics makes it impossible to draw any conclusions. What we do know about this group of workers is that they are subject to a somewhat higher degree of protection due to the high coverage rate of collective agreements amongst temporary work agencies and the construction of wage clauses in those agreements.⁶¹² Even though there are indications of white-collar temporary agency workers being subject to somewhat lower wage levels than comparable standard employed white-collar workers,⁶¹³ it is still the case that white-collar workers tend to earn higher wages than blue-collar workers and as such the risks for in-work poverty are lower for white-collar workers. White-collar workers also tend to have higher level of education and be employed in occupations with higher skill level, which both are factors that decreases risks for in-work poverty.⁶¹⁴ For blue-collar temporary agency workers there is instead a tendency of a positive wage gap, whereby they tend to earn a higher income than comparable blue-collar workers in a more standard form of employment.⁶¹⁵ This would thus decrease the risks for in-work poverty for blue-collar temporary agency workers. Nevertheless, the challenges previously raised for other VUP

⁶¹⁰ For a study covering the earlier development of the temporary agency work sector in Sweden see Andersson Joona, P. and Wadensjö, E. (2010), *Bemanningsbranschen 1998-2005: en bransch i förändring?* (Temporary agency work sector 1998-2005: a sector under change?), Working paper 6:2010, SOFI.

⁶¹¹ Arbetsmarknadsekonomiska Rådet AER (2018), *Arbetsmarknadsekonomisk rapport – Olika vägar till jobb* (Labour market economic report – different roads to work). pp. 67ff.

⁶¹² The framing of wage clauses in collective agreements covering temporary agency workers is discussed more in detail in the section above on equal treatment of temporary agency workers.

⁶¹³ Hveem, J. (2013) *Are temporary work agencies stepping stones into regular employment?* in IZA Journal of Migration, Vol. 21, No. 2, pp. 1-27.

⁶¹⁴ Regardless of which specific group of workers considered in the statistics provided in the Appendix, the in-work poverty rates are lower for persons with medium or higher education than for those with a low level of education and the same is true for those working in occupations with a high skill level compared to those working in an occupation with a low skill level. Further details are provided in the tables in the Appendix. The information therein is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the author. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project.

⁶¹⁵ Hveem, J. (2013) *Are temporary work agencies stepping stones into regular employment?* in IZA Journal of Migration, Vol. 21, No. 2, pp. 1-27.

groups as concerns challenges for single parent households and couple households with children where only one of them is working can most likely be present also for temporary agency workers. However, those challenges relate more to the fact that there is only one income to support the family than the actual status of the working parent in the family as being a temporary agency worker. Even though there are indications that temporary agency workers bear risks of becoming trapped in temporary agency work for a certain time during which they might have less opportunities for career development,⁶¹⁶ their working conditions during employment with a temporary work agency do not indicate that they are facing a relatively higher risk of in-work poverty than other workers with permanent employments or longer-term temporary contracts.

3. Involuntary part-timers

3.1. Definition and main features

The legal definition of a part-time worker is found in Article 2 Act on prohibition of discrimination of part-time and fixed-term employees, whereby it is stated that a part-time worker is a worker whose working hours during a week or another period shorter than a year are less than for a comparable worker who according to law or agreement is considered as working full time. Even though reference is made to part-time work in other legal acts, this is the only legal definition of part-time work. In addition, there are no statutory provisions governing the minimum number of working hours in a part-time contract.

Nevertheless, there are other provisions of relevance for part-time workers in statutory legislation. There are in relation to extra hours for part-time workers specific regulations in the Act on Working Time,⁶¹⁷ limiting the extent to which extra hours can be demanded from part-time workers in two cases, general extra hours and additional extra hours. General extra hours can be order for up to 200 hours during a calendar year⁶¹⁸ and if there are specific circumstances the employer can order part-time workers to do additional extra hours of up to 150 hours during one calendar year. Extra hours and additional extra hours cannot exceed 48 hours during four weeks or 50 hours during a calendar month for each individual part-time employee.⁶¹⁹ Specific circumstances for additional extra hours require a specific situation that the employer could not have foreseen and that the employer will risk for example loss in business unless the work is conducted. The reasons that these limitations are set is that employers shall not be compelled to use part-time workers as a form of general reserve and continuously order part-time workers to do more working hours than has been agreed upon.⁶²⁰ If a part-time worker is continuously working more hours than what the employment contract states, then that worker could possibly claim, through court decision, that the contracted working hours should be increased in accordance with the actually performed working hours.⁶²¹ Since case law on this is very scarce it is difficult to draw conclusions as to

⁶¹⁶ Hveem, J. (2013) *Are temporary work agencies stepping stones into regular employment?* in IZA Journal of Migration, Vol. 21, No. 2, pp. 1-27.

⁶¹⁷ Arbetstidslag (1982:673).

⁶¹⁸ Article 10 Act (1982:673) on Working Time.

⁶¹⁹ Article 10 a Act (1982:673) on Working Time.

⁶²⁰ Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time). pp. 296ff.

⁶²¹ AD 1984:76.

the extent of this protection and what requirements would need to be fulfilled in order for a worker to be successful with such a claim.⁶²²

There are also regulations governing the possibility for part-time workers to report their interest of increased working hours to the employer, who then will have to investigate the possibilities for increasing the part-time workers working hours before hiring new staff. The right to increased working hours of the part-time worker in such a case requires that it is possible for the employer to accommodate the need of more personnel by increasing the working hours of the part-time worker and that the part-time worker has sufficient qualifications for the work tasks to be added.⁶²³ The employers right to decide on the organisation and structure of the business provide a fairly broad scope of action for the employer in such cases and it is likely to be up to the employer to decide whether it is possible or not⁶²⁴ to organise the work in such a manner as to allow for an increase of the working hours of the part-time worker in such a case.

As concerns involuntary part-time work as a specific notion, this is not defined in law. However, in relation to studies and collection of statistics concerning the labour market, questions in relation to the reasons for part-time work are often added with different categorisations of such reasons.⁶²⁵ The reasons given often include issues such as: care for children; the workers own illness; the work being physically or psychologically demanding; the worker has not been offered full-time or has not found a full-time job. As furthermore pointed out in the same report the issue of involuntary part-time work is more prevalent amongst women than men, not least since part-time workers in general are women to a much higher extent, but also since the reasons for part-time work associated with it being involuntary are also more prevalent amongst female part-time workers than male part-time workers. In addition, it is also much more common amongst blue-collar workers than amongst white-collar workers.⁶²⁶

Part-time workers that work more than the agreed number of hours are not uncommon. About 25 percent of all part-time workers in Sweden report working more than the contracted working hours. In 2017, that amounted to 242.000 part-time workers. Most of these do between 1-4 hours extra per week, but there is a fair portion of part-time workers that do more than 10 hours extra work per week. In 2017, 45.000 part-time workers did between 10-19 extra hours per week and 16.000 did 20-34 extra hours per week.⁶²⁷ The reasons for these

⁶²² Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time). pp. 294f.

⁶²³ Article 25 a EPA.

⁶²⁴ The importance of the employer's prerogative on decisions relating to the organisation of work and what is most suitable for the operations of the business led the court to considered that the employers' rejection of claims for increased working hours from part-time employees were lawful in the cases AD 2012:41 and AD 2009:9.

⁶²⁵ On this, see for example Bergold, J. Vedin, U. and Lorentzi, U., *Sveriges jämställdhetsbarometer 2020: Tid, makt och pengar – jämställda och jämlika möjligheter att försörja sig livet ut* (Swedish equality barometer 2020: Time, power and money – equal possibilities for earning a living throughout life), LO, 2020, pp. 13ff.

⁶²⁶ Bergold, J. Vedin, U. and Lorentzi, U., *Sveriges jämställdhetsbarometer 2020: Tid, makt och pengar – jämställda och jämlika möjligheter att försörja sig livet ut* (Swedish equality barometer 2020: Time, power and money – equal possibilities for earning a living throughout life), LO, 2020, pp. 13ff.

⁶²⁷ Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time). pp. 322ff.

extra hours are not discussed, but quite likely there is not an insignificant number of part-time workers that would like to increase their contracted hours and where it would also be possible for the employer to do so.

3.2. Relevant legal framework

3.2.1. Equal treatment, working conditions and social security benefits

As noted above, Articles 3 and 4 Act on prohibition of discrimination of part-time and fixed-term employees prohibits both direct and indirect discrimination of fixed-term and part-time workers. Part-time workers are thus to be treated and enjoy the same conditions for employment that they would have enjoyed if they were full-time employees. Objective reasons for different treatment would consist of for example applying a calculation of the wage to be paid so that it corresponds to the number of hours worked. So far one case has been decided concerning discrimination of part-time workers and from that it is possible to derive that in order for the part-time worker to be considered as in a comparable situation with a full-time worker not only the tasks they do need to be very similar, they also need to have similar responsibilities in their jobs.⁶²⁸ However, a more detailed understanding of what would be a situation where the part-time worker is in a comparable situation as to a full-time worker is difficult to assess due to lack of case law.

There are different forms of protective clauses for part-time workers in various collective agreements, involving for example clauses encouraging employers to seek to increase the working time for part-time workers before employing new staff⁶²⁹ and clauses requiring employers to seek to assure at least 50 percent of full-time for part-time employees.⁶³⁰ It is, however, difficult to assess the extent to which these clauses are applied in practice and as such the strength of the protection of these clauses for part-time workers.

In relation to social security benefits, part-time workers face certain difficulties, mainly due to the lower income. Since the income base for social security benefits depend on the income that the worker has,⁶³¹ that income base will naturally become lower for part-time workers, meaning that the allowances paid will be lower. This is the case both in relation to sickness allowances and parental allowances. It is also worth noting that the parental allowance scheme allows for taking partial parental allowance at different levels and as such make it possible to work part-time whilst at the same time taking up parental allowance. These regulations are related to decreased amounts of working time in relation to normal, i.e. full-time, working hours,⁶³² which likely make it less possible for part-time workers that already

⁶²⁸ AD 2008:32.

⁶²⁹ For example, Clause 5 section 1 SKR and OFR, *Allmänna bestämmelser* (General regulations) establishes that in cases of increasing working hours the employer shall strive for full-time employments and that the employer needs to investigate possibilities for increasing working hours of part-time employees that have reported their interest for that before new staff is recruited.

⁶³⁰ For example, Clause 3 section 5 Almega Vårdföretagarna and Kommunal, *Kollektivavtal, allmänna villkor och löner – Bransch Äldreomsorg* (Collective agreement, general conditions and wages – Elderly care services) and Clause 3.3 Livsmedelsföretagen and Handels, *Butiksavtalet* (Collective agreement for grocery shops).

⁶³¹ The regulations on calculation of income base for social security allowances are generally connected to the present working income based on the workers current employment and the income generated from that employment will thus be used for calculation of the benefits. This has been discussed in Part I section 2.3.3 covering sickness benefits and parental benefits above.

⁶³² Section 12 Article 9 Social Security Code.

have reduced working hours to take up partial parental allowance in the same manner as full-time employees. It is also worth noting that the regulations allowing for taking up partial parental allowance are also part of the reasons for part-time work. Part-time work is in general much more common amongst women than men and it is also more common for women to take part-time parental allowance.⁶³³ Even though involuntary part-time work is an issue for both men and women, the dominance of women within the group of part-time workers highlights this issue as a question of importance for equality.

For part-time workers that seek full-time employment and therefore could be considered part-time unemployed it is worth noting that the period of time for part-time unemployment benefits is limited to 60 weeks. In addition, for part-time workers that become full-time unemployed the calculation of the benefit will be set in proportion to their previous working hours, meaning that they will receive a lower benefit than a previous full-time worker becoming unemployed.⁶³⁴

3.2.2. Unionization and collective agreements' application

Part-time workers are covered by collective agreements in the same manner as full-time workers and it is not uncommon that collective agreements contain clauses concerning specific rights of part-time workers, in a manner that will seek to assure a minimum number of working hours for a part-time contract or obligations on the employer to seek to increase working hours of part-time workers.⁶³⁵ Qualification requirements for different forms of collectively agreed benefits that supplement social security benefits in case of for example parental leave or situations of redundancies as discussed in relation to fixed-term workers, generally do not exclude part-time workers even though such benefits would also be lower for part-time workers due to their lower income. Unionisation rates for part-time workers have been difficult to establish and specific statistics for part-time workers have not been found. If part-time workers follow the same pattern that other groups with a less stable position on the labour market do, then they are likely to be subject to lower unionisation rates than full-time workers. Part-time work is more common in female dominated sectors such as retail and health care services. However, whereas retail is a sector where unionisation rates are relatively low, health care services tend to hold higher unionisation rates.⁶³⁶ This makes it difficult to assess the unionisation rates for part-time workers. Nevertheless, the fact that protective clauses directed at part-time workers are found in several collective agreements

⁶³³ Even though the increased number of days that are reserved for each parent have cause fathers to take out more days of parental leave, there is still a significant difference in how parental leave is divided between men and women. For further discussion see Försäkringskassan (Swedish National Social Security Agency) (2019), Socialförsäkringsrapport 2019:2 (Social Insurance Report), *Jämställd föräldraförsäkring: Utvärdering av de reserverade månaderna i föräldraförsäkringen* (Equal parental leave benefits: Evaluation of the reserved months in the parental leave benefit scheme).

⁶³⁴ This is discussed in Part I section 2.2.1 on unemployment benefits above.

⁶³⁵ As noted in the previous section with reference to different forms of such clauses in SKR and OFR, *Allmänna bestämmelser* (General regulations), *Almega Vårdföretagarna and Kommunal, Kollektivavtal, allmänna villkor och löner – Bransch Äldreomsorg* (Collective agreement, general conditions and wages – Elderly care services) and *Livsmedelsföretagen and Handels, Butiksavtalet* (Collective agreement for grocery shops).

⁶³⁶ Kjellberg, A. (2020), *Den svenska modellen i en oviss tid: Fack, arbetsgivare och kollektivavtal på en föränderlig arbetsmarknad* (The Swedish Model in Uncertain Times: Trade Unions, Employers and Collective Agreements on a Changing Labour Market). Arena Idé, pp. 31ff.

do show that these workers have received attention in negotiating rounds and are thus represented by trade unions.

3.3. Descriptive data and impact analysis

3.3.1. Workforce composition

First of all, based on the statistics on fixed-term and involuntary part-time workers,⁶³⁷ the involuntary part-time workers seem to make up a small share of the in-work population. Fixed-term and involuntary part-time workers together make up 12,2 percent of the in-work population and out of these 39,2 percent work part-time, which would make the group of involuntary part-timers approximately 4,4 percent of the entire in-work population. As has been shown in the section above, concerning the workforce composition for fixed-term employees, these forms of employment are more common for foreign-born, female and/or young workers. The majority, 59,3 percent, of these workers are also found in the category of other services, where health and care services and social activities services are found, which are female dominated sectors. More detailed information on which specific sectors that hold the highest shares of part-time employees show that health and care services, food and accommodation services, trade including retail, but also accommodation have around 25 percent or higher shares of part-time workers amongst the employees.⁶³⁸ The fact that part-time work is more common amongst women than men is supported by statistics from SCB (Statistics Sweden), where figures from 2019 show that 26,6 percent of women and 10,8 percent of men work part-time. In actual numbers, part-time working women are more than twice as many as part-time working men.⁶³⁹ Understanding how many of these are to be considered involuntary part-time workers requires taking into account how many that would prefer working more hours than they actually do. SCB provides some statistics in relation to so-called underemployed part-time workers showing that around 100.900 women and around 62.400 men that work part-time would like to work more hours.⁶⁴⁰ This means that 17,3 percent of the women and 22,5 percent of the men that work part-time could be considered as involuntary part-time workers. Concerning the issue on part-time workers to be considered as involuntary part-timers on the basis that they actually work more hours than they get paid for, this has as already mentioned above been investigated and it seems to be

⁶³⁷ See table 3 in the appendix. Unless otherwise clearly indicated, the information in this section is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxembourgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019.

⁶³⁸ Svenskt Näringsliv, Allt fler jobbar heltid – Förekomst och utveckling av heltid och deltid på arbetsmarknaden (More work full-time – Existence and development of full-time and part-time on the labour market), Svenskt Näringsliv, 2017. p. 9 and Bergold, J. Vedin, U. and Lorentzi, U., *Sveriges jämställdhetsbarometer 2020: Tid, makt och pengar – jämställda och jämlika möjligheter att försörja sig livet ut (Swedish equality barometer 2020: Time, power and money – equal possibilities for earning a living throughout life)*, LO, 2020. pp. 13f.

⁶³⁹ Source: SCB. Based on tables as presented on <https://www.scb.se/hitta-statistik/temaomraden/jamstallldhet/ekonomisk-jamstallldhet/arbetskraftsdeltagande-och-sysselsattning/?showAllContentLinks=True#130363> (last accessed 22.04.2021).

⁶⁴⁰ Source: SCB. Based on tables as presented on <https://www.scb.se/hitta-statistik/temaomraden/jamstallldhet/ekonomisk-jamstallldhet/arbetskraftsdeltagande-och-sysselsattning/?showAllContentLinks=True#130368> (last accessed 22.04.2021).

fairly common on the Swedish labour market. About 25 percent of all part-time workers in Sweden report working more than the contracted working hours. In 2017, that amounted to 242.000 part-time workers. Most of these did between 1-4 hours extra per week, but there was a significant portion of part-time workers that did more than 10 hours extra work per week. In 2017, 45.000 part-time workers did between 10-19 extra hours per week and 16.000 did 20-34 extra hours per week.⁶⁴¹

Part-time work as such and also involuntary part-time work is according to the numbers presented closely linked with gender since it is much more common for women than men.⁶⁴² In addition to this, the issue is to a high degree connected with class because the differences between blue-collar workers and white-collar workers are rather striking. Amongst women in blue-collar occupations as many as 46 percent work part-time, whereas 24 percent of women in white-collar professions work part-time. For men the share working part-time is significantly lower, 15 percent of male blue-collar workers and 10 percent of male white-collar workers work part-time.⁶⁴³ When separating out academically trained professionals specifically the shares of part-time workers decrease additionally amongst the women, 18 percent of academically trained female workers work part-time. For male academics the share of part-time workers is the same as for white-collar male workers overall at 10 percent.⁶⁴⁴ Being female, having a low level of education and working in an occupation with a low skill level are thus factors that increase the probability that the person will work part-time. From the EU-SILC data used in this report we also see that these factors are more common and also increase the risk of in-work poverty amongst the fixed-term and involuntary part-time workers.⁶⁴⁵

To better understand the situation for involuntary part-time workers and who they are it is useful to also consider the reasons for part-time work. For blue-collar part-time workers the main reason for working part-time is that they have not been able to find a full-time job. Three out of ten blue-collar women working part-time state this as the main reason, whereas one

⁶⁴¹ Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time). pp. 322ff.

⁶⁴² Worth noting is that the share of part-time work in Sweden is on the decline and this decline has been more prominent amongst women than men (see *Svenskt Näringsliv, Allt fler jobbar heltid – Förekomst och utveckling av heltid och deltid på arbetsmarknaden* (More work full-time – Existence and development of full-time and part-time on the labour market), *Svenskt Näringsliv*, 2017. pp. 5f), but women are still the majority of part-time workers in Sweden.

⁶⁴³ Bergold, J. Vedin, U. and Lorentzi, U., *Sveriges jämställdhetsbarometer 2020: Tid, makt och pengar – jämställda och jämlika möjligheter att försörja sig livet ut* (Swedish equality barometer 2020: Time, power and money – equal possibilities for earning a living throughout life), LO, 2020. pp. 12f. The data in the study are based on SCB (Statistics Sweden) AKU from 2019. Worth noting is that only persons between the ages 20-64 years are included in those statistics, which differs from the Eurostat SILC data where all persons in employment from the age 18 and above are included.

⁶⁴⁴ Akademikernas a-kassa, *Arbetslöshetsrapporten 2020* (Unemployment report 2020), Akademikernas a-kassa, 2020. p.10. The data in the study are based on SCB (Statistics Sweden) AKU from 2019. Worth noting is that only persons between the ages 20-64 years are included in those statistics, which differs from the Eurostat SILC data where all persons in employment from the age 18 and above are included.

⁶⁴⁵ See table 3 in the appendix. Unless otherwise clearly indicated, the information in this section is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxembourgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019.

in ten of women in white-collar occupations state that not finding a full-time job is the reason for part-time work. Amongst men the share stating that not finding a full-time job as the main reason for part-time work is slightly higher than for women, both when considering blue-collar and white-collar workers. Considering the lower number of men working part-time, the higher shares of men responding with this alternative will still amount to fewer individuals. The highest number of part-time workers are found amongst female blue-collar workers and it is also within female dominated blue-collar occupations in service, trade and health and care services that part-time work is most frequent.⁶⁴⁶

Reasons for part-time work related to either too high demands of the job (physically or psychologically) in order to cope with full-time work or related to the person's own health amounts to about two out of ten involuntary part-timers amongst women in both blue-collar and white-collar occupations. For men the share of persons stating either of these options as the reason for working part-time is slightly lower for both blue-collar and white-collar workers and it is also more common for men that it is the individual health and not the demands of the job causing difficulties to cope with full-time jobs. Caring for children, as a reason for working part-time, is more common amongst women than men. 25 percent of female white-collar workers and 7 percent of female blue-collar workers state care for children as the reason for working part-time. For male blue-collar workers, care for children is barely visible as a reason for part-time work, but it is the reason for part-time work stated by 17 percent of part-time working white-collar men, which as a group is small though. Other reasons for part-time work include studies, combination of several jobs, personal reasons and other. Worth noting is that for women, regardless of whether being white-collar or blue-collar, the four reasons most strongly related to involuntary part-time work (have not found a full-time occupation, work is too demanding either physically or psychologically, health related issues, care for children) have a higher share of respondents than is the case for male workers. However, these reasons are also given by a slightly higher share of female blue-collar workers, than the female white-collar workers.⁶⁴⁷ This supports the view that involuntary part-time work is more common amongst women than men and also that it is more common amongst those with a low or medium level of education, working in an occupation with low skill level. One specific sector where part-time work is especially common is the elderly care services sector, where more than 60 percent of the employees work part-time. There are slight differences between public and private employers in this regard, with higher shares of part-time employees working for private employers, amongst which there is also a higher share of the part-time workers stating that they have not been able to find a full-time job.⁶⁴⁸

The figures provided relating to fixed-term and involuntary part-time workers show that within this VUP group it is more common to be young, female, foreign-born, single or live in a household with only one person in work and have none or only one child under the age of

⁶⁴⁶ Bergold, J. Vedin, U. and Lorentzi, U., *Sveriges jämställdhetsbarometer 2020: Tid, makt och pengar – jämställda och jämlika möjligheter att försörja sig livet ut (Swedish equality barometer 2020: Time, power and money – equal possibilities for earning a living throughout life)*, LO, 2020. pp. 13f.

⁶⁴⁷ Bergold, J. Vedin, U. and Lorentzi, U., *Sveriges jämställdhetsbarometer 2020: Tid, makt och pengar – jämställda och jämlika möjligheter att försörja sig livet ut (Swedish equality barometer 2020: Time, power and money – equal possibilities for earning a living throughout life)*, LO, 2020. pp. 13f.

⁶⁴⁸ Andersson, H. Så mycket bättre? 2018 – En jämförelse av anställningsvillkor och löner i privat och kommunalt driven äldreomsorg (So much better? 2018 - A comparison of working conditions and wages in private and public elderly care). Kommunal, 2018. pp. 15f.

18, than it is for the overall in-work population.⁶⁴⁹ However, it is worth pointing out that in contrast to the overall in-work population, fixed-term and involuntary part-time workers with more than one child under 18 are subject to significantly higher rates of in-work poverty than those with one child, which contrasts to the overall in-work population where such difference is only marginal. This could possibly imply that being a single parent with more than one child is more common within this group.

3.3.2. Impact on selected households' in-work poverty

The challenges for involuntary part-time workers in relation to in-work poverty are strongly linked to the number of hours they work, regardless of the household they live in. To some extent an involuntary part-time worker that lives in a working couple household with children and where the other working person has full-time employment, will face less risks since such a couple is more likely to reach a disposable income above the poverty threshold.⁶⁵⁰ However, considering that part-time work to such a high degree is an issue for women, there are other forms of social risks involved for part-time working women that would face a situation of poverty without the full-time working partner. From the perspective of in-work poverty the household types subject to the highest risks would most likely be single parent households (i.e. one working person with children) and couple households with children where the involuntary part-time worker is the only person in work. However single persons would also face certain risk, especially if the part-time work amounts to less than approximately 75 percent of full-time. Even though social assistance to some extent could be a means to alleviate financial difficulties for some of these households, this form of benefit is as discussed not a benefit that serves to lift someone out of poverty. As concerns the housing allowance this is also unlikely to assist these households due to the low levels set for income caps and restrictions on the size of housing cost covered.⁶⁵¹

The different forms of social security benefits, such as sick pay, sickness allowance, unemployment benefits or parental allowance, will also be set at lower levels for these workers due to their lower income, thus increasing the challenges for this group in case of sickness, parental leave or unemployment.⁶⁵² Even though they are covered by collectively agreed supplementary insurances, as long as they fulfil the requirements of employment time when such are applicable, these will also be affected and set at a lower level due to the lower income of these workers.⁶⁵³ Since not having found a full-time job is also the main reason for

⁶⁴⁹ See table 3 in the appendix. Unless otherwise clearly indicated, the information in this section is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019.

⁶⁵⁰ As briefly discussed in the introduction to this report approximately 76 percent of full-time employment will generate an income above the threshold for in-work poverty. See Cronert, A. and Palme, J. (2017) *Approaches to Social Investment and Their Implications for Poverty in Sweden and the European Union*. in Global Challenges Working Paper Series, No. 4, September 2017. pp. 9f.

⁶⁵¹ Both these indirect measures are discussed in part I section 3.3 above.

⁶⁵² The mode for calculation of income base for different forms of social security benefits is discussed in the relevant sections for each form of benefit. For sickness and parental leave benefits see Part I section 2.3.3 and for unemployment benefits see Part I section 2.2.1.

⁶⁵³ The supplementary insurances from collective agreements are also mentioned in relation to the sections covering the different forms of social security benefits in the general analysis above.

working part-time there are indications that this group might be subject to partial unemployment. However, partial unemployment benefits are subject to a stricter time frame than full-time unemployment benefits,⁶⁵⁴ which could affect the situation of these workers in a negative sense from the perspective of in-work poverty.

The issues concerning difficulties with part-time sick leave and especially the application of the assessment of work capacity as dealt with by the Swedish National Social Security Agency has most likely left a certain share of the in-voluntary part-time workers in a situation where they are not considered eligible for sickness allowance, but at the same time they feel unable to work full-time.⁶⁵⁵ Considering that a fair share of part-time workers state that they work part-time either due to their own sickness or because of not being able to cope with the physical or psychological demands of their work, this seems to be a pertinent issue.⁶⁵⁶ Workers in such situations will face a high risk of ending up in-work poor. The reason for this is the very strong link between in-work poverty and the number of hours worked and therefore workers unable to work full-time, whilst at the same time not being granted support from social security for the hours during which they are unable to work, will be left with a low income due to the lower number of hours worked. One group of such workers who would still have some security in such a situation are workers in municipalities and regions since the collective agreement assures a certain level of sickness benefit from the employer to sick workers who have been denied sickness allowance by the Swedish National Social Security Agency on the reason that the worker has been considered to have working capacity for jobs that normally exist on the labour market.⁶⁵⁷ However, for part-time workers in the private sectors of for example housing and accommodation, retail trade or health and care services there are no similar protection offered in collective agreements.

iv. VUP GROUP 4. CASUAL AND PLATFORM WORKERS

1. Notion and relevant legal framework

1.1. Casual workers

1.1.1. Intermittent and on-call work⁶⁵⁸

The case of casual workers is somewhat difficult to assess precisely in the Swedish context. From a legal point of view intermittent and on-call work are employment forms that could fall under either the category of general temporary employment or substitute employment, since neither of these employment forms hold requirements of the length of the contract, nor on

⁶⁵⁴ The limit for part-time unemployment benefits is set at 60 weeks, compared to 90 weeks for full-time unemployment benefits. For further discussion see Part I section 2.2.1 on unemployment benefits in the general analysis.

⁶⁵⁵ The increasing problem of persons feeling too sick to work, but at the same time not being considered to have a decreased capacity for work and as such be denied sickness allowance, is briefly discussed in Part I section 2.3.3 above. A detailed picture of the problems for such persons is provided in Altermark, N. (2020), *Avslagsmaskinen: Byråkrati och avhumanisering i svensk sjukförsäkring* (The rejection machine: Bureaucracy and dehumanisation within Swedish sickness insurance), Verbal.

⁶⁵⁶ As discussed above in the section on the workforce composition of involuntary part-time workers.

⁶⁵⁷ As regulated in Clause 28 section 9 SKR and OFR, *Allmänna bestämmelser* (General regulations), whereby there is also a time limit of 364 days and a requirement that the employer shall investigate the possibilities for the worker to return to work.

⁶⁵⁸ Due to the similarities and unclear distinction between intermittent and on-call work in Sweden the choice has been made to discuss both forms of casual employments in an integrated section.

minimum working hours. Legal restrictions for this form of employment consist of the right for workers that have been temporarily employed for at least 12 months during the last three years to have priority for new positions that become available within the employer's business.⁶⁵⁹ There is also the requirement of transformation to an indeterminate employment after two years of general temporary employment within a period of five years for the same employer, after two years of substitute employment within a period of five years or after two years on general temporary employment where this employment for has followed after substitute or seasonal employment.⁶⁶⁰

However, since it is only time in employment that counts for the transformation, on-call or intermittent workers, who are only considered as employed when they are conducting work, will face longer periods before they reach this limit.⁶⁶¹ In addition, how the working hours for an indeterminate employment after such a transformation would be set is not entirely clear. Ongoing legislative debate has suggested changes in the legislation assuring that for these workers also time in between employments shall be counted in relation to the rules of transforming temporary employments into permanent contracts. In relation to the issue of weekly working hours, the inquiry proposed to leave that issue at the hands of the social partners for regulation in collective agreements.⁶⁶² The inquiry has as of yet not resulted in a legislative proposal and it seems as if this issue has been halted due to the current inquiries based on the peak agreement between the social partners concerning security, transition and employment protection in Sweden. That agreement holds some clauses relating to this in the sense that it suggests a new form of 'specific temporary employment' to replace the general temporary employment. The qualification periods for transformation in to a permanent employment are shortened and time in between employments shall be included in case of an employee having more than two specific temporary employments with the same employer during one month.⁶⁶³ As mentioned before, the outcome of this agreement and the continued legislative debate are as of yet not clear.

⁶⁵⁹ Article 25 EPA.

⁶⁶⁰ Article 5 a EPA.

⁶⁶¹ Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time). pp. 334ff.

⁶⁶² Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time). pp. 348ff and 366ff.

⁶⁶³ SN and PTK (2020), *Huvudavtal om trygghet, omställning och anställningsskydd* (Peak collective agreement concerning security, transitions and employment protection); SN and If Metall (2020), *Förhandlingsprotokoll – Huvudavtal om trygghet, omställning och anställningsskydd* (Peak collective agreement concerning security, transitions and employment protection); SN and Kommunal (2020), *Förhandlingsprotokoll – Huvudavtal om trygghet, omställning och anställningsskydd* (Peak collective agreement concerning security, transitions and employment protection). For the directives on inquiries for legislative changes following this see Ministry of Employment (2021), A2021/00044 *Uppdragsbeskrivning om genomförande av principöverenskommelsen om anställningsskydd och tillhörande frågor* (Inquiry directive concerning the implementation of the peak agreement concerning employment protection and associated issues); Ministry of Employment (2021), A2021/00045 *Uppdragsbeskrivning om genomförande av principöverenskommelsen om grundläggande omställnings- och kompetensstöd* (Inquiry directive concerning the implementation of the peak agreement concerning basic support for transition and competence development); and Ministry of Education and Research (2021), U2021/00138 *Uppdragsbeskrivning om genomförande av principöverenskommelsen om ett nytt och parallellt offentligt studiestöd* (Inquiry directive concerning the implementation of the peak agreement concerning a new and parallel public study allowance).

In addition to the general temporary employment and substitute employment prescribed for in law, there are specific forms of intermittent and/or on-call employments regulated in collective agreements. Such clauses often include: specific limitations in terms of situations where they are allowed; minimum number of hours of service; requirements for when such employments are allowed or be in the form of a part-time employment instead; or regulations on when intermittent employees shall be entitled to priority for new positions that become available with the employer. A few examples are worth providing. The collective agreement covering blue-collar workers in retail allows for a specific form of temporary employment during shorter periods with increased workload and holds requirements for the employer to inform the trade union about all new employments on a monthly basis.⁶⁶⁴ The collective agreement covering blue-collar warehouse workers and drivers within E-commerce and warehouses specifies that temporary employments are allowed in order to cover for temporary needs of the employer with a maximum of 6 months during two years for the same worker and the parties to the agreement have also made the remark that from January 1st 2019 the general temporary employment shall not be allowed.⁶⁶⁵ The collective agreement covering blue-collar workers within tourism industry (in Swedish 'besöksnäringen'), which is fairly broad involving for example hotels, specifies an employment form for single days. The agreement specifies that such employments are only allowed when: it is not possible to schedule the work in advance; the irregular character of the work causes the need for such an employment; and the employer has a temporary need for staff. The employment form is defined in terms of: the employer offers work when there is a temporary need; the employee can accept or reject the offer of work; for each instance of employment a minimum amount of remunerated working hours shall be agreed upon; and the lowest number of working hours for one day is three hours. In addition, the agreement also specifies that if the local parties after consultation and investigation can clarify that there is a permanent need of staff, then the employer is obliged to offer and indeterminate employment instead.⁶⁶⁶

A specific form of on-call employment is regulated in the white-collar agreement covering call-centres and market research companies. This employment form is specified with limits of the number of working hours during a year. That limit is combined with the requirement that a worker on such an employment, which does hours exceeding the hourly limits, shall be offered a permanent employment with guaranteed working hours corresponding to the average number of working hours per month that the workers has conducted during the previous 12 months⁶⁶⁷ For the specific occupation of personal assistants for persons with disabilities in need of assistance to manage daily life there are a number of collective agreements, where most of them allow for fairly broad use of temporary employments due to the specific character of the work and the need of balancing the rights of disabled with the

⁶⁶⁴ Clause 5 sections 3-4, Svensk Handel and Handels, *Detaljhandel* (Retail trade).

⁶⁶⁵ Clause 4 section 2, Svensk Handel and Handels, *Lager och E-handel* (Warehouses and E-commerce).

⁶⁶⁶ Clause 4 section 1.2, Visita and HRF, *Kollektivavtal 'Gröna riksavtalet'* (Collective agreement for tourism sector). Similar regulations are also found in the collective agreement covering blue-collar workers in gambling and casino enterprises, see Clause 2 section 4, Almega Tjänsteförbunden and HRF, *Kollektivavtal -Spel* (Collective agreement – Gambling).

⁶⁶⁷ The employment form is called 832-employment because 832 hours during one year is the maximum number of working hours allowed. See Clause 2 section 4, Almega Tjänsteföretagen and Unionen, *Tjänstemannaavtalen – Call/Contact Center och Marknadsundersökningsföretag* (White-collar agreement – Call/Contact centres and market research companies).

rights of employees.⁶⁶⁸ Requirements calling for the approval of the local trade union in order for the employer to use short temporary employments also exist in various agreements.⁶⁶⁹ The regulations concerning limitations to temporary or intermittent employments found in collective agreements are generally aimed at seeking to balance the needs of employers with the need of workers to be protected from precarious day by day employments.⁶⁷⁰

The various forms of labels used in collective agreements and the lack of a legal definition of these forms of employments cause some difficulties to distinguish between intermittent employees and on-call workers. The Government White Paper concerning potential legislative changes in order to improve the conditions of work for workers with insecure employment forms used the term intermittent employees. This term was defined as an employment where the worker performs work: only for shorter periods at a time; only when the employer calls; under a new employment contract each time; where the periods in between work is not considered as time in employment; and is entitled to decline offers of work.⁶⁷¹ This definition is very much in accordance with established case law, which also clearly establishes that it is the employer's responsibility to clarify that each instance of work is considered as a separate employment.⁶⁷² This form of employment can appear under different names such as intermittent employment, hourly employment, hourly substitute, on-demand employment etc. and it seems to be the main form of casual employments in Sweden.⁶⁷³ The inquiry also conducted a specific study concerning temporary employed persons where it showed that the number of temporary employed that only work when the employer calls and thus do not have an agreement on specific number of hours has increased during the years 2006 to 2017. The study excluded full-time students in order to try and limit the study to persons dependent upon their work for a living. The results showed that approximately 121.000 women had temporary employment without an agreement on weekly working hours in 2017, compared to 93.000 women in 2006. For men the number were 86.000 in 2017 compared to 68.000 in 2006.⁶⁷⁴ The study does not, however, indicate anything concerning the average number of weekly working hours that these workers do.

Statistically, intermittent and on-call employments are grouped together with general temporary employments, which in practice can include also longer-term temporary employment contracts due to the flexibility of the general temporary employment. That makes it difficult to provide a separate analysis of the groups of workers employed on more casual contracts. The share of temporary employments overall has been fairly stable in

⁶⁶⁸ See for example Clause 3 section 2 Almega Vårdföretagen and Kommunal, *Personlig assistans* (Personal assistants).

⁶⁶⁹ See for example Clause 3 section 1 TAW blue-collar agreement.

⁶⁷⁰ Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time). pp. 214ff.

⁶⁷¹ Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time). p. 334.

⁶⁷² AD 2008:81.

⁶⁷³ Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time). pp. 223ff.

⁶⁷⁴ Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time). pp. 228ff.

Sweden the most recent decades, around 15 to 17 percent of the employed are employed on temporary contracts.⁶⁷⁵ However, the proportion of different types of temporary contracts has also changed. After the introduction of the general temporary employment form, substitute employments have decreased within the share of the temporary employments and is no longer the most common form of temporary employment contract. Instead, intermittent and/or on-call employments have become the most common form of temporary employments, which means that temporary employments in Sweden have been subject to casualisation. The highest numbers of intermittent/on-call employments are found amongst workers with low education. In addition, workers with these casual forms of temporary employments are less likely to move from temporary employments to more stable forms of employments. There is a clear difference in transition from temporary employments to permanent employments between different forms of temporary employments, where workers employed on probation contracts or substitute contracts to a higher degree than those employed intermittently/on-call move on to a permanent employment.⁶⁷⁶ There is thus a higher risk for those employed on casual temporary contracts to become trapped in these forms of insecure employment forms, indicating that employment stability is increasingly also becoming a class issue.

The classification of these forms of employment contracts as being of a temporary nature actualises the protection regulated through Articles 3 and 4 Act on prohibition of discrimination of part-time and fixed-term employees, which prohibits both direct and indirect discrimination of fixed-term and part-time workers. This means that wages set for these workers are to be based on similar conditions as for permanent workers and an hourly wage below the minimum level prescribed for would thus not be legal. The precarity of these workers is thus unlikely related to the hourly wage, but rather associated with the low and unpredictable number of working hours conducted during a month. The potentially low number of working hours and fragmented periods of employment also cause severe difficulties in relation to access to social security benefits. The different forms of previous work requirements and eligibility criteria for accessing such benefits are closely linked to standard employments. Casual workers will therefore face higher thresholds for accessing social security benefits.⁶⁷⁷ Concluding that this category of workers is amongst the most vulnerable in relation to issues of in-work poverty is probably not an exaggeration. Nevertheless, the vulnerability in relation to in-work poverty is closely linked with the number of hours they actually do work and casual workers that manage to fill up their working weeks are less likely to be in-work poor, albeit still subject to the precarities following these forms of employments with work schedule and income being insecure and unpredictable.

1.2. Platform workers

In Sweden the gig-economy is still small and there is so far no reliable statistics providing a clear image of its size in terms of the number of persons involved in different forms of gig-work. The yearly Labour Force Study conducted by Statistics Sweden does not provide

⁶⁷⁵ SCB (Statistics Sweden), (2020), *Utvecklingen för tidsbegränsat anställda 2005-2019 (Development for temporary employees 2005-2019)*, Sveriges officiella statistik, Statistiska meddelanden. SCB.

⁶⁷⁶ See for example Berglund, T., Håkansson, K., Isidorsson, T. and Alfonsson, J. (2017), *Tidsbegränsat anställdas framtida arbetsmarknadssituation*. in *Arbetsmarknad & Arbetsliv*. Vol 23, No. 2. 47-66.

⁶⁷⁷ The situation is similar for platform workers and will be more discussed in the section below on the impact in relation to in-work poverty for different households.

statistical data that allows for separating data on work organised through digital platforms. Instead, these workers are most likely part of the statistical group of employed in atypical forms of work.⁶⁷⁸ There have been some studies⁶⁷⁹ that provide assessments, but their results vary. Due to the construction of those studies, it is also difficult to compare the different studies and to draw any conclusions as concerns the current state of the gig-economy in Sweden. What can be said is that platform work is still a marginal part of the labour market in Sweden and that very few of those taking up platform work do so with the intention of having platform work as the main income.⁶⁸⁰ One of the studies showed that approximately 10 percent of Swedish respondents had done some form of platform work, but only 6 percent of those earned all of their income from platform work.⁶⁸¹ However, as pointed out in different publications the fairly small number of respondents have implications for the reliability of the results.⁶⁸² What the studies conducted do show is that even though platform work is a fairly marginal phenomenon in Sweden at the time being, there seems to be an increasing positive interest amongst job seekers and it is likely that it will become more common in the future.⁶⁸³ Whether or not such a growth will be fast is questionable though, since the growth from 2017 to 2019 did not indicate anything but a marginal growth of the sector.⁶⁸⁴ It seems that platform work is more common amongst men than women and also that a majority of those active in platform work are young.⁶⁸⁵

As for the legal classification of the relationship between platform workers and the digital platform companies, there is no specific legal definition classifying those performing the work as either employees or entrepreneurs. In relation to protection from labour law an

⁶⁷⁸ Arbetsmarknadsekonomiska Rådet AER (2018), *Arbetsmarknadsekonomisk rapport – Olika vägar till jobb* (Labour market economic report – different roads to work), pp. 37f.

⁶⁷⁹ See for example Huws, U., Spencer, N. H., Syrdal, D. S., and Holts, K. (2017), *Work in the European Gig Economy*, FEPS in cooperation with UNI Europa and the University of Hertfordshire and Government White Paper (SOU) 2017:24, *Ett arbetsliv i Förändring – hur påverkas ansvaret för arbetsmiljön? (A changing working life – How is the responsibility for health and safety at work affected?)*.

⁶⁸⁰ Weidenstedt, L., Geissinger, A., and Lougui, M. (2020), *Varför gigga som matkurir? – Förutsättningar och förväntningar bakom okvalificerat gig-arbete* (Why gig as a food deliverer? – Preconditions and expectations behind unqualified gig-work). Ratio, pp. 21ff; Dølvik, J. E. and Jesnes, K. (2018), *Nordic labour markets and the sharing economy – Report from a pilot project*. TemaNord 2018:516. Nordic Council of Ministers, pp. 46ff.

⁶⁸¹ Huws, U., Spencer, N. H., Syrdal, D. S., and Holts, K. (2017), *Work in the European Gig Economy*, FEPS in cooperation with UNI Europa and the University of Hertfordshire. pp. 16ff.

⁶⁸² See for example Arbetsmarknadsekonomiska Rådet AER (2018), *Arbetsmarknadsekonomisk rapport – Olika vägar till jobb* (Labour market economic report – different roads to work), Weidenstedt, L., Geissinger, A., and Lougui, M. (2020), *Varför gigga som matkurir? – Förutsättningar och förväntningar bakom okvalificerat gig-arbete* (Why gig as a food deliverer? – Preconditions and expectations behind unqualified gig-work). (2020), Ratio or Palm, J. (2018), *De oorganiserade – Gig-ekonomin och den fackliga anslutningen* (The unorganised – The Gig Economy and Trade Union Membership), LO.

⁶⁸³ See Wahlbäck, J. (2018), *Delningsekonomin och digitala plattformar – begrepp, omfattning och arbetsrättsliga regler* (Gig Economy and Digital Platforms – concepts, extent and labour law regulations), SACO, pp. 21f and Weidenstedt, L., Geissinger, A., and Lougui, M. (2020), *Varför gigga som matkurir? – Förutsättningar och förväntningar bakom okvalificerat gig-arbete* (Why gig as a food deliverer? – Preconditions and expectations behind unqualified gig-work). Ratio, pp. 21ff.

⁶⁸⁴ Dølvik, J. E. and Jesnes, K. (2018), *Nordic labour markets and the sharing economy – Report from a pilot project*. TemaNord 2018:516. Nordic Council of Ministers, pp. 46ff.

⁶⁸⁵ See Wahlbäck, J. (2018), *Delningsekonomin och digitala plattformar – begrepp, omfattning och arbetsrättsliga regler* (Gig Economy and Digital Platforms – concepts, extent and labour law regulations), SACO, pp. 21f and Weidenstedt, L., Geissinger, A., and Lougui, M. (2020), *Varför gigga som matkurir? – Förutsättningar och förväntningar bakom okvalificerat gig-arbete* (Why gig as a food deliverer? – Preconditions and expectations behind unqualified gig-work). Ratio, pp. 21ff.

assessment based on the binary division of worker and assignment worker would need to be carried out on a case-by-case basis and depending on the business model of the platform, the result could vary. If the platform exerts a certain level of control over the work conducted in terms of when, how, for whom and at what price the work should be done and the person conducting the work has little influence on such issues it would be more likely that the relationship should be classified as an employment relationship subject to the protection offered in labour law regulations.⁶⁸⁶ However, as discussed in relation to fixed-term workers and also casual workers above, the Employment Protection Act is fairly flexible as concerns the possibility of using the employment for ‘general temporary employment’.⁶⁸⁷ This means that a platform employing platform workers can actually make use of short term employment contracts where the number of working hours are either set at a very low level or not even clearly defined. Due to the lack of reliable statistics, it is also difficult to assess to what extent platforms engage platform workers as employees or as assignment workers (who could be conducting the work as self-employed). Media coverage concerning platform work has indicated that some companies make use of the very flexible regulations on employment forms hiring platform workers on short term temporary contracts.⁶⁸⁸ Practices are likely to vary between platforms and so far, there have been no court decisions in cases relating to miss-classification of work relationships in platform companies.⁶⁸⁹

However, the Swedish Work Environment Authority has initiated a specific inspection round for platform companies whereby approximately 50 inspections with follow-ups of different forms of digital platform companies will be conducted. The initiative started in 2019 and will continue throughout 2021.⁶⁹⁰ The inspections carried out so far have generated several decisions from the authority on platforms having to take action to assure compliance with health and safety regulations and some of these decisions have been appealed in court.⁶⁹¹ Since responsibility for health and safety at work is placed on employers, but not on those engaging entrepreneurs for different assignments, it is not unlikely that there will be some

⁶⁸⁶ For a more detailed discussion of this see Westregård, A. (2018), *Digital collaborative platforms: A challenge for the social partners in the Nordic model*, in NJCL 2018/1, pp. 89-112.

⁶⁸⁷ Adlercreutz, A. and Nyström, B. (2015) *Labour Law in Sweden*. Wolters Kluwer. P. 80.

⁶⁸⁸ An example of the media coverage are the article series on gig-work in Sydsvenskan initiated with the article based on a journalists own experiences as a bicycle delivery rider. See Ivarsson, D. (2020), *Så pressar Foodora sina cykelbud att trampa fortare* (How Foodora pushes their bicycle delivery riders to go faster), Newspaper article in Sydsvenskan, published 18.10.2020, available at <https://www.sydsvenskan.se/2020-10-18/sa-pressar-foodora-sina-cykelbud-att-trampa-fortare> (last accessed 03.06.2021).

⁶⁸⁹ Söderqvist, C. F. and Bernhardt, V. (2019), *Labor Platforms with Unions: Discussing the Law and Economics of a Swedish collective bargaining framework used to regulate gig work*. Working paper 2019:57. Swedish Entrepreneurship Forum. The claim that there are no court cases dealing with misclassification of work-relationships was confirmed through a search in mid-May 2021. Cases in relation to the inspection decisions of the Swedish Work Environment Authority inspections of platform companies are still pending. The final report of this work will be published in February 2022. For an intermediate report see Swedish Work Environment Authority (2020), Report from 2020-02-18, *Delrapport regeringsuppdraget om tillsynsinsats med inriktning på nya sätt att organisera arbete* (Interim report on the Government assignment on surveillance directed towards new forms of work organisation).

⁶⁹⁰ The Swedish Work Environment Authority (2020), Report from 2020-02-18, *Delrapport regeringsuppdraget om tillsynsinsats med inriktning på nya sätt att organisera arbete* (Interim report on the Government assignment on surveillance directed towards new forms of work organisation).

⁶⁹¹ Information on appeals concerning decisions taken in course of inspections directed towards new forms of work organisation is possible to find on the webpage of the Swedish Work Environment Authority (www.av.se last accessed 2021-02-10) and I have found three such appeals, two appeals from the company Taskrunner and one appeal from the company Tiptapp. None of the appeals have so far been decided in court.

court cases dealing with the classification of the relationship between the platform and those performing work mediated by the platform in due course. Nevertheless, as long as the legal uncertainty, concerning the employment status of platform workers, persists it is not unlikely that there will be platform workers conducting work outside the scope of an employment relationship. For those workers the protection offered by labour law on issues relating to unfair dismissal, working hours, vacation and so on will thus not apply unless action is taken to legally classify them as employees in order to enforce that protection.

Worth noting in relation to platform work in Sweden is the specific form of platform companies called umbrella companies (in Swedish *egenanställningsföretag*). This form of work organisation is a growing market for persons wishing to take on assignments as self-employed, but have not set up their own business. In such cases the worker and the client will agree on the work to be conducted and the remuneration for this work, assuring that the client signs a contract with the umbrella company. The umbrella company will take on the role as an employer for the duration of the agreed work and will sort out the invoicing of the client and pay salary to the worker after having deducted taxes, social security contributions and a commission for its services from the payment of the client.⁶⁹² Umbrella companies are to some extent similar to temporary work agencies, but instead of hiring a worker and taking responsibility for finding a client where to send the worker, the umbrella company only hires workers that have found their own clients. It is thus the worker that decides when he/she wishes to make use of the employer services of the umbrella company and not the umbrella company that decides when the worker should take on an assignment.⁶⁹³ Umbrella companies have their own employers' organisation, founded in 2012, and in order for an umbrella company to be a member of this organisation they are required to take on the responsibility for the workers during the time of their assignments.⁶⁹⁴ Since there are similarities between umbrella companies and temporary work agencies, the question of whether or not umbrella companies should be considered as falling under the definition of a temporary work agency in the Temporary Agency Work Act has been raised,⁶⁹⁵ but as of yet there have been no cases clarifying this issue. There have also been indications that the employers' organisation wishes to initiate dialogue with trade unions in order to be able to agree on regulations for the sector through collective agreements.⁶⁹⁶

At the current state the flexible statutory law concerning general temporary employments make it possible to organise work through the use of umbrella companies. Most workers that make use of umbrella companies seem to do so occasionally and most likely they have another form of occupation as their main source of income.⁶⁹⁷ For workers more reliant on

⁶⁹² Government White Paper (SOU) 2017:24, *Ett arbetsliv i Förändring – hur påverkas ansvaret för arbetsmiljön?* (A changing working life – How is the responsibility for health and safety at work affected?), pp. 161ff.

⁶⁹³ Westregård, A. (2018), *Digital collaborative platforms: A challenge for the social partners in the Nordic model*, in NJCL 2018/1, pp. 89-112.

⁶⁹⁴ Egenanställningsföretagens Branschorganisation, see www.egenanstallning.org (last visited 2021-02-10).

⁶⁹⁵ Westregård, A. (2018), *Digital collaborative platforms: A challenge for the social partners in the Nordic model*, in NJCL 2018/1, pp. 89-112.

⁶⁹⁶ Calmfors, L., Ek, S., Kolm, A.-S. and Skedinger, P. (2019), *Kollektivavtal och lönebildning i en ny tid* (Collective agreements and wage formation in a new era). Dialogos, p. 168. This opinion was also expressed by a representative from the employers' organization for umbrella companies in Sweden during the national workshop for this project.

⁶⁹⁷ Calmfors, L., Ek, S., Kolm, A.-S. and Skedinger, P. (2019), *Kollektivavtal och lönebildning i en ny tid* (Collective agreements and wage formation in a new era). Dialogos, pp. 168ff.

work conducted through the use of umbrella companies there might be problems in relation to periods of unemployment and access to unemployment benefits. The reason is that it is not entirely clear whether these workers should be considered employees or self-employed in accordance with the regulations governing unemployment benefits. The administration of applications for unemployment benefits in these cases is thus burdensome and there are risks that decisions in these cases will vary between different unemployment benefit funds and that the individual worker will have difficulties to foresee both what conditions will apply for access to unemployment benefits and what amount he/she would receive. Not least the current method of calculating unemployment benefits based on the numbers of hours previously worked causes problems with difficulties to foresee the outcome in relation to these forms of work.⁶⁹⁸ In relation other forms of social security benefits, these workers are likely to face risks in relation to sick pay and sickness allowances similar to workers with intermittent employments. Especially if the assignments for which the worker is employed by the umbrella company are short, there are risks that the qualification requirements for sick pay in accordance with the sick pay act will not be fulfilled. In such a case the worker could still apply for sickness allowance instead, but the issues concerning assessment of the amount of work from which the worker takes sick leave will still cause risks with unforeseeable calculations of the amount of the benefit.⁶⁹⁹ As has been pointed out in the general analysis there are legislative investigations and initiatives underway relating to the problems with both social security benefits and unemployment benefits in relation to the increased importance of different forms of flexible forms of work organisation on the Swedish labour market. Whether those initiatives will improve the situation specifically for platform workers is difficult to assess at this moment, not least since the employment status of these workers is still legally unclear.

Collective agreements for platform companies are rare in Sweden so far and the lack of statistics make it impossible to draw conclusions as to whether or not workers are employed by platforms or contracted as assignment workers. In general, this means that minimum wages for platform workers are generally not existing and incomes are often low. Worth noting though is that the low income is the result of partly lower levels of pay in relation to the wage for comparable work conducted within the framework of a traditional employment, and partly short assignments and a low number of total working hours for platform workers.⁷⁰⁰ To some extent there are commonalities between the development of platform companies in Sweden and the historical development of temporary work agencies and there are platform companies that have also joined the employers' organisation representing temporary work agencies and as a result also apply collective agreements for temporary work agencies. At least one platform company apply the collective agreement for white-collar workers applicable for Media industries. For the platform companies that apply collective

⁶⁹⁸ Swedish Inspection for Unemployment Benefits (IAF), Report 2016:3 *Uppdragstagare i arbetslöshetsförsäkringen* (Assignment workers and the unemployment benefit), pp. 14ff and Swedish Inspection for Unemployment Benefits (IAF) Report 2020:3 *Den nya arbetsmarknaden – utmaningar för dagens arbetslöshetsersättning* (The new labour market – challenges for the unemployment benefit of today), pp. 40ff.

⁶⁹⁹ These issues have been highlighted above in Part I section 2.3.3 relating to sickness benefits.

⁷⁰⁰ Palm, J., *De oorganiserade – Gig-ekonomin och den fackliga anslutningen* (The unorganised – The Gig Economy and Trade Union Membership), (2018), LO and Huws, U., Spencer, N. H., Syrdal, D. S., and Holts, K., *Work in the European Gig Economy*, (2017), FEPS in cooperation with UNI Europa and the University of Hertfordshire.

agreements an important aspect for entering collective agreements is that of assuring credibility and legitimacy based on fair working conditions in relation to their potential clients and employees.⁷⁰¹

So far, there is only one collective agreement specifically adapted to digital platforms in Sweden, concluded between Foodora and Transport on February 25th, 2021. The agreement consists of the blue-collar transport sector national agreement with a supplement adapted specifically for bicycle and moped delivery riders. This supplement is in other words a company specific collective agreement.⁷⁰² The agreement grants the delivery riders a guaranteed hourly wage for scheduled working hours regardless of whether they are waiting for an assignment or actually conduct a delivery. It also includes additional payment for each delivery conducted, wage supplements for unsocial working hours after seven in the evening and during weekends. There is also a wage supplement to cover maintenance of equipment and requirements for the employer to equip the worker with certain safety equipment (helmet, phone holder, lights etc) as well as protective clothes for poor weather conditions. Specific requirements as to the scheduling of working hours to assure workers the possibility of planning their work and not be scheduled in an unforeseeable manner are also included. In addition, the various supplementary insurances for sickness, redundancies, pensions, parental leave etc are also part of the rights granted to the workers.⁷⁰³ The agreement has improved the working and employment conditions for these workers to a rather vast extent, but it is as said a company specific agreement only applicable for workers employed with the specific employer in question and as such it only covers a small share of platform workers in Sweden.

However, in current debate this form of work organisation receives a lot of attention in spite of making up a very small part of the Swedish economy. This, in combination with the fact that platform companies are starting to consider fair working conditions as important aspects in relation to credibility and legitimacy of their business, could increase the probability for collective agreements to develop as the sector grows.⁷⁰⁴ Trade union membership rates amongst platform workers is also difficult to assess since there are no reliable statistics on this issue. What can be said from the statistics that exist on trade union membership is that it is less likely for platform workers than standard employees to be unionised since workers with short term temporary employments or low work intensity generally shows lower levels of unionisation.⁷⁰⁵ Unions are increasing activities in order to reach out to platform workers and seek to organise them. The white-collar workers union Unionen has directed attention towards these categories of workers and the blue-collar workers union in the transport

⁷⁰¹ Söderqvist, C. F. and Bernhardt, V. (2019), *Labor Platforms with Unions: Discussing the Law and Economics of a Swedish collective bargaining framework used to regulate gig work*. Working paper 2019:57. Swedish Entrepreneurship Forum.

⁷⁰² Information received from a contact person at Transport.

⁷⁰³ A detailed account of the contents of the agreement is not possible to provide due to the company specific character of the agreement and requirement of treating it with certain discretion in respect of the business specific competitive conditions for that company. Transportarbetareförbundet, (2021) *Budavtalet – Cykel och mopedbud* (Collective agreement for bicycle and moped delivery riders).

⁷⁰⁴ Calmfors, L., Ek, S., Kolm, A.-S. and Skedinger, P. (2019), *Kollektivavtal och lönebildning i en ny tid* (Collective agreements and wage formation in a new era). Dialogos, pp. 166ff.

⁷⁰⁵ Based on the discussion on decreasing trade union membership rates and structural changes on the Swedish labour market provided in Kjellberg, A. (2020), *Den svenska modellen i en oviss tid: Fack, arbetsgivare och kollektivavtal på en föränderlig arbetsmarknad* (The Swedish Model in Uncertain Times: Trade Unions, Employers and Collective Agreements on a Changing Labour Market). Arena Idé, pp. 46ff.

sector, Transport, has had specific campaigns directed at platform delivery riders.⁷⁰⁶ If trade unions manage to increase the levels of organisation amongst these categories of workers it is also likely to increase the probability of collective agreements for this part of the Swedish economy.

1.2.1. Crowdworkers

Since platform work in general is still a very small part of the Swedish economy where reliable statistics are missing it is difficult to provide any assessments specifically for crowdworkers. The classification of the relationship between the platform and the person conducting the work is likely to be subject to the same problematic issues as for platform work in general. Practices are likely to vary between the use of temporary employment contracts, the use of a form of umbrella company as an intermediary employer between the worker and the platform and the use of self-employed.⁷⁰⁷ So far it seems that crowdwork in Sweden tends to be framed towards more qualified work requiring higher education within for example IT, journalism or finance,⁷⁰⁸ but due to varying definitions of the term this is an uncertain conclusion to draw.

1.2.2. Workers on-demand via app

The situation as concerns workers on-demand via app is the same as concerns platform work in general, with lack of reliable statistics making any assessments difficult. The legal classification of the relationship between the platform and the person conducting the work is likely to be dependent on the business model of the platform and practises are also likely to vary.⁷⁰⁹ To some extent workers on-demand via app seem likely to be subject to a stricter control by the platform, especially in relation to unqualified forms of work such as for example delivery riders. In such cases it is also more likely that these workers should be classified as employees. Specific platforms that have been subject to a certain degree of media coverage, for example Foodora, also seem to employ the riders on short term general temporary employments. In this specific case, however, there is, as mentioned above, a collective agreement for the workplace.⁷¹⁰ The agreement can be considered to have improved the employment and working conditions for the delivery riders rather significantly, by assuring foreseeability in working hours, guaranteed wage during working hours with wage

⁷⁰⁶ Confirmed by representatives of these organisations during the national workshop for this project.

⁷⁰⁷ Söderqvist, C. F. and Bernhardt, V. (2019), *Labor Platforms with Unions: Discussing the Law and Economics of a Swedish collective bargaining framework used to regulate gig work*. Working paper 2019:57. Swedish Entrepreneurship Forum.

⁷⁰⁸ Wahlbäck, J. (2018), *Delningsekonomi och digitala plattformar – begrepp, omfattning och arbetsrättsliga regler* (Gig Economy and Digital Platforms – concepts, extent and labour law regulations), SACO; Weidenstedt, L., Geissinger, A., and Lougui, M. (2020), *Varför gigga som matkurir? – Förutsättningar och förväntningar bakom okvalificerat gig-arbete* (Why gig as a food deliverer? – Preconditions and expectations behind unqualified gig-work), Ratio; Palm, J. (2018), *De oorganiserade – Gig-ekonomi och den fackliga anslutningen* (The unorganised – The Gig Economy and Trade Union Membership), LO and Söderqvist, C. F. and Bernhardt, V. (2019), *Labor Platforms with Unions: Discussing the Law and Economics of a Swedish collective bargaining framework used to regulate gig work*. Working paper 2019:57. Swedish Entrepreneurship Forum.

⁷⁰⁹ Westregård, A. (2018), *Digital collaborative platforms: A challenge for the social partners in the Nordic model*, in NJCL 2018/1, pp. 89-112.

⁷¹⁰ Information obtained from a contact person within the trade union Transport.

supplements for both equipment and unsocial working hours as well as safety equipment and insurances supplementing statutory social security benefits.⁷¹¹ If Foodora maintains their strong position on the market and other delivery platforms are pushed towards improvement of the conditions for their workers in order to keep their market shares, this agreement could thus serve to set a standard for this form of work. However, there are in most cases no collective agreements, wages seem to be low also for those working more hours for such platforms and in addition it seems questionable whether health and safety regulations are duly respected by some of these platforms.⁷¹² Even when these workers are formally employed, they face risks of not being able to access social security benefits, due to the construction of these mainly being framed towards standard employments as discussed previously. The positive developments that can be seen are: that a first workplace collective agreement has been concluded; and that trade unions are increasingly seeking to approach these workers with indications that some categories of these workers are becoming more prone to join unions.⁷¹³

2. Descriptive data and impact analysis

2.1. Workforce composition

In relation to casual and platform workers, there are sever difficulties with lack of reliable statistics. However, casual workers are likely to make up a certain proportion of those reported in the statistics on fixed-term and involuntary part-time workers. It is possible that some of the persons included in that group are platform workers, but the statistics do not single out platform companies as such and therefore it is impossible to say how many or who the platform workers are. In addition, the statistics on fixed-term and involuntary part-time workers⁷¹⁴ do not single out specific forms of fixed-term or part-time work and it is therefore not possible to assess how many in that group that are to be classified as casual workers, employed on-call or intermittently.

SCB (Statistics Sweden) do report statistics relating to intermittent and on-call workers aged 15-74 years, by including these workers in the category of hourly and on-call work.⁷¹⁵ However, this category also includes workers that are employed on a general temporary

⁷¹¹ Based on an assessment of the contents of the collective agreement (Transportarbetareförbundet, (2021) *Budavtalet – Cykel och mopedbud* (Collective agreement for bicycle and moped delivery riders)) as discussed briefly in the section covering platform work in general above. In respect of the company specific character of the agreement and potential competition consequences for the company a detailed account of the contents has not been provided.

⁷¹² Palm, J., *De oorganiserade – Gig-ekonomin och den fackliga anslutningen* (The unorganised – The Gig Economy and Trade Union Membership), (2018), LO and Huws, U., Spencer, N. H., Syrdal, D. S., and Holts, K., *Work in the European Gig Economy*, (2017), FEPS in cooperation with UNI Europa and the University of Hertfordshire.

⁷¹³ In my contacts with persons at Transport during the work with this project I have had confirmation that trade unions are increasingly directing specific campaigns towards platform workers and Transport has seen a raise in the number of delivery riders that join the union.

⁷¹⁴ See table 3 in the appendix. Unless otherwise clearly indicated, the information in this section is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019.

⁷¹⁵ SCB (Statistics Sweden), *Utvecklingen för tidsbegränsat anställda 2005-2019 (Development for temporary employees 2005-2019)*, Sveriges officiella statistik, Statistiska meddelanden. SCB, 2020. p. 8.

employment (ALVA), which in principle can be an employment of various forms. The flexible regulations on the general temporary employment means in practice that such an employment can be anything from a very short contract for a few hours work to a full-time contract for up to two years. In addition, school holiday employments are also included in this category, which will affect the numbers relating to the youngest age group since that group also includes students in secondary education. Therefore, the data on employees in hourly or on-call employments need to be assessed with certain caution in relation to casual workers and it will not be possible to draw any precise conclusions as to the number of workers employed on casual contracts. It is still reasonable though to provide a discussion on risk factors based on those statistics, in the sense of what groups are more likely to be employed on casual contracts. For 2019 SCB reported that 766.000 persons in the age 15-74 years, corresponding to 16,6 percent of the employed, had some form of temporary employment. Of these persons 51,2 percent were categorised as hourly or on-call employees, making these forms of employments the most common forms of temporary employments in Sweden.⁷¹⁶ Both in overall figures on temporary employments and in relation to the specific group of hourly and on-call employments there are more women than men.⁷¹⁷ Amongst the men employed on temporary contracts 49 percent were classified as hourly or on-call workers, amounting to 169.800 persons, whereas 53,1 percent of the temporary employed women were classified as hourly or on-call workers, amounting to 222.700 persons.⁷¹⁸

Amongst the temporary workers it is also more common to work part-time, 50 percent of the temporary workers work part-time, whereas 15,6 percent of permanent employed persons work part-time and part-time work is more common amongst women than men.⁷¹⁹ The report from SCB also shows that in 2019 the highest number of temporary employments is found within the health and care services sector, a sector strongly dominated by female workers. The highest share of temporary employments, 42,2 percent of all employments in the sector, is found in the food and accommodation services sector, where young, foreign-born and also women are over-represented. Developments over time also showed that temporary employed foreign-born workers face a higher risk of going from a temporary employment to unemployment than national workers.⁷²⁰ In terms of age groups temporary employments are most common for young workers aged 15-24 and older workers aged 65-74, both groups where it is common that work is not the main source of income. For the young age group, it is common to combine studies and work during for example weekends or school holidays and for the older age group it is not unlikely that the work conducted is extra work during retirement. Worth noting though is that the age group 25-34 years amounted to 28,8 percent of all temporary employed in 2019.⁷²¹

⁷¹⁶ SCB (Statistics Sweden), *Utvecklingen för tidsbegränsat anställda 2005-2019 (Development for temporary employees 2005-2019)*, Sveriges officiella statistik, Statistiska meddelanden. SCB, 2020. pp. 9ff.

⁷¹⁷ SCB (Statistics Sweden), *Utvecklingen för tidsbegränsat anställda 2005-2019 (Development for temporary employees 2005-2019)*, Sveriges officiella statistik, Statistiska meddelanden. SCB, 2020. p. 24.

⁷¹⁸ SCB (Statistics Sweden), *Utvecklingen för tidsbegränsat anställda 2005-2019 (Development for temporary employees 2005-2019)*, Sveriges officiella statistik, Statistiska meddelanden. SCB, 2020. p. 46, table 7.

⁷¹⁹ SCB (Statistics Sweden), *Utvecklingen för tidsbegränsat anställda 2005-2019 (Development for temporary employees 2005-2019)*, Sveriges officiella statistik, Statistiska meddelanden. SCB, 2020. p. 18.

⁷²⁰ SCB (Statistics Sweden), *Utvecklingen för tidsbegränsat anställda 2005-2019 (Development for temporary employees 2005-2019)*, Sveriges officiella statistik, Statistiska meddelanden. SCB, 2020. p. 2.

⁷²¹ SCB (Statistics Sweden), *Utvecklingen för tidsbegränsat anställda 2005-2019 (Development for temporary employees 2005-2019)*, Sveriges officiella statistik, Statistiska meddelanden. SCB, 2020. p. 1.

The study conducted for the Government White Paper on a sustainable working life indicated some characteristics for temporary employed workers without agreement on weekly working hours showing that these workers are often younger than 25 years or older than 65 years (57 percent belonged to either of these categories in 2017), but 43 percent were between 25 and 64 years. In other words, that age group makes up a fairly significant number from a total of 207.000 workers on temporary employments without agreed weekly working hours. Of these workers it is more common to have a low or middle level of education, but about one third of them have a tertiary education. Most of them (60 percent) live in a single person household and only very few of the single persons have children (less than five percent of them). For those living together with another adult (40 percent) about two thirds do not have children, whereas one third of the group have children. The study also showed that 40 percent of the temporary employed without agreement on weekly working hours were also partaking in studies and the group partaking in studies has increased slightly over the years. The majority (75 percent) of these workers are employed in the private sector, the second largest area for employment is within municipalities (almost 25 percent) and only a small share of these workers are employed within the regions or the state. Temporary employments without agreed weekly working hours is in this investigation also shown to be more of an issue for blue-collar than white-collar workers, since over 70 percent of them are blue-collar workers. There has been an increasing share of white-collar workers over the years though with 28 percent of the group being white-collar workers in 2017 compared to 17 percent in 2006.⁷²²

As stated above, more than half of the temporary employed persons hold some sort of hourly or on-call employment. In addition, there are clear similarities as to which groups are over-represented amongst temporary employed as reported by SCB and the groups over-represented in the data from Eurostat on fixed-term and involuntary part-time workers. I therefore find it reasonable to assume that the groups most at risk for in-work poverty amongst the fixed-term and involuntary part-time workers will also be those most at risk for in-work poverty amongst the casual workers. However, the precarity of these groups will most likely be stronger since the predictability of income and employment possibilities is even weaker when employed intermittently or on-call. It is probably not an exaggeration to say that a vast proportion of the in-work poor in Sweden are to be found amongst the casual workers. This means that regardless of the persons age, nationality, level of education, occupational skill level and family situation a casual worker will be more at risk for in-work poverty than employees in general, with in-work poverty rates around three times as high, or possibly even higher, than for employees in general based on the assumption that in-work poverty rates will be at least the same as for the fixed-term and involuntary part-time workers.⁷²³ Specific characteristics that would further increase the risk for a casual worker to end up in-work poor would be: a fairly young age; being foreign born; having a low level of education; working in an occupation classified as having a low skill level; being single or live in a household as the only person in-work and having children. Since foreign born persons in

⁷²² Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time). pp. 235ff.

⁷²³ See table 3 in the appendix. Unless otherwise clearly indicated, the information in this section is based on data from Eurostat, EU-SILC, 2007, 2013 and 2019. The responsibility for all conclusions drawn from the data lies entirely with the authors. The exploitation of the EU-SILC data has been done by the Luxemburgish partner of the "Working, Yet Poor" project. If not specifically mentioned as relating to another year the data presented in the text refer to the year 2019.

temporary employments also run a higher risk for moving from a temporary employment to unemployment than Swedish nationals do,⁷²⁴ there is an increased risk for foreign-born persons to remain trapped in a situation of poverty.

In addition to the discussed risks in relation to in-work poverty for different categories of casual workers, it is also important to bear in mind that these workers are in general less likely to be members of a trade union. In 2017, 28 percent of the temporary employed without agreement on weekly working hours were members of a trade union, compared to 39 percent in 2006. The most common sectors of activity for these workers are for women: health and care services; retail; hotel and restaurants; and education. For men the most common industry sectors are: financial and business services; health and care services; transport; and retail.⁷²⁵ With the exception of health and care services, where collective agreement coverage is high, the other sectors of activity are likely to be subject to lower rates of collective agreement coverage.⁷²⁶ It is therefore not unlikely that these workers are subject to risks associated with not being covered by a collective agreement. They also face the risks previously expressed in relation to social security benefits, where qualification requirements may be hard for these workers to fulfil. If there is a collective agreement in place within the workplace where they work, they will also most likely be excluded from the supplementary benefits found in the collective agreement due to their shorter and fragmented employment periods. For the casual workers and platform workers that are dependent upon this work for their living there seems to be a high risk of in-work poverty. It is, however, due to the lack of statistics difficult to draw any certain conclusions on how many they are. Instead, a discussion on the issue of in-work poverty in relation to different households can only be conducted in a manner where certain risk factors as identified above are highlighted.

2.2. Impact on selected households' in-work poverty

As already mentioned, the lack of reliable statistics makes it impossible to draw clear conclusions concerning in-work poverty in relation to the four households' compositions intended to be specifically addressed. What is possible to say is that platform workers are more likely to be young and thus more likely to be single and/or without children. In addition, they are more likely male. Only very few seem to have the work they conduct via platforms as their main income, but the short-term work arrangements and generally lower number of hours worked cause difficulties for them to get access to social security benefits and they are more likely to be exposed to risks, both financially and in relation to employment protection, health and safety at work and so on, not least considering the unclarities as concerns their status as employees or not. Suggested changes to social security legislation focusing more on earnings than the number of hours worked would probably be somewhat beneficial for these

⁷²⁴ SCB (Statistics Sweden), *Utvecklingen för tidsbegränsat anställda 2005-2019 (Development for temporary employees 2005-2019)*, Sveriges officiella statistik, Statistiska meddelanden. SCB, 2020. p. 2.

⁷²⁵ Government White Paper (SOU) 2019:5 *Tid för trygghet – Slutbetänkande av utredningen för ett hållbart arbetsliv över tid* (Time for security – Final Committee Document from the investigation for a sustainable working life over time). pp. 240ff.

⁷²⁶ Exact figures for collective agreement coverage rates for different sectors of activity has not been found as discussed in the section on standard low-wage employments above. The figures presented in that section relate to coverage rates for smaller companies employing between 1-49 persons and those figures indicate that for example within retail and hotel and restaurant collective agreement coverage is lower amongst these smaller companies.

workers, but without clarifications concerning their legal status there will still be problems in relation to these issues.

As concerns casual workers they also tend to be younger and most often without children, even though a, not insignificant, part of them live in a household with children. In contrast to platform workers, casual workers are more often women, but being foreign born is also more common. However, a clear picture of the situation for these workers and the household compositions is difficult to provide due to the uncertain and insufficient statistics available. What can be stated clearly is that platform workers and casual workers face similar problems in the sense that the unpredictable and uncertain work arrangements generate difficulties in relation to application of social security law and assessments of these workers' eligibility for social security insurances.⁷²⁷

As has been demonstrated for example in relation to the issue of sickness allowances there are certain risks for casual/on-demand workers to fall outside the scope of those being covered by the protection that sickness benefits are intended to provide. The issues raised in relation to casual workers, where the assessment of eligibility for sickness allowance might be based on the same criterion as for an unemployed person cause specific challenges for these workers. There is a higher probability that such a person's working capacity will be assessed in relation to any work that normally exists on the labour market. For a worker employed on-call in a job that requires physical capacity of for example heavy lifts an injured shoulder will entail a decreased capacity of work for the on-call job. However, if that person's work capacity is instead assessed in relation to the whole labour market, then it is likely that the result will be that the person is considered capable of conducting other forms of work and therefor is not entitled to sickness allowance.⁷²⁸ Even though preliminary case law indicates that there could be possibilities for assessing the persons working capacity in relation to the on-call job if it would be unreasonable not to do so, there is as of yet no case law from the highest instance on this. If the worker employed on-call will be granted sickness allowance, then the calculation of the sickness allowance amount will be made on the basis of calculation for unemployed and thus related to what the worker would have received as unemployment insurance instead of what he/she would have received as salary.⁷²⁹ The sickness allowance amount paid in these situations will thus be lower than what is the case for workers in more stable employments. This generates a situation of higher economic risks in case of sickness for people with casual employments than for people with more stable employments, both because of the lower levels of the benefits paid and the legal uncertainty as concerns the eligibility for sickness allowance. For platform workers the situation can be even more troublesome, especially if there are unclarities as concerns the platform worker's status as an employee or not.

For other forms of social benefits casual workers and platform workers will face additional difficulties. In relation to unemployment benefits the thresholds in order to fulfil the work

⁷²⁷ Requirements of previous work as an eligibility criterion for unemployment benefits and for the income-based parental leave benefit are examples that provide specific challenges for these workers due to their fragmented working hours. Further discussions on such requirements are provided in Part I section 2.3.3 above concerning these forms of benefits.

⁷²⁸ Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen* (Sickness benefits adapted for the individual), pp. 62ff.

⁷²⁹ Government White Paper (SOU) 2020:26 *En sjukförsäkring anpassad efter individen* (Sickness benefits adapted for the individual), pp. 41ff.

requirement will be high for these workers. They are also likely to face additional problems in case they would be offered work during a period of unemployment, partly due to the restriction on a shorter benefit period for part-time employment and in relation to the requirement of being at the disposal of the labour market.⁷³⁰ At the same time, if these workers do not become fully unemployed, but rather face a significant decrease of the work hours they are offered they will be considered to have some form of work which might affect the support provided by public employment services. The highest priority for public employment services shall be placed on persons subject to long-term unemployment and those that face the highest thresholds for entering the labour market.⁷³¹ If casual or platform workers do some hours of work, then they are unlikely to be considered full-time unemployed and would therefore not be amongst the prioritised groups of the unemployment services. They therefore face the risk of not being offered needed support in order to be able to find a more stable employment. In relation to parental leave benefits they are also less likely to fulfil the requirement of previous work to gain access to the income-based benefit and therefore more likely to be granted parental leave allowance on the basic level.⁷³²

The indirect measures which potentially could assist these workers would mainly consist of social assistance and for households with children also the housing allowance. For young persons without children the income cap for when the housing allowance starts to be decreased is set as such a low level as to not be readily available for many of those performing even low number of working hours per week.⁷³³ Social assistance, as has been discussed, is a form of assistance to be granted for persons finding themselves in temporary economic hardships and the general design of this benefit does not serve to lift a person out of poverty.⁷³⁴ The housing allowance for households with children provides a certain alleviation, but also that allowance is subject to restrictions in relation to both an income cap for when the benefit decreases and a cap for how much of the housing cost that can be considered. The cap for the housing cost has not been raised for ten years and the income cap is also set at a level that will limit the possibility of this measure to actually lift a household above the poverty threshold.⁷³⁵ Even though the housing allowance will alleviate the financial difficulties for households to which it is accessible, it will rarely serve to lift those households above the poverty threshold. In addition, since the housing allowance is paid as a preliminary benefit based on the information provided at the time of application, casual and platform workers will face difficulties in case they would get more working hours than they had originally perceived since they in that case will have to repay parts of the allowance.⁷³⁶ That increases the financial insecurity for this group of workers, maybe even refraining them from making use of the housing allowance.

⁷³⁰ These requirements are discussed in Part I section 2.2.1 covering unemployment benefits above.

⁷³¹ The Swedish public unemployment services are to direct the different forms of support in relation to the need of the person, where long-term unemployed and groups facing the highest thresholds for entering the labour market are to be prioritised. For further discussion see Part I section 2.2.2 covering unemployment services above.

⁷³² The basic level is currently 250 SEK per day, amounting to 7.500 SEK for a month of 30 days, which is well below the poverty threshold. Parental leave benefits are further discussed in Part I section 2.3.3 above.

⁷³³ The income cap for young persons is set at 40.00 SEK per year, meaning that an income above that cap will decrease the amount paid as allowance. This is discussed in Part I section 3.3 above.

⁷³⁴ See Part I section 3.3 above for further discussion concerning social assistance.

⁷³⁵ See Part I section 3.3 above for further discussion on the housing allowance.

⁷³⁶ See Part I section 3.3 on housing allowance for further details.

On a final note, the heterogeneity of platform work makes it difficult to draw conclusions for the whole sector and it is not unlikely that a majority of those conducting work related to the platform economy are doing so sporadically or in a manner that is beneficial for the individual. However, there is also a risk that some of the platform workers have resorted to this form of work out of necessity after not having managed to find other forms of work.⁷³⁷ In that sense platform workers and casual workers face the risks of in-work poverty basically on the same ground which is not having succeeded in finding other more stable forms of employment. Of importance to discuss is also the possibilities for casual and platform workers subject to in-work poverty to access other forms of employments that would lessen the in-work poverty risks for these workers. In relation to this it is worth noting that platform work seems to be considered less of a qualification when applying for other forms of work. This is especially the case for persons subject to higher risks of in-work poverty, such as persons with a background from outside the EU, and that likely are over-represented amongst those that are more dependent on platform work for their main income.⁷³⁸ Research has also shown that casual workers tend to move from a temporary to a permanent employment to a less extent than other workers with more stable temporary employments. Also in this case, there is a clear indication from statistics that the categories of workers more at risk of in-work poverty are also those most at risk of having a casual form of temporary employment rather than a more stable temporary employment.⁷³⁹ This would suggest that the persons most at risk of in-work poverty also would be those most at risk of remaining trapped in such a situation. There is a lot of research showing that the Swedish labour market is segregated and that discrimination is an important factor for explaining the segregation related to stable or unstable forms of employment.⁷⁴⁰ In my view it is therefore of importance not only to consider changes to law as concerns flexible employment forms or access to social security protection, vocational training and so on, but also to consider how the law governing anti-discrimination actually works in practice. Without coming to terms with the issue of discrimination, we will continue to see that specific categories of workers to a higher extent are subject to socio-economic risks such as in-work poverty.

⁷³⁷ Dølvik, J. E. and Jesnes, K. (2018), *Nordic labour markets and the sharing economy – Report from a pilot project*. TemaNord 2018:516. Nordic Council of Ministers, pp. 57f.

⁷³⁸ Adermon, A. and Hensvik, L. (2020), *Gig-jobs: stepping stones or dead ends?* Working Paper 2020:23. IFAU Institute for Evaluation of Labour Market and Education Policy.

⁷³⁹ Berglund, T., Håkansson, K., Isidorsson, T. and Alfonsson, J. (2017), Tidsbegränsat anställdas framtida arbetsmarknadssituation. in *Arbetsmarknad & Arbetsliv*. Vol 23, No. 2. 47-66.

⁷⁴⁰ See for example Vernby, K. and Dancygier, R. (2018) *Employer discrimination and the immutability of ethnic hierarchies: A Field Experiment*. Working Paper 2018:17. IFAU Institutet för arbetsmarknads- och utbildningspolitisk utvärdering; Aldén, L. and Hammarstedt, M. (2014), *Integration of immigrants on the Swedish labour market – recent trends and explanations*. Report 2014:9, Linnaeus University Centre, Labour Market and Discrimination Studies; or Arbetsmarknadsekonomska Rådet AER (2017), *Arbetsmarknadsekonomska rapport – Tudelningsarna på arbetsmarknaden* (Labour market economic report – The dualised labour market).

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WORKYP NATIONAL REPORTS GLOSSARY

Direct measures: they support incomes on the basis of a current or previous employment relationship and can be summarised as follows: measures that impact on worker's income on the condition that an employment relationship exists (i.e. minimum wage policies, additional wage increase factors, make-work-pay policies); measures that support workers' earnings in case they lose their occupation (e.g. unemployment benefits, active labour market policies and public employment service); measures supporting workers' earnings in case other events occur, usually compensating for the reduction of working hours (i.e. suspensions of the work relationship in case of temporary crisis, insolvency or other events regarding the undertakings, as well as suspensions regarding workers, such as sickness, maternity, and work-related injury).

Indirect measures: they indirectly impact on in-work poverty supporting households' family costs on the basis of their incomes, regardless on the existence of any current or previous working relationship (for instance, minimum income schemes, affordable childcare provisions, family and social assistance benefits, housing policies, healthcare system, and education services and lifelong learning policies).

Household: It can be defined, according to Eurostat, as a housekeeping or social unit identified by: having common arrangements; sharing household expenses or daily needs; sharing a common residence. A household includes either one person living alone or a group of people, not necessarily related, living at the same address with common housekeeping, i.e. sharing at least one meal per day or sharing a living or sitting room.

Selected households: to the purposes of WorkYP project, partners should take into account the following households: a) individual VUP working person (single earner); b) single parent household with childhood, where the working single parent fits in one of the four VUP Group; c) one earner couple household, composed of one working partner, one not working partner, with childhood, where the working partner fits in one of the four VUP Group; d) household composed of two workers, where they both fit in one of the four VUP group, with childhood⁷⁴¹.

Financial crisis: The project refers to the financial crisis of 2007–08, also known as the global financial crisis.

Pandemic crisis: The project refers to the 2019/2020/2021 ongoing worldwide pandemic of Coronavirus disease (also referred to as COVID-19]

Social assistance benefit: transfers made by public institutions to certain households, in case they are «intended to meet the same kinds of needs as social insurance benefits but are provided outside of an organised social insurance scheme and are not conditional on previous payments of contributions»⁷⁴².

Recent or most recent transformations/modifications of the legal framework: it refers to those reforms, national case-law orientations or social security models' transformations that have *recently* modified the national legal framework, approximately since the 2000s, when measures on flexicurity were adopted in accordance with EU soft law. In particular, each report should take into account the reforms and transformations that have been introduced to the purpose of strengthening the flexibilization of the labour market.

In-work benefits: according to OECD definition (OECD Employment Outlook - 2005), in-work benefits are «schemes designed to provide income supplement to needy families or individuals on the

⁷⁴¹ On this issue, see EU-SILC data. See also I. MARX, *2nd Structured Dialogue on Minimum Income Implementation*, Thematic Discussion Paper, European Commission, Directorate-General for Employment, Social Affairs and Inclusion/Valetta (Malta), 14-15 November 2019.

⁷⁴² Cfr. OECD glossary, <https://stats.oecd.org/glossary/detail.asp?ID=2477>.

condition that they work» (e.g., in Italy, the “80 euros benefit” or specific family allowances that some employees are entitled to).

STATISTICS ON VUP GROUPS

Below you find tables providing statistics for the three different VUP groups 1, 2 and 3. The information in the tables is based on data from Eurostat, EU-SILC 2007, 2013 and 2019. The exploitation of the the EU-SILC data has been done by the Luxemburgish partner of the “Working, Yet Poor” project. The responsibility for all conclusions drawn in the report lies entirely with the author of this report.

For matters of clarity some introductory remarks, explanations and definitions that will enhance the understanding of the tables are provided before the tables are presented.

IMPORTANT	All the tables refer to people considered as In-work (following Eurostat's definition, see below) aged from 18 Number in brackets "(10.1)" should be read in column and number without brackets in line. Some cells are marked "/" because the variable is not relevant to the subgroup under study Some cells are marked "s.s." for "small sample" because the number of observations was too small to produce relevant statistics. of % employees+self-employed is close but not exactly equal to 100% for some year and some country. (Eurostat also excludes them to calculate in-work poverty for self-employed or employees).
Definition:	
Reference period	Previous calendar year
In-work	Persons who declared to be at work (employed or self-employed) more than half of the reference period
Employed persons	All persons considered to be "in-work"
Employees	Persons "in-work" who spent at least half of the period of work (during the reference period) as employees
Self-employees	Persons "in-work" who spent at least half of the period of work (during the reference period) as self-employed
At risk of poverty	Equivalised disposable income below 60% of the national median equivalised disposable income If the person is lacking at least 4 items out of the following 9 items: i) to pay rent or utility bills, ii) to keep home adequately warm, iii) to face unexpected expenses, iv) to eat meat, fish or a protein equivalent every second day, v) to have a week's holiday away from home, or could not afford (if wanted to) vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone
Severe material deprivation	
Education level	
Low	Lower secondary/Primary or less
Medium	Upper secondary or post-secondary non tertiary
High	Tertiary education
Nationality	
Local	Citizenship of the worker = country of residence/survey
Other	other Eu or no-EU countries
Working time	
Full time	Persons "in-work" who spent at least half of the period of work (during the reference period) in full-time work
Part time	Persons "in-work" who spent at least half of the period of work (during the reference period) in part-time work
Low-skilled occupation	4. Clerical support workers 5. Service and sales workers 6. Skilled agricultural, forestry and fishery workers 7. Craft and related trades workers 8. Plant and machine operators, and assemblers 9. Elementary occupations
High-skilled occupation	1. Managers 2. Professional 3. Technicians and associate professionals
Economic sector	
Agriculture/Industry/Construction	Mining and quarrying Manufacturing Electricity, gas, steam and air conditioning supply Water supply; sewerage, waste management and remediation activities Construction
Trade/Transport/Accommodation and food services/information	Wholesale and retail trade; repair of motor vehicles and motorcycles Transportation and storage Accommodation and food service activities Information and communication
Other services	Financial and insurance activities Real estate activities Professional, scientific and technical activities Administrative and support service activities Education Human health and social work activities Arts, entertainment and recreation Other service activities
Poor sectors*	G: Wholesale and retail trade; repair of motor vehicles and motorcycles I: Accommodation and food service activities L: Real estate activities M: Professional, scientific and technical activities N: Administrative and support service activities R: Arts, entertainment and recreation S: Other service activities T: Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use U: Activities of extraterritorial organisations and bodies * Sectors in red was not in the initially targeted group VUP1 but it is not possible to separate them from the others. However, the bias (to include them) should be relatively small as these sectors represent either a low share of total employment (group L,T and U) or the share of low-skilled workers is low (group M).
Involuntary part-time	Persons who reply to the question "Reason for working less than 30 hours" by: a. Wants to work more hours but cannot find a job(s) or work(s) of more hours b. Housework, looking after children or other persons c. Other reasons
Contract	
Permanent	Permanent job/work contract of unlimited duration
Temporary	Temporary job/work contract of limited duration* *termination of the job is determined by objective conditions such as reaching a certain date, completion of an assignment or return of another employee who has been temporarily replaced. *Temporary includes : a) Persons with a seasonal job; b) Persons engaged by an employment agency or business and hired out to a third party for the carrying out of a "work mission" (unless there is a work contract of unlimited duration with the employment agency or business);

Sweden												
	Employed persons			Employees (permanent contract and FT)			permanent contract and FT) in low-skilled			employees in low-skilled occupation AND poor		
	2007	2013	2019	2007	2013	2019	2007	2013	2019	2007	2013	2019
% of the employed (in-work) population	(100)	(100)	(100)	(64.5)	(64.2)	(65.1)	(29.2)	(28.5)	(27.3)	(7.5)	(6.9)	(7.5)
In-work at risk of poverty	(6.4)	(7.6)	(7.8)	(3.8)	(2.8)	(3.5)	(4.6)	(4.4)	(4.8)	(6.4)	(7.0)	(8.0)
Severe material deprivation rate	(1.0)	(0.7)	(0.7)	(0.7)	(0.1)	(0.4)	(1.1)	(0.3)	(0.5)	(2.0)	(0.5)	(1.0)
Individual variables:												
Age group												
18-34	11.3 (31.2)	11.5 (28.6)	10.8 (29.1)	6.9 (30.4)	5.4 (26.7)	5.2 (27.4)	8.2 (33.9)	7.2 (30.9)	6.9 (31.5)	11.4 (42.2)	9.1 (42.3)	10.5 (33)
35-49	5.5 (37.1)	6.6 (37.7)	7.8 (35.5)	3.3 (39.8)	2.2 (41.2)	4 (37.9)	3.1 (36.8)	4.4 (36.2)	4.6 (33.3)	3.7 (35.2)		6 (41.7)
>=50	2.8 (31.8)	5.3 (33.7)	5.3 (35.4)	1.4 (29.8)	1.5 (32.1)	1.7 (34.7)	2.2 (29.3)	1.8 (32.9)	3.2 (35.2)	1.3 (22.6)	4.5 (53.9)	8.1 (25.3)
Gender												
Women	5.8 (47.9)	7.2 (47.5)	6.7 (46.5)	3.8 (40.6)	2.6 (41.6)	2.6 (40.1)	3.9 (38.3)	4.5 (34.2)	4.3 (33)	4.5 (37.6)	7 (36.8)	6.7 (38)
Men	7 (52.1)	7.9 (52.5)	8.6 (53.5)	3.9 (59.4)	3 (58.4)	4.2 (59.9)	5 (61.7)	4.4 (65.8)	5.1 (67)	7.6 (62.4)	7 (63.2)	8.8 (62)
Nationality												
Local	5.9 (96.5)	6.7 (94.8)	6 (92.3)	3.5 (96.6)	2.8 (95.7)	2.7 (94.1)	s.s.	s.s.	3.7 (92.1)	s.s.	s.s.	s.s.
Other	17.2 (3.5)	18.6 (5.2)	26.6 (7.7)	13.9 (3.4)	2.8 (4.3)	16.6 (5.9)	s.s.	s.s.	17.8 (7.9)	s.s.	s.s.	s.s.
Education												
Low	5.7 (11.7)	11.8 (9.2)	17.3 (12.1)	3.9 (10.8)	6.4 (7.6)	7.7 (9.8)	4.7 (18.5)	6 (14.4)	7.6 (19.4)	5.4 (21.1)	s.s.	s.s.
Medium	6.5 (55.6)	7.5 (55.3)	5.9 (50.9)	3.4 (53.3)	3.3 (53.4)	3 (49.6)	4.2 (74.2)	4.3 (75.9)	3.4 (69.2)		7 (74.6)	5.2 (64.7)
High	5.7 (32.7)	5.6 (35.5)	5.5 (36.9)	4.2 (35.9)	1.6 (39.0)	2.7 (40.6)	5.8 (7.4)	3.1 (9.7)	5.8 (11.5)	6.3 (78.9)	s.s.	s.s.
Economic sector												
Agriculture/Industry/Construction	4.6 (23.2)	5.6 (22.3)	6.3 (19.9)	2.1 (28.1)	1.4 (26)	2.6 (23.4)	2.9 (37)	1.6 (35.5)	3.1 (33.6)	/	/	/
Information and food services/info-com	8 (19)	6.8 (20.6)	7.2 (22.9)	4.9 (18.9)	4 (21.1)	3.6 (24)	5.5 (25.1)	6.7 (24.9)	5.2 (29)	6.2 (64.5)	8.4 (50.9)	8.3 (61)
Others services	4.8 (51.3)	6.3 (49.9)	7.5 (51.1)	3.2 (49)	2.5 (49.4)	3.2 (49)	3.8 (32.8)			6.9 (35.5)	5.6 (49.1)	7.6 (39)
Not defined	23.9 (6.5)	27.6 (7.2)	13.8 (6.1)	19.4 (3.9)	10.6 (3.5)	13.7 (3.6)	16.8 (5.1)	5.4 (39.6)	6.1 (37.4)	/	/	/
Number of months work (during the reference period):												
less than 12	17.7 (5.8)	13.7 (7.9)	17.8 (6)	12.6 (3.2)	4.7 (4.5)	8.1 (4.4)	12.4 (4.4)	8.1 (6)	s.s.	s.s.	s.s.	s.s.
12	5.7 (94.2)	7 (92.1)	7.1 (94)	3.6 (96.8)	2.7 (95.5)	3.3 (95.6)	4.2 (95.6)	4.2 (94)	s.s.	s.s.	s.s.	s.s.
Household variables:												
Household size												
1	13.3 (18)	13.2 (19.7)	11.3 (24.6)	6.6 (17.7)	4.1 (18.6)	3.4 (23.4)	6.9 (20.3)	6.8 (22.2)	5.2 (27.8)	10.8 (21)		10.6 (28.6)
2	4.7 (33.9)	5.8 (34.2)	5.9 (31.2)	3.4 (32.7)	1.3 (34)	2.3 (30.8)	4.6 (32.6)	1.9 (35.8)	3.4 (29.9)	8.2 (32.2)	4.2 (53.5)	2.6 (27.4)
>2	5.1 (48.1)	6.5 (46.1)	7.1 (44.2)	3.1 (49.6)	3.4 (47.4)	4.5 (45.9)	3.5 (47.1)	5.4 (42)	5.6 (42.3)	3.2 (46.8)	10.2 (46.5)	9.7 (44)
nbr of in-work persons in the household:												
1	12.2 (34.3)	13.9 (35.9)	13.5 (39.7)	7.2 (35.4)	5.4 (35.3)	6.2 (39.1)	8.4 (38.2)	7.9 (39.5)	7.8 (45.6)	12.1 (39.8)	12 (36.2)	12.9 (45.1)
>1	3.4 (65.7)	4 (64.1)	4 (60.3)	2 (64.6)	1.4 (64.7)	1.9 (60.9)	2.2 (61.8)	2.1 (60.5)	2.3 (54.4)	2.7 (60.2)	4.2 (63.8)	4 (54.9)
Number of children (<18):												
0	7 (55.1)	7.9 (59.3)	7.2 (60.3)	4.1 (53.4)	2.4 (57.9)	2.4 (58.9)	4.9 (56.6)	3.7 (65.1)	3.8 (62.4)	8.3 (54.6)	5.3 (61.1)	6.3 (59.4)
1	4.6 (18.5)	5.5 (17.1)	8.4 (16.8)	3.3 (19.6)	2.7 (18.1)	3.9 (16.1)	4.8 (21.2)	3.3 (16.1)	6.4 (15.1)	3.9 (24.1)		
>1	6.6 (26.5)	8.1 (23.5)	8.6 (22.9)	3.7 (26.9)	4 (24.1)	6 (24.9)	3.6 (22.2)	7.8 (18.8)	6.7 (22.5)	4.4 (21.2)	9.7 (38.9)	10.5 (40.6)

Table 1. VUP Group 1, Standard employees in low-skilled occupations in poor sectors. Source: Eurostat, EU-SILC.

Sweden									
	Employed persons			Self-Employed (including family workers)			VUP 2: Self-employed without employees		
	2007	2013	2019	2007	2013	2019	2007	2013	2019
% of the employed (in-work) population	(100)	(100)	(100)	(10.6)	(8.2)	(10.5)	(5.8)	(4.8)	(6.1)
In-work at risk of poverty	(6.4)	(7.6)	(7.8)	(15.7)	(17.9)	(19.9)	(18.3)	(22.1)	(24.3)
Severe material deprivation rate	(1.0)	(0.7)	(0.7)	(0.3)	(0.2)	(0.1)	(0.6)	(0.3)	(0)
Individual variables:									
Age group									
18-34	11.3 (31.2)	11.5 (28.6)	10.8 (29.1)	24.3 (18.7)	23.9 (14.2)	24.3 (14.1)	32.9 (19.9)	24.7 (47.3)	25 (51)
35-49	5.5 (37.1)	6.6 (37.7)	7.8 (35.5)	19.9 (37.8)	15.5 (37.1)	20.3 (38.4)	23.3 (35.7)		
>=50	2.8 (31.8)	5.3 (33.7)	5.3 (35.4)	8.5 (43.4)	18 (48.7)	18.2 (47.4)	7.6 (44.4)	19.7 (52.7)	23.6 (49)
Gender									
Women	5.8 (47.9)	7.2 (47.5)	6.7 (46.5)	18 (26.7)	20.7 (24.5)	20.4 (27.8)	17.5 (31.7)	23.1 (26.4)	22.5 (32.1)
Men	7 (52.1)	7.9 (52.5)	8.6 (53.5)	14.9 (73.3)	17 (75.5)	19.7 (72.2)	18.6 (68.3)	21.7 (73.6)	20.3 (67.9)
Nationality									
Local	5.9 (96.5)	6.7 (94.8)	6 (92.3)	s.s.	s.s.	s.s.	s.s.	s.s.	s.s.
Other	17.2 (3.5)	18.6 (5.2)	26.6 (7.7)	s.s.	s.s.	s.s.	s.s.	s.s.	s.s.
Education									
Low	5.7 (11.7)	11.8 (9.2)	17.3 (12.1)	10.1 (17.0)	15.7 (15.2)	36.3 (14.9)	6.3 (15.5)	23.5 (74.3)	25.0 (70.6)
Medium	6.5 (55.6)	7.5 (55.3)	5.9 (50.9)	16.4 (60.9)	18.8 (60.8)	16.4 (58.0)	18.9 (60.6)		
High	5.7 (32.7)	5.6 (35.5)	5.5 (36.9)	16.7 (22.1)	14.1 (24.0)	17.5 (27.1)	23.5 (23.9)	11.4 (25.7)	21.3 (29.4)
Working time									
Full_time	5.8 (78.9)	5.9 (78.5)	6.4 (81.5)	14.4 (84.7)	18.3 (83.6)	20 (82.9)	16.8 (78.1)	25.3 (78.2)	24.1 (79.4)
Part_time	9 (21.1)	13.7 (21.5)	13.4 (18.5)	23.6 (15.3)	16 (16.4)	17.8 (17.1)	24 (21.9)	10.4 (21.8)	22.5 (20.6)
Occupation (skill level)									
High	4.8 (49.2)	4.5 (47.8)	5 (51.1)	17.7 (46.0)	14.1 (45.7)	13.3 (48.5)	25.7 (44.6)	18.1 (42.3)	16.8 (50)
Low	8.3 (50.8)	10.5 (52.2)	10.7 (48.9)	19.6 (54.0)	21.6 (54.3)	26.5 (51.5)	19.1 (55.4)	24.9 (57.7)	31.9 (50)
Economic sector									
Agriculture/Industry/Construction	4.6 (23.2)	5.6 (22.3)	6.3 (19.9)	14 (29)	26.9 (31.8)	22.1 (29.8)	16.0 (46.0)	27.8 (51.3)	23.1 (51.4)
Wholesale and food services/info-com	8 (19)	6.8 (20.6)	7.2 (22.9)	11.5 (21.7)	12.8 (23.4)	15.9 (27.7)			
Others services	4.8 (51.3)	6.3 (49.9)	7.5 (51.1)	10.7 (37.8)	17.6 (44.8)	19.1 (42.6)	20.0 (54.0)	21.2 (48.7)	23.8 (48.6)
Not defined	23.9 (6.5)	27.6 (7.2)	13.8 (6.1)	41.4 (11.5)					
Number of months work (during the reference period):									
less than 12	17.7 (5.8)	13.7 (7.9)	17.8 (6)	s.s.	s.s.	s.s.	s.s.	s.s.	s.s.
12	5.7 (94.2)	7 (92.1)	7.1 (94)	s.s.	s.s.	s.s.	s.s.	s.s.	s.s.
Household variables:									
Household size									
1	13.3 (18)	13.2 (19.7)	11.3 (24.6)	36.5 (14.9)	21.0 (52.9)	39.7 (22.2)	18.6 (58.6)	26.2 (59)	29 (63.9)
2	4.7 (33.9)	5.8 (34.2)	5.9 (31.2)	7.2 (36.7)		13.2 (37.2)			
>2	5.1 (48.1)	6.5 (46.1)	7.1 (44.2)	15.8 (48.4)	14.5 (47.1)	15.2 (40.6)	17.8 (41.4)	16.1 (41)	16 (36.1)
nbr of in-work persons in the household:									
1	12.2 (34.3)	13.9 (35.9)	13.5 (39.7)	27.1 (33.5)	29.1 (30.7)	35.9 (36.6)	29.2 (37.7)	32.6 (35.4)	43.8 (40.6)
>1	3.4 (65.7)	4 (64.1)	4 (60.3)	10 (66.5)	13 (69.3)	10.7 (63.4)	11.7 (62.3)	16.3 (64.6)	11 (59.4)
Number of children (<18):									
0	7 (55.1)	7.9 (59.3)	7.2 (60.3)	14.7 (54.9)	19.9 (60)	20.2 (63.4)	18.1 (61.7)	24.1 (65.4)	25.9 (66.4)
1	4.6 (18.5)	5.5 (17.1)	8.4 (16.8)	14.7 (16.5)	10.7 (18.1)	19.8 (14.9)	17.4 (14.9)	14.8 (16.2)	26.6 (13.2)
>1	6.6 (26.5)	8.1 (23.5)	8.6 (22.9)	18.2 (28.6)	18.5 (21.9)	18.9 (21.7)	19.1 (23.4)	21.5 (18.4)	17.8 (20.5)

Table 2, VUP Group 2, Self-employed without employees. Source: Eurostat, EU-SILC.

Sweden									
	Employed persons			Employees only			B: temporary workers or involuntary part-t		
	2007	2013	2019	2007	2013	2019	2007	2013	2019
% of the employed (in-work) populat	(100)	(100)	(100)	(87.7)	(91.7)	(89.4)	(12.0)	(13.4)	(12.2)
In-work at risk of poverty	(6.4)	(7.6)	(7.8)	(5.3)	(6.7)	(6.3)	(15.3)	(18.2)	(19.5)
Severe material deprivation rate	(1.0)	(0.7)	(0.7)	(1.0)	(0.7)	(0.8)	(3.2)	(2.1)	(3.5)
Individual variables:									
Age group									
18-34	11.3 (31.2)	11.5 (28.6)	10.8 (29.1)	10.3 (32.4)	11 (29.8)	9.9 (30.9)	21.1 (54)	20.5 (51.6)	23.8 (51.5)
35-49	5.5 (37.1)	6.6 (37.7)	7.8 (35.5)	3.7 (37.3)	5.8 (37.8)	6.2 (35.1)	9.5 (28.2)	17.5 (25.6)	22.2 (25.4)
>=50	2.8 (31.8)	5.3 (33.7)	5.3 (35.4)	1.8 (30.3)	3.6 (32.3)	3.1 (34)	6.8 (17.7)	13.9 (22.9)	7.2 (23)
Gender									
Women	5.8 (47.9)	7.2 (47.5)	6.7 (46.5)	4.9 (50.4)	6.6 (49.6)	5.7 (48.6)	12.1 (58.3)	17.9 (59.6)	19.5 (58.5)
Men	7 (52.1)	7.9 (52.5)	8.6 (53.5)	5.6 (49.6)	6.7 (50.4)	6.8 (51.4)	19.8 (41.7)	18.7 (40.4)	19.5 (41.5)
Nationality									
Local	5.9 (96.5)	6.7 (94.8)	6 (92.3)	4.8 (96.6)	5.8 (94.7)	4.5 (92.1)	s.s.	s.s.	12.9 (78.1)
Other	17.2 (3.5)	18.6 (5.2)	26.6 (7.7)	15 (3.4)	16.8 (5.3)	25.5 (7.9)	s.s.	s.s.	43.3 (21.9)
Education									
Low	5.7 (11.7)	11.8 (9.2)	17.3 (12.1)	5 (11.0)	11.2 (8.7)	14.4 (11.8)	14.3 (9.8)	18.7 (64.8)	32.2 (20.2)
Medium	6.5 (55.6)	7.5 (55.3)	5.9 (50.9)	5.2 (54.9)	6.4 (54.8)	4.4 (50.1)	16.9 (54.7)		13.8 (48.9)
High	5.7 (32.7)	5.6 (35.5)	5.5 (36.9)	4.8 (34.1)	5.1 (36.5)	4.4 (38.1)	13.2 (35.4)	16.2 (35.2)	14.1 (30.9)
Working time									
Full_time	5.8 (78.9)	5.9 (78.5)	6.4 (81.5)	4.6 (78.4)	4.7 (78.1)	4.8 (81.4)	13.3 (55.2)	15.5 (53.2)	15.2 (60.8)
Part_time	9 (21.1)	13.7 (21.5)	13.4 (18.5)	7.7 (21.6)	13.6 (21.9)	12.7 (18.6)	18.1 (44.8)	21.1 (46.8)	26 (39.2)
Occupation (skill level)									
High	4.8 (49.2)	4.5 (47.8)	5 (51.1)	3.8 (49.7)	3.7 (48.0)	4 (51.3)	10.2 (37.6)	14.5 (37)	16.5 (36.2)
Low	8.3 (50.8)	10.5 (52.2)	10.7 (48.9)	7.1 (50.3)	9.5 (52.0)	8.7 (48.7)	18.4 (62.4)	20.6 (63)	21.5 (63.8)
Contract									
Permanent	4.1 (88.6)	4.5 (86.9)	4.1 (87.7)	4.1 (88.6)	4.5 (86.9)	4 (87.8)	8 (12.2)	s.s.	s.s.
Temporary	16.3 (11.4)	18.9 (13.1)	20.1 (12.3)	16.3 (11.4)	18.7 (13.1)	20 (12.2)	16.3 (87.8)	s.s.	s.s.
Economic sector									
Agriculture/Industry/Construction	4.6 (23.2)	5.6 (22.3)	6.3 (19.9)	3.2 (22.5)	2.7 (21.5)	3.4 (18.8)	18.9 (10.7)	s.s.	s.s.
Education and food services/info-com	8 (19)	6.8 (20.6)	7.2 (22.9)	7.5 (18.7)	6.2 (20.4)	6 (22.3)	19.9 (19.6)	7 (16.7)	20.4 (19)
Others services	4.8 (51.3)	6.3 (49.9)	7.5 (51.1)	4.3 (53)	6.1 (51.4)	6.5 (52.5)	9.9 (53.7)	14.7 (56.4)	20.9 (59.3)
Not defined	23.9 (6.5)	27.6 (7.2)	13.8 (6.1)	19.7 (5.9)	26.1 (6.7)	13.6 (6.3)	25.5 (16)	s.s.	s.s.
Number of months work (during the reference period):									
less than 12	17.7 (5.8)	13.7 (7.9)	17.8 (6)	19.9 (5)	13.2 (8.3)	16.4 (6.5)	23.4 (26)	20.7 (28.9)	18.3 (18.9)
12	5.7 (94.2)	7 (92.1)	7.1 (94)	4.5 (95)	6.1 (91.7)	5.6 (93.5)	12.4 (74)	17.2 (71.1)	19.8 (81.1)
Household variables:									
Household size									
1	13.3 (18)	13.2 (19.7)	11.3 (24.6)	10.9 (18.7)	11.8 (20.2)	8.2 (24.8)	28.2 (22.9)	28.9 (26.5)	29 (29)
2	4.7 (33.9)	5.8 (34.2)	5.9 (31.2)	4.4 (33.2)	4.8 (33.8)	4.9 (30.5)	13.8 (34.4)	12.2 (33.1)	16.9 (26.6)
>2	5.1 (48.1)	6.5 (46.1)	7.1 (44.2)	3.7 (48.1)	5.8 (46)	6.2 (44.7)	9.6 (42.7)	16.2 (40.4)	14.9 (44.4)
nbr of in-work persons in the household:									
1	12.2 (34.3)	13.9 (35.9)	13.5 (39.7)	10.5 (34.6)	12.8 (36.4)	11 (40)	27.5 (42.8)	28 (46.1)	30.2 (48.6)
>1	3.4 (65.7)	4 (64.1)	4 (60.3)	2.5 (65.4)	3.2 (63.6)	3.1 (60)	6.1 (57.2)	9.9 (53.9)	9.4 (51.4)
Number of children (<18):									
0	7 (55.1)	7.9 (59.3)	7.2 (60.3)	6 (54.9)	6.9 (59.3)	5.6 (59.9)	17.6 (60)	18.1 (67.4)	19.2 (61.5)
1	4.6 (18.5)	5.5 (17.1)	8.4 (16.8)	3.5 (18.7)	5.1 (17.1)	7.3 (17)	12.4 (19.4)	16 (15.2)	16.3 (22.5)
>1	6.6 (26.5)	8.1 (23.5)	8.6 (22.9)	4.9 (26.4)	7.2 (23.7)	7.5 (23)	11.4 (20.6)	20.5 (17.4)	25.2 (16)

Table 3. VUP Group 3, Fixed-term and involuntary part-time workers. Source: Eurostat, EU-SILC.