Career transition efforts – helping employees transition to new jobs and re-orient themselves in the job market – are available to some extent in most countries. They are a means for a fair labour market, as well as a cog in social protection systems. These efforts come in many forms and vary greatly between countries and over time. Sweden’s solution can be resembled to an advanced insurance plan and has proven quite successful.

In Sweden, whenever restructuring involves reducing the size of the workforce, displaced persons have two main forms of support. The Swedish Public Employment Service (Arbetsförmedlingen) is a public agency that facilitates matching between job seekers and employers. In addition, there are also a number of job security councils that provide support for new employment. The job security councils are independent from the state and are the result of collective bargaining between trade union organisations and employer organisations.

The Swedish labour market model is based on a division of responsibility between the state and the social partners of the job market. The state’s
role is to ensure fair working conditions and facilitate the emergence of new jobs through an expedient legal framework and other guiding instruments, while conditions are created for the social partners to take responsibility for drawing up the detailed terms in collective agreements.

Collective agreements cover most of the employees on the Swedish labour market, and disputes are primarily resolved through negotiation between the social partners. Legislation is in place to support this through rules on the right of association and collective bargaining and the right for both parties to take industrial action. The labour market parties themselves bear the main responsibility for maintaining industrial peace, which is required while an agreement is in effect.

The social partners are independent actors with a high level of organisation, and the state’s involvement in their activities is basically restricted to legislation on how collective agreements and industrial action are to work. The government does have well-established contacts with the social partners.

The agreements are primarily within a trade, and all employers who are members of an employers’ organisation that enters a collective agreement are also bound by that agreement. The agreement also applies to all employees, regardless of whether they are union members or not. About 90 per cent of all employees are currently covered by a collective bargaining agreement.

**JOB SECURITY COUNCILS**

In the early 1970s, job security councils began to emerge out of the system of collective agreements to provide additional support for displaced workers, to complement the efforts of the Public Employment Service. Each council covers a different branch, and spans across the non-profit, private and government sectors.
There are approximately 15 job security councils in Sweden, each set up between affected unions and employer organisations. The fundamental idea behind the councils is that each board of directors consists of representatives from both employer and trade union organisations. The two sides cooperate within the councils, funded by a minor portion of salaries (usually about 0.3 per cent) to fund them.

The system stands out in a number of ways, primarily because unions and employers are in agreement – and that they alone ‘own’ the career transition question without ‘outside’ interference; it is in fact a part of the parties’ collective bargaining agreements. This joint ownership lends a high level of legitimacy and confidence to the system as there is a lot of autonomy and room to both negotiate and act.

The councils are in turn cooperating with other institutions such as the Swedish Public Employment Service and private companies. Efforts can cover anything from education, training, personal guidance, job search training and in some cases financial support in addition to unemployment benefits. The support is always adjusted to the individual’s needs.

The report *Back to Work Sweden* from OECD notes that ‘Much of the Swedish success can be attributed to the role of social partners who have developed a solid infrastructure to anticipate economic changes on the one hand and manage structural change via the so-called Job Security Councils on the other.’

Although the Swedish system with job security councils are applied to uniquely Swedish experiences and complements a labour model with a high level of representation of both workers and employers, aspects of the model can most closely be compared to an insurance plan. The premium is paid monthly by employers as a portion of salaries, and the insurance kicks in during restructuring needs.

**A SWEDISH APPROACH**

The Swedish system with job security councils has comparatively short transition periods (between being laid off and finding a new job) and high success rates. About 90 per cent of people who receive help from job security councils are employed elsewhere within six months to two years.

It is important to note that this system is based on collective agreements and therefore only covers people who are affected by such agreements. Trade union organisations and employer organisations work for their members. The idea is that those who are not covered by a collective agreement instead get support from the public welfare system. These include for example newly arrived immigrants, recent graduates from school and those who are self-employed.

The goal is for displaced workers to find a new sustainable and lasting source of income. According to *Back to Work Sweden*, average salaries drop about 4 per cent after displacement and relocation (this number is for all displaced workers, and not specific to those who receive support from job safety councils), a number that is lower than in many other OECD countries, but which remains a concern. Interestingly, quite a high percentage of employees who are relocated through the job security councils actually end up with a higher salary as a result of the training and expertise gained.

**BENEFITS BEYOND THE INDIVIDUAL**

Career transition efforts are in place primarily to provide security for employees who are laid off, perhaps due to downsizing, reorganisation, bankruptcy or because their job has become redundant. Transition efforts, however, also benefit employers and society. While employees are guided
ADEQUATE INCOME SUPPORT TO ALL DISPLACED WORKERS

towards new career options, the efforts preserve the morale of those who see that colleagues are given the necessary support when they leave.

The system also promotes increased flexibility on the job market, which is beneficial for business. Job councils help other employers quickly recruit competent and experienced staff. Not to mention how it helps keep unemployment rates down, in part because it allows job councils to focus on career transitions while the Public Employment Service is able to focus on their prioritised target audiences.

Because the Swedish system focuses on supporting workers rather than preserving outdated job functions, the country can respond well to the challenges of technological advancements and globalisation. Sweden is better able to handle rapid changes and international competition thanks to the career transition system.

• Co-owned by employer organisations and unions
• High level of legitimacy and confidence
• System in place continually; not just during a crisis
• Effective with high success rate
• Often implemented before unemployment starts
• Support adjusted according to individual needs

A CASE IN POINT

When Swedish car manufacturer SAAB Automobile went through a bankruptcy in 2011, the entire community of Trollhättan was affected – not surprising when 3,300 jobs suddenly disappear in a city of 56,000 people.
Of the displaced employees, about half, the blue-collar workers, were eligible to apply for support with the job security council Trygghetsfonden TSL. The other half, white-collar workers, were connected to the job security council TRR Trygghetsrådet. Let’s have a look at the results.

The SAAB bankruptcy did not come as a complete surprise, yet the size and volume of affected employees was astonishing and extraordinary for Sweden. Thanks to well-prepared job security councils TSL and TRR, strong cooperation with government agencies, universities and other local employers, and the Swedish model of career transitions –after two years only a handful were still unemployed.

There was a dedication to get the job done through openness, directness and the avoidance of bureaucracy. After twelve months, 81.5 per cent of the blue-collar workers already were employed elsewhere, had started a new company or gone back to school. For the white-collar workers, almost 91 per cent were employed after two years, 4 per cent had started new companies, another 4 per cent had gone back to school long-term. Of those with new jobs, 84 per cent had full-time permanent employment, and 78 per cent received either equal or higher salary compared to the time at SAAB.

IN CONCLUSION

The Swedish system of restructuring labour and outplacement efforts has been developed successively based on Swedish experiences, both in terms of the labour market and Swedish labour history and politics.

How it would work under a different set of conditions and market forces is difficult to say, but reports by government agencies and the job security councils, as well as international comparisons by organisations such as OECD point towards several beneficial effects in Sweden.
Workers who lose their jobs face financial and social difficulties. The Swedish system with job security councils is at the backbone of the development of restructuring within the labour market. It is neither perfect nor written in stone. Since the system is decentralised, it is also certainly going to be further adjusted in the future as conditions in the market change, without too much bureaucracy standing in the way.

**THE GLOBAL DEAL**

Internationally, Sweden is addressing these issues through the government initiative Global Deal, a global partnership with the objective of jointly addressing the challenges in the global labour market and enabling all people to benefit from globalisation. The Global Deal is a multi-stakeholder partnership in line with Goal 17 (‘partnerships for the goals’) in the UN 2030 Agenda for sustainable development. It is also a concrete input to several of the other goals, not least Goal 8 on decent work and inclusive growth and Goal 10 on inequalities. The Global Deal aims to encourage governments, businesses, unions and other organisations to make commitments to enhance social dialogue.